

City of Portage

Financial Statements and
Supplementary Information

December 31, 2022

City of Portage

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City of Portage

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Independent Auditors' Report

To the City Council of
City of Portage

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Portage (the City), Wisconsin as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City as of December 31, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Baker Tilly US, LLP

Madison, Wisconsin
July 17, 2023

CITY OF PORTAGE, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2022

As management of the City of Portage, Wisconsin (City), we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- > The assets and deferred outflows of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$49,778,912 (net position). Of this amount, \$7,975,699 is available for spending at the government's discretion (unrestricted net position). The total net position includes all major infrastructure networks.
- > The City's total net position increased by \$2,532,918 in 2022.
- > As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,329,427 which represents an increase of \$313,491 in comparison with 2021.
- > At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,170,288 or approximately 27% of the total general fund expenditures.
- > Total governmental activities general obligation debt increased \$1,048,841 to \$16,386,075 and business-type general obligation debt decreased \$375,000 to \$1,740,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private – sector business.

The *Statement of Net Position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. To assess the overall health of the City you need to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure.

The *Statement of Activities* presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

CITY OF PORTAGE, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
As of and for the Year Ended December 31, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

GOVERNMENT-WIDE STATEMENTS (cont.)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government; public safety; public works; health and human services; culture, education and recreation; conservation and development; and interest. The business-type activities of the City include Portage Water Utility and Sewer Utility.

The government-wide financial statements can be found on pages 1-3 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 35 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, CDBG Fund, Mass Transit Fund, Debt Service Fund and the Capital Projects Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. In future years, the Council may choose to designate other significant governmental funds.

The basic governmental fund financial statements can be found on pages 4-9 of this report.

CITY OF PORTAGE, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
As of and for the Year Ended December 31, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

Proprietary Funds – The City maintains two major Proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer Utilities.

Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer and Water Utilities since they are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 10-14 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17-52 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, *required supplementary information* presents a detailed budgetary comparison schedule for the General Fund, the CDBG special revenue fund, and the Mass Transit special revenue fund to demonstrate compliance with the budget for these three funds, followed by the City's pension related information. This information can be found on pages 53-60 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining statements can be found on pages 61-72 of this report.

The financial statements also include the "BID" as a component unit. Business Improvement District (BID's) financial statements have been presented as a discrete column in the financial statements.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

An analysis of the City's financial position begins with a review of the Statement of Net Position and the Statement of Activities. These two statements report the City's net position and changes therein. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions, population growth and new regulations.

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$49,778,912 as of December 31, 2022.

CITY OF PORTAGE, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2022

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

The largest portion of the City's net position (approximately 71%) reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (approximately 15%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$7,975,699 may be used to meet the government's ongoing obligation to citizens and creditors.

CITY OF PORTAGE'S STATEMENT OF NET POSITION						
	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 20,774,524	\$ 19,149,945	\$ 11,275,177	\$ 9,098,862	\$ 32,049,701	\$ 28,248,807
Capital assets	41,160,413	38,608,370	21,349,248	21,846,354	62,509,661	60,454,724
Total Assets	61,934,937	57,758,315	32,624,425	30,945,216	94,559,362	88,703,531
Pension related amounts	5,650,176	3,651,100	619,865	427,538	6,270,041	4,078,638
Total Deferred Outflows of Resources	5,650,176	3,651,100	619,865	427,538	6,270,041	4,078,638
Other liabilities	2,034,319	1,832,851	322,520	306,829	2,356,839	2,139,680
Long-term liabilities	17,907,245	16,948,409	16,030,321	14,310,672	33,937,566	31,259,081
Total Liabilities	19,941,564	18,781,260	16,352,841	14,617,501	36,294,405	33,398,761
Unearned revenues	7,199,378	6,771,045	-	-	7,199,378	6,771,045
Pension related amounts	6,790,898	4,793,280	765,810	573,089	7,556,708	5,366,369
Total Deferred Inflows of Resources	13,990,276	11,564,325	765,810	573,089	14,756,086	12,137,414
Net investment in capital assets	25,249,107	24,016,232	8,727,662	9,343,571	33,976,769	33,359,803
Restricted	5,745,988	5,067,869	2,080,456	1,877,036	7,826,444	6,944,905
Unrestricted	2,658,178	1,979,729	5,317,521	4,961,557	7,975,699	6,941,286
TOTAL NET POSITION	\$ 33,653,273	\$ 31,063,830	\$ 16,125,639	\$ 16,182,164	\$ 49,778,912	\$ 47,245,994

Analysis of the City's Operations – The following table provides a summary of the City's operations for the year ended December 31, 2022. Net position for governmental activities increased by \$2,589,443 to a total of \$33,653,273. Business-type activities decreased \$56,525 to a total of \$16,125,639.

CITY OF PORTAGE, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2022

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

CHANGES IN NET POSITION

The following tables and narrative reviews separately the operational results of governmental and business-type activities.

CITY OF PORTAGE						
CONDENSED STATEMENT OF ACTIVITIES						
	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 1,144,546	\$ 1,176,663	4,098,797	\$ 4,219,694	\$ 5,243,343	\$ 5,396,357
Operating grants and contributions	1,288,398	1,251,836	0	18,012	1,288,398	1,269,848
Capital grants and contributions	2,278,626	7,982,514	205,624	94,247	2,484,250	8,076,761
General revenues:					-	
Property taxes	6,721,258	6,453,316	-	-	6,721,258	6,453,316
Other taxes	346,164	365,742	-	-	346,164	365,742
Intergovernmental	2,138,567	2,115,434	-	-	2,138,567	2,115,434
Investment income	142,353	47,640	89,103	31,043	231,456	78,683
Gain on disposal of assets	12,641	453,669	-	-	12,641	453,669
Miscellaneous	88,912	146,333	23,865	35,111	112,777	181,444
Total Revenues	14,161,465	19,993,147	4,417,389	4,398,107	18,578,854	24,391,254
Expenses:						
General government	1,323,917	1,168,979	-	-	1,323,917	1,168,979
Public safety	3,994,881	3,786,086	-	-	3,994,881	3,786,086
Public works	3,525,839	4,297,363	-	-	3,525,839	4,297,363
Health and human services	73,213	62,960	-	-	73,213	62,960
Culture, education and recreation	2,183,940	1,989,196	-	-	2,183,940	1,989,196
Conservation and development	324,558	302,869	-	-	324,558	302,869
Interest and fiscal charges	498,944	474,667	-	-	498,944	474,667
Water utility	-	-	1,697,290	1,620,134	1,697,290	1,620,134
Sewer utility	-	-	2,423,354	2,252,080	2,423,354	2,252,080
Total Expenses	11,925,292	12,082,120	4,120,644	3,872,214	16,045,936	15,954,334
Income Before Transfers	2,236,173	7,911,027	296,745	525,893	2,532,918	8,436,920
Transfers	353,270	391,696	(353,270)	(391,696)	-	-
Increase (Decrease) in net position	2,589,443	8,302,723	(56,525)	134,197	2,532,918	8,436,920
Net Position - beginning	31,063,830	22,761,107	16,182,164	16,047,967	47,245,994	38,809,074
Net Position - Ending	\$ 33,653,273	\$ 31,063,830	\$ 16,125,639	\$ 16,182,164	\$ 49,778,912	\$ 47,245,994

CITY OF PORTAGE, WISCONSIN

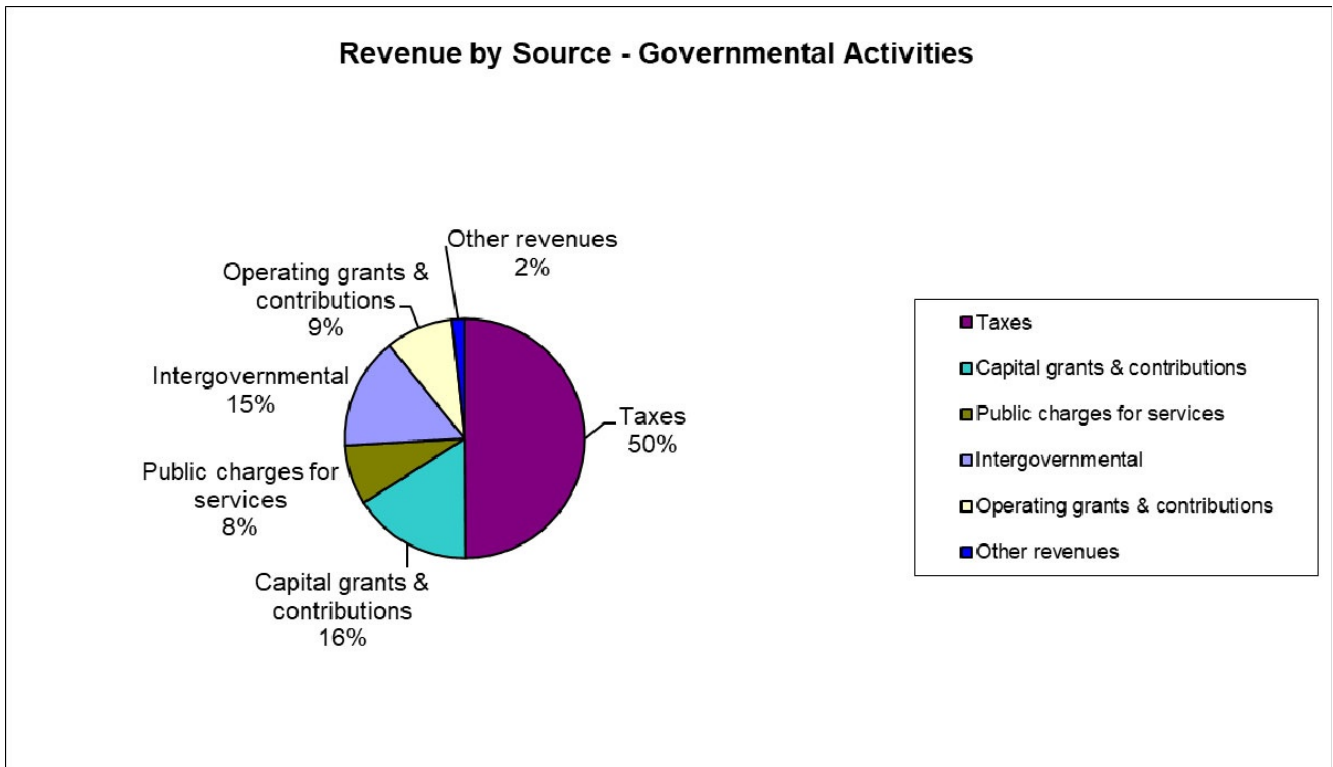
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2022

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

GOVERNMENTAL ACTIVITIES

The City received a total of \$14,161,465 in governmental activity revenues in 2022. As the following chart indicates, the largest revenue source is taxes followed by intergovernmental revenues.



Total governmental activities expenses were \$11,925,292 in 2022. Revenue exceeded expenses by \$2,236,173. After transfers in, there was an increase in net position of \$2,589,443.

In 2022, Public Safety (Police, Fire, EMS, Emergency Government) activities accounted for the largest share of City expenditures at 33%. This was followed closely by expenditures on Public Works activities at 30%. Other expenditure areas included General Government at 11%; Culture, Education, and Recreation at 18%, Interest and Fiscal Charges at 4%, Conservation and Development at 3% and Health and Human Services at less than 1%.

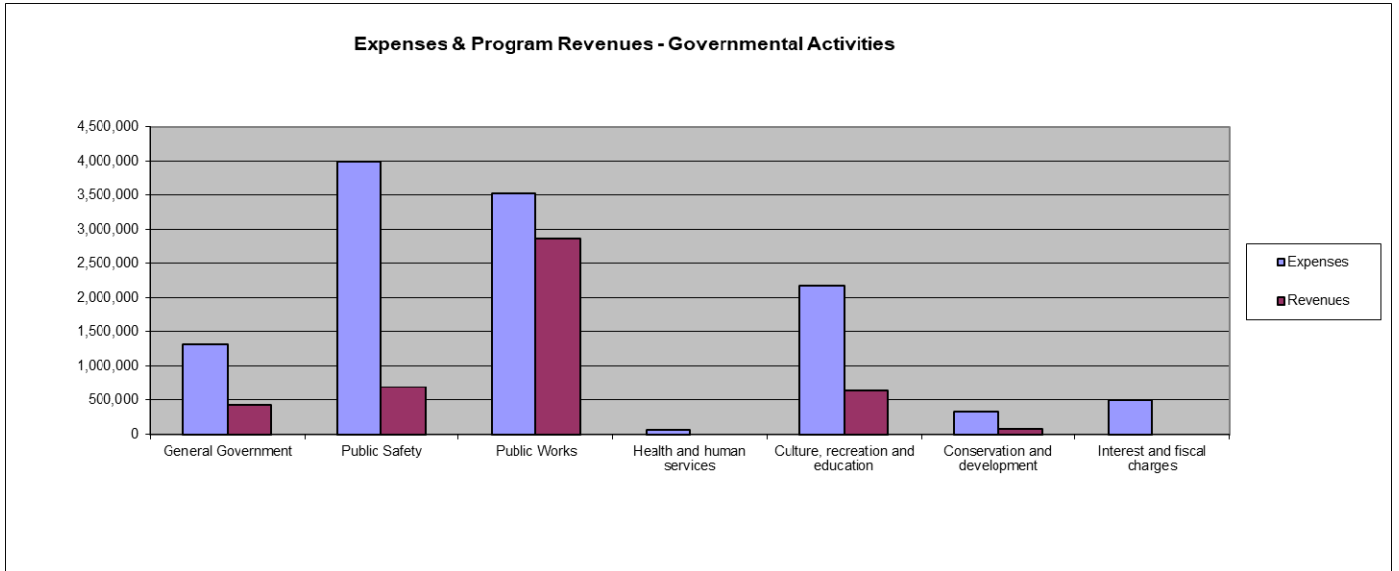
CITY OF PORTAGE, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2022

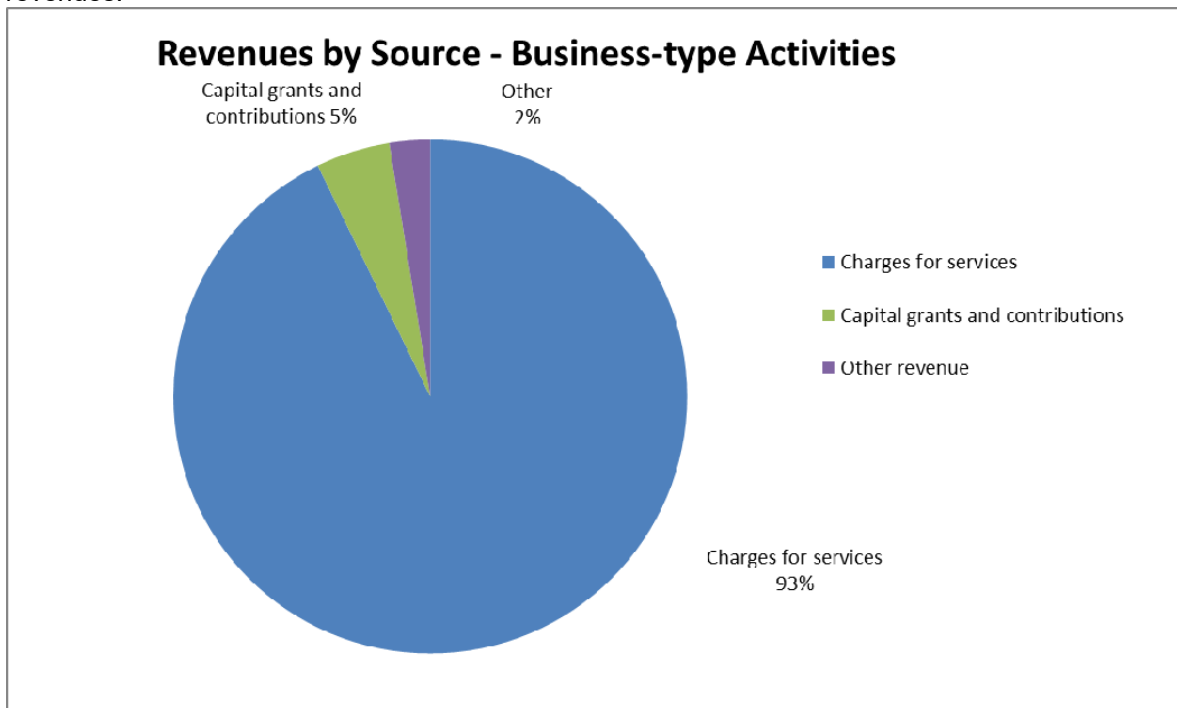
FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

GOVERNMENTAL ACTIVITIES (cont.)



BUSINESS-TYPE ACTIVITIES

The City generated \$4,417,389 in business-type activity revenue in 2022 from its Water and Sewer Utilities. Charges for services are by far the largest revenue source for these operations, representing 93% of revenues.



CITY OF PORTAGE, WISCONSIN

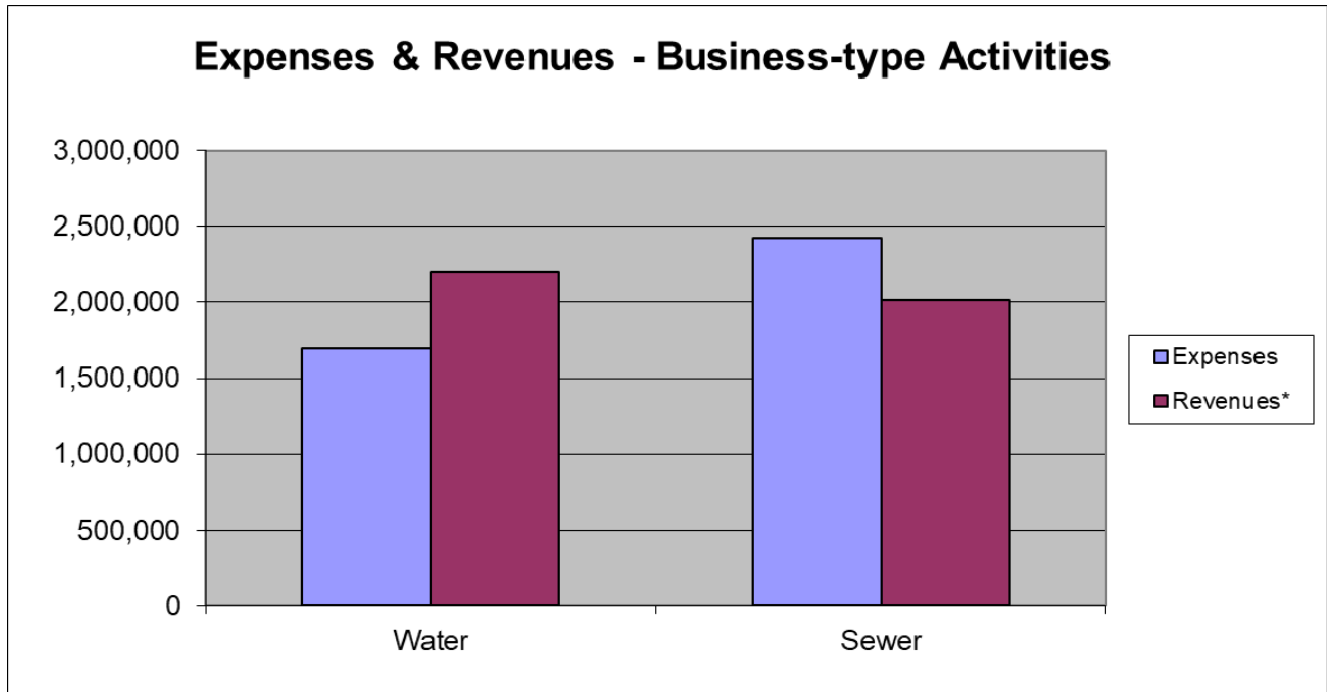
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2022

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

BUSINESS-TYPE ACTIVITIES (cont.)

Business-type activities decreased the City's net position by \$56,525 in 2022, which represents less than 1% decrease over the previous year. The net operating income of the Water and Sewer Utilities was \$555,544. The following graph compares the revenues to the expenses for each utility. The current water and sewer rates became effective July 2019 and October 2021, respectively.



*Revenues do not include contributions/transfers

CITY OF PORTAGE, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2022

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

GOVERNMENTAL FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

At the end of current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,329,427. \$5,462,743 of the fund balance is not available for new spending because it is either restricted or is in a nonspendable format.

MAJOR FUNDS

General Fund – The General Fund is the main operating fund of the City. The general fund balance increased from \$4,357,002 to \$4,374,441, or \$17,439. Overall, expenditures in the General Fund were over budget by \$50,211; total revenues were \$101,699 higher than budgeted with other financing sources and uses were lower than budget by \$34,049. The General Fund's activities are funded by state aids, property taxes, charges for services and other minor miscellaneous revenues.

CDBG Fund – This fund accounts for grants and local revenues being loaned for community housing programs. During 2022, the loan portfolio of this fund shows the net receivable balance decreased from \$1,233,717 to \$1,169,424, or \$64,293.

Mass Transit Fund – This special revenue fund is used to report grants and local match amounts for the taxi program of the City. After transfers and other financing sources, the fund had a decrease in fund balance of \$2,230 to \$148,296 from the prior year. The program received special assistance through the CARES Act which covers a portion of the deficit of the program.

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources for, and the payment of general long-term principal, interest and related costs. The fund balance of \$310,967 remained the same as 2021.

Capital Projects Fund – This fund accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects. Fund balance changed from \$495,500 to \$1,883,831, an increase of \$1,388,431. This increase is mainly due to borrowed funds not being spent by the end of 2022.

NON-MAJOR GOVERNMENTAL FUNDS

Fund balance of all other governmental funds is a surplus of \$381,818 and is comprised of restricted, committed, and assigned amounts, in addition to some unassigned (deficit) balances. This is a decrease of \$1,145,586 from 2021. Reasons for the decrease include use of fund balance in the Canal Project fund for current year projects, in the amount of \$574,842, expenditures in TIF #4 decrease of \$400,441 and TIF #7 decrease of \$164,294, offset by smaller increases or decreases in other funds.

CITY OF PORTAGE, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
As of and for the Year Ended December 31, 2022

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (cont.)

PROPRIETARY FUNDS

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Water Utility – The water utility net position increased \$317,986 or 3.1%. Operating income was \$676,831, compared to \$730,952 in the prior year.

Sewer Utility – The wastewater treatment plant provides sewer service for the City residents. The sewer utility net position decreased \$374,511 or 6.5%. Operating loss was \$121,287, compared to income of \$113,729 in the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The total original and final budget expenditures, including those for transfers out, were \$8,572,299, while the actual expenditures were \$8,616,697 over budget by \$44,398. Actual revenues and other financing sources were above budgeted revenues in total by \$61,837, resulting in a \$17,439 favorable change to budget.

The actual expenditures were below budget in the following areas: general government \$17,127, culture, rec and education \$16,881, and other departments \$2,234; expenditures were over budget for public safety \$49,643 and public works \$36,810.

Revenues were higher than budget overall leading with intergovernmental charges for services \$46,525, followed by intergovernmental \$31,617, public charges for services \$21,381, miscellaneous \$37,933 and investment income \$25,168, licenses & permits \$4,153 offset by being under budget in Fines, forfeitures and penalties \$46,009, Taxes \$19,069, transfers in \$34,049.

CITY OF PORTAGE, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
As of and for the Year Ended December 31, 2022

CAPITAL ASSETS

At the end of 2022, the City had invested a total of \$62,509,661 in capital assets (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, infrastructure, water and sewer plant, and construction work in progress.

Major capital asset events during the current fiscal year included the following: street reconstruction including water mains, sewer laterals, alley projects; and storm water; generator for city hall, park and ballfield improvements, purchase of a fire truck, and canal projects.

CITY OF PORTAGE			
CAPITAL ASSETS AT YEAR-END			
NET OF ACCUMULATED DEPRECIATION			
	Governmental Activities 2022	Business-type Activities 2022	Total
Land	\$ 2,144,350	\$ 500,618	\$ 2,644,968
Construction in progress	2,474,132	642,939	3,117,071
Buildings and improvement	16,968,721		16,968,721
Equipment	10,313,809		10,313,809
Infrastructure	43,589,769		43,589,769
Water plant		24,244,214	24,244,214
Sewer plant		28,454,816	28,454,816
Less Depreciation	(34,330,368)	(32,493,339)	(66,823,707)
Totals	\$ 41,160,413	\$ 21,349,248	\$ 62,509,661

Additional information on the City's capital assets can be found in Note 3 of this report.

LONG-TERM DEBT

The City had \$31,813,705 in outstanding notes and bonds payable at the end of 2022. Of the bonded debt, \$16,386,075 is to be repaid with general property taxes (of which \$2,940,000 are TID obligations). \$15,427,630 are water and sewer utility obligations.

CITY OF PORTAGE, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
As of and for the Year Ended December 31, 2022

LONG-TERM DEBT (cont.)

Under Wisconsin State Statutes, Chapter 67, the City's aggregate general obligation indebtedness may not exceed 5% of the equalized value of taxable property located in the City. The net amount of debt that is applicable to the statutory limit is \$18,126,075, which is 41.6% of the maximum \$43,577,840 allowable.

CITY OF PORTAGE'S OUTSTANDING BONDS AND NOTES			
	Governmental Activities 2022	Business-type Activities 2022	Total
General obligation bonds and notes payable	\$ 16,386,075	\$ 1,740,000	\$ 18,126,075
Revenue bonds	-	13,687,630	13,687,630
Totals	\$ 16,386,075	\$ 15,427,630	\$ 31,813,705

Additional information on the City's long-term debt can be found in Note 3 of this report.

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

The City is located approximately 45 miles north of Madison and it is also the county seat of Columbia County. The population as of 2022 was 10,200, making it the largest city within the county.

The property tax base posted a 15.88% increase in equalized value for 2022. Assessment data indicates that the rate of appreciation in value of all classes of property as 12.24% in 2022.

The City of Portage Council adopted the 2022 budget in November 2021. The budget authorizes General Fund expenditures of \$8.57 million, a 2.35% increase from the previous year. The combined property tax levy for all funds is \$6.4 million, a 3.92% increase from the previous year.

The federal government passed the American Rescue Plan Act on March 11, 2021 to respond to the COVID-19 public health emergency and its negative economic impacts. Amounts were appropriated for fiscal year 2021 to units of local government to mitigate the fiscal effects stemming from the public health emergency. City's estimated award is \$1,088,448, which will be used to combat the negative effects of the public health emergency in the local economy. The City received 50% of the funds in June 2021 and the remaining 50% in June 2022. The funds are to cover costs incurred by December 31, 2024.

All other currently known facts and economic conditions were considered in preparing the 2023 budget.

CITY OF PORTAGE, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2022

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact Michael Bablick, City Administrator.

General information relating to the City of Portage, Wisconsin, can be found at the City's website, <https://www.portagewi.gov/>.

City of Portage

Statement of Net Position

December 31, 2022

	Governmental Activities	Business- Type Activities	Total	BID Fund
Assets and Deferred Outflows of Resources				
Assets				
Cash and investments	\$ 7,346,316	\$ 4,733,265	\$ 12,079,581	\$ 3,777
Receivables (net):				
Taxes	7,194,311	17,193	7,211,504	89,500
Accounts	615,232	352,257	967,489	-
Delinquent personal property taxes	2,540	-	2,540	-
Loans	1,169,424	-	1,169,424	-
Special assessments	77,786	15,770	93,556	-
Other receivables	30	-	30	-
Internal balances	353,270	(353,270)	-	-
Due from other governmental units	25,952	-	25,952	-
Due from primary government	-	-	-	8,426
Inventories and prepaid items	1,028,948	65,722	1,094,670	286
Restricted assets:				
Cash and investments	34,033	6,161,886	6,195,919	-
Net pension asset	2,926,682	282,354	3,209,036	-
Capital assets:				
Land	2,144,350	500,618	2,644,968	-
Construction in progress	2,474,132	642,939	3,117,071	-
Capital assets, being depreciated	70,872,299	52,699,030	123,571,329	44,523
Less accumulated depreciation	(34,330,368)	(32,493,339)	(66,823,707)	(27,728)
Total assets	<u>61,934,937</u>	<u>32,624,425</u>	<u>94,559,362</u>	<u>118,784</u>
Deferred Outflows of Resources				
Pension related amounts	<u>5,650,176</u>	<u>619,865</u>	<u>6,270,041</u>	<u>-</u>
Total deferred outflows of resources	<u>5,650,176</u>	<u>619,865</u>	<u>6,270,041</u>	<u>-</u>
Liabilities, Deferred inflows of Resources and Net Position				
Liabilities				
Accounts payable	481,897	220,696	702,593	6,458
Accrued liabilities and deposits	489,481	32,732	522,213	-
Due to other governmental units	1,245	-	1,245	-
Due to component unit	8,426	-	8,426	-
Unearned revenues	1,053,270	-	1,053,270	-
Liabilities payable from restricted assets:				
Accrued interest	-	69,092	69,092	-
Revenue bonds payable	-	639,295	639,295	-
Noncurrent liabilities:				
Due within one year	1,782,870	411,029	2,193,899	-
Due in more than one year	<u>16,124,375</u>	<u>14,979,997</u>	<u>31,104,372</u>	<u>-</u>
Total liabilities	<u>19,941,564</u>	<u>16,352,841</u>	<u>36,294,405</u>	<u>6,458</u>
Deferred Inflows of Resources				
Unearned revenues	7,199,378	-	7,199,378	89,500
Pension related amounts	<u>6,790,898</u>	<u>765,810</u>	<u>7,556,708</u>	<u>-</u>
Total deferred inflows of resources	<u>13,990,276</u>	<u>765,810</u>	<u>14,756,086</u>	<u>89,500</u>

See notes to financial statements

City of Portage

Statement of Net Position
December 31, 2022

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	<u>BID Fund</u>
Net Position				
Net investment in capital assets	\$ 25,249,107	\$ 8,727,662	\$ 33,976,769	\$ -
Restricted for:				
Debt service	151,669	908,687	1,060,356	-
Pension	2,926,682	282,354	3,209,036	-
Equipment replacement	205,813	889,415	1,095,228	-
Loan programs	1,471,300	-	1,471,300	-
Grants	148,296	-	148,296	-
Capital projects	143,618	-	143,618	-
TIF projects	262,073	-	262,073	-
Library	281,122	-	281,122	-
Donations	155,415	-	155,415	-
Unrestricted	<u>2,658,178</u>	<u>5,317,521</u>	<u>7,975,699</u>	<u>22,826</u>
 Total net position	<u>\$ 33,653,273</u>	<u>\$ 16,125,639</u>	<u>\$ 49,778,912</u>	<u>\$ 22,826</u>

See notes to financial statements

City of Portage

Statement of Activities

Year Ended December 31, 2022

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	BID Fund
Primary Government								
Governmental activities:								
General government	\$ 1,323,917	\$ 169,743	\$ 217,339	\$ 35,178	\$ (901,657)	\$ -	\$ (901,657)	\$ -
Public safety	3,994,881	499,170	99,644	100,000	(3,296,067)	-	(3,296,067)	-
Public works	3,525,839	330,212	554,670	1,983,814	(657,143)	-	(657,143)	-
Health and human services	73,213	-	-	-	(73,213)	-	(73,213)	-
Culture, education and recreation	2,183,940	116,153	358,131	159,634	(1,550,022)	-	(1,550,022)	-
Conservation and development	324,558	29,268	58,614	-	(236,676)	-	(236,676)	-
Interest and fiscal charges	498,944	-	-	-	(498,944)	-	(498,944)	-
Total governmental activities	<u>11,925,292</u>	<u>1,144,546</u>	<u>1,288,398</u>	<u>2,278,626</u>	<u>(7,213,722)</u>	<u>-</u>	<u>(7,213,722)</u>	<u>-</u>
Business-type activities:								
Water utility	1,697,290	2,139,254	-	173,649	-	615,613	615,613	-
Sewer utility	2,423,354	1,959,543	-	31,975	-	(431,836)	(431,836)	-
Total business-type activities	<u>4,120,644</u>	<u>4,098,797</u>	<u>-</u>	<u>205,624</u>	<u>-</u>	<u>183,777</u>	<u>183,777</u>	<u>-</u>
Total primary government	<u>\$ 16,045,936</u>	<u>\$ 5,243,343</u>	<u>\$ 1,288,398</u>	<u>\$ 2,484,250</u>	<u>(7,213,722)</u>	<u>183,777</u>	<u>(7,029,945)</u>	<u>-</u>
Component Unit								
BID Fund	<u>\$ 139,490</u>	<u>\$ 2,645</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(136,845)</u>
General Revenues								
Taxes:								
Property taxes, levied for general purposes					4,594,031	-	4,594,031	89,500
Property taxes, levied for debt service					1,258,301	-	1,258,301	-
Property taxes, levied for TIF districts					311,452	-	311,452	-
Property taxes, levied for the library					557,474	-	557,474	-
Other taxes					346,164	-	346,164	-
Intergovernmental revenues not restricted to specific programs					2,138,567	-	2,138,567	-
Investment income					142,353	89,103	231,456	847
Gain on sale of capital assets					12,641	-	12,641	-
Miscellaneous					88,912	23,865	112,777	842
Total general revenues					<u>9,449,895</u>	<u>112,968</u>	<u>9,562,863</u>	<u>91,189</u>
Transfers					<u>353,270</u>	<u>(353,270)</u>	<u>-</u>	<u>-</u>
Change in net position					<u>2,589,443</u>	<u>(56,525)</u>	<u>2,532,918</u>	<u>(45,656)</u>
Net Position, Beginning					<u>31,063,830</u>	<u>16,182,164</u>	<u>47,245,994</u>	<u>68,482</u>
Net Position, Ending					<u>\$ 33,653,273</u>	<u>\$ 16,125,639</u>	<u>\$ 49,778,912</u>	<u>\$ 22,826</u>

See notes to financial statements

City of Portage

Balance Sheet - Governmental Funds
December 31, 2022

	<u>General Fund</u>	<u>CDBG Fund</u>	<u>Mass Transit Fund</u>	<u>Debt Service Fund</u>
Assets				
Cash and investments	\$ 2,101,274	\$ 230,590	\$ -	\$ 310,967
Receivables:				
Taxes	4,645,877	-	-	1,459,634
Accounts	193,606	-	216,725	-
Special assessments	-	-	-	-
Delinquent personal property taxes	2,540	-	-	-
Loans	-	1,169,424	-	-
Other	-	30	-	-
Due from other governments	25,952	-	-	-
Due from other funds	372,799	-	-	-
Prepaid items	80,185	-	-	-
Restricted cash and investments	-	-	-	-
Advances to other funds	2,102,928	-	-	-
	<u>\$ 9,525,161</u>	<u>\$ 1,400,044</u>	<u>\$ 216,725</u>	<u>\$ 1,770,601</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 240,952	\$ -	\$ 47,589	\$ -
Accrued liabilities	253,197	-	-	-
Deposits	1,260	-	-	-
Due to other governments	1,245	-	-	-
Due to other funds	-	-	-	-
Due to component units	8,426	-	-	-
Advances from other funds	-	-	20,840	-
Unearned revenue	-	-	-	-
	<u>505,080</u>	<u>-</u>	<u>68,429</u>	<u>-</u>
Deferred Inflows of Resources				
Property taxes levied for next period	4,645,640	-	-	1,459,634
Unavailable revenues	-	1,169,970	-	-
	<u>4,645,640</u>	<u>1,169,970</u>	<u>-</u>	<u>1,459,634</u>
Fund Balances				
Nonspendable	2,185,653	-	-	-
Restricted	-	230,074	148,296	310,967
Committed	-	-	-	-
Assigned	18,500	-	-	-
Unassigned (deficit)	2,170,288	-	-	-
	<u>4,374,441</u>	<u>230,074</u>	<u>148,296</u>	<u>310,967</u>
Total fund balances	<u>4,374,441</u>	<u>230,074</u>	<u>148,296</u>	<u>310,967</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,525,161</u>	<u>\$ 1,400,044</u>	<u>\$ 216,725</u>	<u>\$ 1,770,601</u>

See notes to financial statements

Capital Projects Fund	Nonmajor Governmental Funds	Total
\$ 993,516	\$ 3,709,969	\$ 7,346,316
10,628	1,078,172	7,194,311
100,638	104,263	615,232
20,839	56,947	77,786
-	-	2,540
-	-	1,169,424
-	-	30
-	-	25,952
-	-	372,799
900,000	48,763	1,028,948
-	34,033	34,033
-	-	2,102,928
<u>\$ 2,025,621</u>	<u>\$ 5,032,147</u>	<u>\$ 19,970,299</u>

\$ 9,723	\$ 183,633	\$ 481,897
-	31,040	284,237
-	45,686	46,946
-	-	1,245
-	19,529	19,529
-	-	8,426
-	2,082,088	2,102,928
-	1,053,270	1,053,270
<u>9,723</u>	<u>3,415,246</u>	<u>3,998,478</u>

11,228	1,082,877	7,199,379
120,839	152,206	1,443,015
<u>132,067</u>	<u>1,235,083</u>	<u>8,642,394</u>

900,000	48,763	3,134,416
655,228	983,762	2,328,327
-	2,716	2,716
328,603	1,513,981	1,861,084
-	(2,167,404)	2,884
<u>1,883,831</u>	<u>381,818</u>	<u>7,329,427</u>

<u>\$ 2,025,621</u>	<u>\$ 5,032,147</u>	<u>\$ 19,970,299</u>
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City of Portage

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2022

Total Fund Balances, Governmental Funds \$ 7,329,427

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.

Land	2,144,350
Construction in progress	2,474,132
Other capital assets	70,872,299
Less accumulated depreciation	(34,330,368)

Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.

1,443,015

The net pension asset does not relate to current financial resources and is not reported in the governmental funds.

2,926,682

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.

5,650,176

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.

(6,790,898)

Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and notes payable	(16,386,075)
Compensated absences	(875,327)
Accrued interest	(158,297)
Unamortized debt premium	(443,445)
Retiree health insurance	(202,398)

Net Position of Governmental Activities

\$ 33,653,273

City of Portage

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 Year Ended December 31, 2022

	<u>General Fund</u>	<u>CDBG Fund</u>	<u>Mass Transit Fund</u>	<u>Debt Service Fund</u>
Revenues				
Taxes	\$ 4,613,663	\$ -	\$ -	\$ 1,258,301
Special assessments	-	-	-	-
Intergovernmental	2,753,149	-	499,512	-
Licenses and permits	169,847	-	-	-
Fines, forfeitures and penalties	111,841	-	-	-
Public charges for services	121,171	122,964	302,404	-
Intergovernmental charges for services	328,938	-	-	-
Investment income	57,168	1,238	-	-
Miscellaneous	123,484	-	-	-
Total revenues	<u>8,279,261</u>	<u>124,202</u>	<u>801,916</u>	<u>1,258,301</u>
Expenditures				
Current:				
General government	1,250,911	-	-	-
Public safety	4,031,868	-	-	-
Public works	2,005,534	-	854,146	-
Health and human services	73,213	-	-	-
Culture, recreation and education	732,158	-	-	-
Conservation and development	77,971	68,765	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	1,341,159
Interest and fiscal charges	-	-	-	442,109
Total expenditures	<u>8,171,655</u>	<u>68,765</u>	<u>854,146</u>	<u>1,783,268</u>
Excess (deficiency) of revenues over expenditures	<u>107,606</u>	<u>55,437</u>	<u>(52,230)</u>	<u>(524,967)</u>
Other Financing Sources (Uses)				
Debt issued	-	-	-	-
Transfers in	353,270	-	50,000	524,967
Sale of capital assets	1,605	-	-	-
Transfers out	(445,042)	-	-	-
Total other financing sources (uses)	<u>(90,167)</u>	<u>-</u>	<u>50,000</u>	<u>524,967</u>
Net change in fund balances	17,439	55,437	(2,230)	-
Fund Balances, Beginning	<u>4,357,002</u>	<u>174,637</u>	<u>150,526</u>	<u>310,967</u>
Fund Balances, Ending	<u>\$ 4,374,441</u>	<u>\$ 230,074</u>	<u>\$ 148,296</u>	<u>\$ 310,967</u>

See notes to financial statements

Capital Projects Fund	Nonmajor Governmental Funds	Total
\$ -	\$ 1,195,458	\$ 7,067,422
-	41,170	41,170
41,977	360,286	3,654,924
-	76,823	246,670
-	-	111,841
9,768	50,810	607,117
-	102,558	431,496
17,150	66,797	142,353
24,008	420,644	568,136
<u>92,903</u>	<u>2,314,546</u>	<u>12,871,129</u>
-	11,532	1,262,443
-	291,045	4,322,913
-	157,167	3,016,847
-	-	73,213
-	1,125,244	1,857,402
-	161,173	307,909
953,082	1,682,857	2,635,939
-	-	1,341,159
61,390	-	503,499
<u>1,014,472</u>	<u>3,429,018</u>	<u>15,321,324</u>
<u>(921,569)</u>	<u>(1,114,472)</u>	<u>(2,450,195)</u>
2,310,000	80,000	2,390,000
-	425,650	1,353,887
-	18,811	20,416
-	(555,575)	(1,000,617)
<u>2,310,000</u>	<u>(31,114)</u>	<u>2,763,686</u>
1,388,431	(1,145,586)	313,491
495,400	1,527,404	7,015,936
<u>\$ 1,883,831</u>	<u>\$ 381,818</u>	<u>\$ 7,329,427</u>

See notes to financial statements

City of Portage

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2022

Net Change in Fund Balances, Total Governmental Funds \$ 313,491

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	2,635,939
Some items reported as capital outlay were not capitalized	(202,902)
Depreciation is reported in the government-wide financial statements	(1,708,724)
Net book value of assets retired	(49,724)

Contributed capital assets are not reported in the fund statements	1,281,699
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Costs incurred in prior years for items capitalized in the current year	595,755
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Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	(11,779)
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued	(2,390,000)
Principal repaid	1,341,159

Governmental funds report debt premiums and discounts as other financing sources (uses) or financing sources or uses. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Premium amortization	30,093
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	52,478
Retiree health insurance	7,434
Accrued interest on debt	(25,538)
Net pension asset/liability	718,604
Deferred outflows of resources related to pensions	1,999,076
Deferred inflows of resources related to pensions	(1,997,618)

Change in Net Position of Governmental Activities \$ 2,589,443

City of Portage

Statement of Net Position - Proprietary Funds
December 31, 2022

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	
	Fund	Fund	Total
Assets			
Current assets:			
Cash and investments	\$ 2,001,566	\$ 2,731,699	\$ 4,733,265
Receivables:			
Taxes	6,596	10,597	17,193
Accounts	341,391	10,866	352,257
Special assessments	-	15,770	15,770
Due from other funds	-	45,696	45,696
Inventories and prepaid items	57,071	8,651	65,722
Restricted cash and investments:			
Redemption account	<u>375,432</u>	<u>602,347</u>	<u>977,779</u>
Total current assets	<u>2,782,056</u>	<u>3,425,626</u>	<u>6,207,682</u>
Noncurrent assets:			
Restricted assets:			
Net pension asset	156,661	125,693	282,354
Construction account	1,213,765	2,069,328	3,283,093
Reserve account	373,255	638,344	1,011,599
Equipment replacement	-	889,415	889,415
Capital assets:			
Land	118,723	381,895	500,618
Construction in progress	27,983	614,956	642,939
Property and equipment	24,244,214	28,454,816	52,699,030
Less accumulated depreciation	<u>(11,662,756)</u>	<u>(20,830,583)</u>	<u>(32,493,339)</u>
Total noncurrent assets	<u>14,471,845</u>	<u>12,343,864</u>	<u>26,815,709</u>
Total assets	<u>17,253,901</u>	<u>15,769,490</u>	<u>33,023,391</u>
Deferred Outflows of Resources			
Pension related amounts	<u>323,662</u>	<u>296,203</u>	<u>619,865</u>
Total deferred outflows of resources	<u>323,662</u>	<u>296,203</u>	<u>619,865</u>

See notes to financial statements

City of Portage

Statement of Net Position - Proprietary Funds
December 31, 2022

	Business-Type Activities - Enterprise Funds		
	Water Utility Fund	Sewer Utility Fund	Total
Liabilities			
Current liabilities:			
Accounts payable	\$ 56,584	\$ 164,112	\$ 220,696
Accrued interest	7,813	2,628	10,441
Accrued wages	6,355	8,337	14,692
Accrued taxes	-	7,599	7,599
Current portion of compensated absences	13,991	27,038	41,029
Current portion of general obligation debt	285,000	85,000	370,000
Due to other funds	398,966	-	398,966
Current liability from restricted assets:			
Accrued interest payable	24,324	44,768	69,092
Revenue bonds payable	231,265	408,030	639,295
Total current liabilities	<u>1,024,298</u>	<u>747,512</u>	<u>1,771,810</u>
Noncurrent liabilities:			
Long-term debt:			
General obligation debt payable	905,000	465,000	1,370,000
Revenue debt payable	4,404,741	8,643,594	13,048,335
Unamortized premium	121,411	355,638	477,049
Other liabilities:			
Compensated absences	11,948	72,665	84,613
Total noncurrent liabilities	<u>5,443,100</u>	<u>9,536,897</u>	<u>14,979,997</u>
Total liabilities	<u>6,467,398</u>	<u>10,284,409</u>	<u>16,751,807</u>
Deferred Inflows of Resources			
Pension related amounts	<u>398,145</u>	<u>367,665</u>	<u>765,810</u>
Total deferred inflows of resources	<u>398,145</u>	<u>367,665</u>	<u>765,810</u>
Net Position			
Net investment in capital assets	7,994,512	733,150	8,727,662
Restricted for:			
Debt service	351,108	557,579	908,687
Pension	156,661	125,693	282,354
Equipment replacement	-	889,415	889,415
Unrestricted	<u>2,209,739</u>	<u>3,107,782</u>	<u>5,317,521</u>
Total net position	<u>\$ 10,712,020</u>	<u>\$ 5,413,619</u>	<u>\$ 16,125,639</u>

See notes to financial statements

City of Portage

Statement of Revenues, Expenses and Changes in Net Position -

Proprietary Funds

Year Ended December 31, 2022

	Business-Type Activities - Enterprise Funds		
	Water Utility Fund	Sewer Utility Fund	Total
Operating Revenues			
Public charges for services	\$ 2,139,254	\$ 1,959,543	\$ 4,098,797
Total operating revenues	<u>2,139,254</u>	<u>1,959,543</u>	<u>4,098,797</u>
Operating Expenses			
Operation and maintenance	929,288	1,233,719	2,163,007
Depreciation	522,017	847,111	1,369,128
Taxes	11,118	-	11,118
Total operating expenses	<u>1,462,423</u>	<u>2,080,830</u>	<u>3,543,253</u>
Operating income (loss)	<u>676,831</u>	<u>(121,287)</u>	<u>555,544</u>
Nonoperating Revenues (Expenses)			
Investment income	42,402	46,701	89,103
Interest and fiscal charges	(234,867)	(342,524)	(577,391)
Miscellaneous	13,241	10,624	23,865
Total nonoperating revenues (expenses)	<u>(179,224)</u>	<u>(285,199)</u>	<u>(464,423)</u>
Income (loss) before contributions and transfers	<u>497,607</u>	<u>(406,486)</u>	<u>91,121</u>
Contributions and Transfers			
Contributions in aid of construction	173,649	7,000	180,649
Capital paid in by municipality	-	24,975	24,975
Transfers out	(353,270)	-	(353,270)
Total contributions and transfers	<u>(179,621)</u>	<u>31,975</u>	<u>(147,646)</u>
Change in net position	317,986	(374,511)	(56,525)
Net Position, Beginning	<u>10,394,034</u>	<u>5,788,130</u>	<u>16,182,164</u>
Net Position, Ending	<u>\$ 10,712,020</u>	<u>\$ 5,413,619</u>	<u>\$ 16,125,639</u>

See notes to financial statements

City of Portage

Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2022

	Business-Type Activities - Enterprise Funds		
	Water Utility Fund	Sewer Utility Fund	Total
Cash Flows From Operating Activities			
Received from customers	\$ 2,236,922	\$ 2,011,259	\$ 4,248,181
Paid to suppliers for goods and services	(904,893)	(758,992)	(1,663,885)
Paid to employees for services	(279,120)	(375,169)	(654,289)
Net cash flows from operating activities	<u>1,052,909</u>	<u>877,098</u>	<u>1,930,007</u>
Cash Flows From Investing Activities			
Investment income	<u>42,402</u>	<u>46,701</u>	<u>89,103</u>
Net cash flows from investing activities	<u>42,402</u>	<u>46,701</u>	<u>89,103</u>
Cash Flows From Noncapital Financing Activities			
Paid to municipality for tax equivalent	<u>(353,270)</u>	<u>-</u>	<u>(353,270)</u>
Net cash flows from noncapital financing activities	<u>(353,270)</u>	<u>-</u>	<u>(353,270)</u>
Cash Flows From Capital and Related Financing Activities			
Debt issued	990,000	1,655,000	2,645,000
Debt retired	(486,114)	(456,458)	(942,572)
Interest paid	(239,344)	(353,172)	(592,516)
Premium on debt issued	30,356	45,026	75,382
Special assessments received	-	10,302	10,302
Acquisition and construction of capital assets	(124,899)	(609,339)	(734,238)
Contribution received for construction	<u>-</u>	<u>31,975</u>	<u>31,975</u>
Net cash flows from capital and related financing activities	<u>169,999</u>	<u>323,334</u>	<u>493,333</u>
Net change in cash and cash equivalents	912,040	1,247,133	2,159,173
Cash and Cash Equivalents, Beginning	<u>3,051,978</u>	<u>5,684,000</u>	<u>8,735,978</u>
Cash and Cash Equivalents, Ending	<u>\$ 3,964,018</u>	<u>\$ 6,931,133</u>	<u>\$ 10,895,151</u>

See notes to financial statements

City of Portage

Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2022

	Business-Type Activities - Enterprise Funds		
	Water Utility Fund	Sewer Utility Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities			
Operating income (loss)	\$ 676,831	\$ (121,287)	\$ 555,544
Nonoperating revenue	13,241	10,624	23,865
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	522,016	847,111	1,369,127
Depreciation charged to other funds	35,866	-	35,866
Changes in assets and liabilities:			
Customer accounts receivable	48,990	1,935	50,925
Receivable from municipality	(429)	-	(429)
Other accounts receivable	-	17,903	17,903
Receivable from other utility	-	21,254	21,254
Material and supplies	(17,820)	-	(17,820)
Prepayments	1,592	(789)	803
Accounts payable	(80,893)	83,686	2,793
Payable to municipality	(38,426)	-	(38,426)
Payable to other utility	(21,254)	-	(21,254)
Other current liabilities	193	1,519	1,712
Accrued sick leave	(41,133)	9,283	(31,850)
Pension related deferrals and liabilities	(45,865)	5,859	(40,006)
	<u>\$ 1,052,909</u>	<u>\$ 877,098</u>	<u>\$ 1,930,007</u>
Net cash flows from operating activities			
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Proprietary Funds			
Unrestricted cash and investments	\$ 2,001,566	\$ 2,731,699	\$ 4,733,265
Restricted cash and investments			
Redemption account	375,432	602,347	977,779
Reserve account	373,255	638,344	1,011,599
Equipment replacement account	-	889,415	889,415
Construction account	1,213,765	2,069,328	3,283,093
	<u>\$ 3,964,018</u>	<u>\$ 6,931,133</u>	<u>\$ 10,895,151</u>
Cash and cash equivalents			
Noncash Capital and Related Financing Activities			
Amortization of debt premium	<u>\$ 7,125</u>	<u>\$ 19,186</u>	
Developer contributed capital	<u>\$ 173,649</u>	<u>\$ -</u>	

See notes to financial statements

City of Portage

Statement of Fiduciary Net Position - Fiduciary Fund
December 31, 2022

	<u>Custodial Fund</u> <u>Tax Roll Fund</u>
Assets	
Cash and investments	\$ 3,785,784
Property taxes receivable	<u>5,894,569</u>
Total assets	<u>9,680,353</u>
Liabilities	
Due to other governments	<u>9,680,353</u>
Total liabilities	<u>9,680,353</u>
Net Position	
Total net position	<u>\$ -</u>

City of Portage

Statement of Changes in Fiduciary Net Position -
Fiduciary Fund
Year Ended December 31, 2022

	Custodial Fund <u>Tax Roll Fund</u>
Additions	
Property taxes collected for other governments	\$ 6,804,423
Total additions	<u>6,804,423</u>
Deductions	
Property taxes distributed to other governments	<u>6,804,423</u>
Total deductions	<u>6,804,423</u>
Change in fiduciary net position	-
Net Position, Beginning	<u>-</u>
Net Position, Ending	<u><u>\$ -</u></u>

See notes to financial statements

City of Portage

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December 31, 2022

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City of Portage

Notes to Financial Statements
December 31, 2022

1. Summary of Significant Accounting Policies

The accounting policies of the City of Portage, Wisconsin (the City) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

Reporting Entity

This report includes all of the funds of the City. The reporting entity for the City consists of the primary government and its component unit. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of three methods, discrete presentation, blended or fiduciary. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

Discretely Presented Component Units

Community Development Authority

The government-wide financial statements include the Community Development Authority (CDA) as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the City Council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the CDA, and also create a potential financial benefit to or burden on the City. The Community Development Authority is part of the reporting entity of the City of Portage. However, the CDA had no financial transactions during 2022 which are material to these financial statements. Also, the CDA does not own any assets nor is it liable for any debt. Therefore, no financial statements are presented in this report. The CDA does not issue separate financial statements.

Business Improvement District

The government-wide financial statements include the Business Improvement District (BID) as a component unit. The BID is a legally separate organization. The board of the BID is appointed by the mayor and confirmed by the local legislative body. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the BID, and also create a potential financial benefit to or burden on the City. See Note 3. As a component unit, the BID's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2022. The BID does not issue separate financial statements.

Government-Wide and Fund Financial Statements

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about the City's leasing activities. This standard was implemented January 1, 2022; however, the City determined the balances applicable to the standard were not material to the financial statements.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues and expenditures/expenses.

City of Portage

Notes to Financial Statements
December 31, 2022

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the City believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund

General Fund accounts for the City's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

Special Revenue Funds

CDBG Fund is used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for the community development program.

Mass Transit Fund is used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for the mass transit program.

Debt Service Funds

Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for the payment of general long-term debt principal, interest and related costs, other than TID or enterprise debt.

Capital Projects Funds

Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for the City.

Enterprise Funds

The City reports the following major enterprise funds:

Water Utility accounts for operations of the water system

Sewer Utility accounts for operations of the sewer system

City of Portage

Notes to Financial Statements
December 31, 2022

The City reports the following nonmajor governmental funds:

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Park Land Dedication Fund	Swimming Pool Fund
Inspection Fund	Library Fund
Library - Restricted Fund	Criminal Investigation Fund
Tourism Promotion Fund	School Liaison Fund
Donation Fund	ARPA Fund
Portage Enterprise Center Fund	Housing and Urban Development (HUD) Fund
Wheel Tax Fund	Ambulance Fund
Post Retirement Benefits Fund	Recycling Fund
Library Memorial Fund	

Capital Projects Funds

Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Industrial Development Fund	TIF #5
Revolving Alley Fund	TIF #6
Airport Construction Fund	TIF #7
Revolving Sidewalk Fund	TIF #8
Canal Project Fund	TIF #9
Vehicle Replacement Fund	TIF #10
TIF #4	

In addition, the City reports the following fund type:

Custodial Funds

Custodial Fund is used to account for and report assets controlled by the City and the assets are for the benefit of individuals, private organizations and/or other governmental units.

Tax Roll Fund

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

City of Portage

Notes to Financial Statements
December 31, 2022

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled to the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary and Fiduciary Funds

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

Deposits and Investments

For purposes of the statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of City funds is restricted by Wisconsin state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The City has adopted an investment policy. That policy contains the following guidelines for allowable investments.

Credit Risk: The City of Portage will minimize credit risk, which is the risk of loss due to failure of the security issuer or backer, by limiting investments to the types of securities permitted under Wisconsin Statutes Chapter 66.0603; approve by resolution the public depositories that are deemed appropriate for use under Wisconsin and Federal law; diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

Interest Rate Risk: The City of Portage will minimize interest rate risk, which is risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that the securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

City of Portage

Notes to Financial Statements
December 31, 2022

Custodial Risk: The City of Portage will minimize custodial risk, which is the risk that in the event of a financial institution failure, the City's deposits may not be returned to it, by maintaining a list of public depositories, financial institutions and brokers/dealers authorized to provide deposit and investment services; all public depositories, financial institutions and brokers/dealers authorized to provide deposit and investment services must supply as appropriate audited financial statements demonstrating compliance with state and federal capital adequacy guidelines.

No policy exists for the following risks:

Concentration of Credit Risk

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2022, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note 3 for further information.

Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the City, taxes are collected for and remitted to the county government as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of fiduciary net position.

Property tax calendar - 2022 tax roll:

Lien date and levy date	December 2022
Tax bills mailed	December 2022
Payment in full, or	January 31, 2023
First installment due	January 31, 2023
Second installment due	July 31, 2023
Personal property taxes in full	January 31, 2023
Tax sale - 2022 delinquent real estate taxes	October 2025

Delinquent real estate taxes as of July 31 are paid in full by the County, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water and sewer utilities because they have the right by law to place substantially all delinquent bills on the tax roll and other delinquent bills are generally not significant.

City of Portage

Notes to Financial Statements
December 31, 2022

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The City records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as economic development and housing rehabilitation loans receivable has not been reduced by an allowance for uncollectible accounts.

It is the City's policy to record unavailable revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

Inventories and Prepaid Items

Governmental fund inventories, if material, are recorded at cost based on the FIFO method using the purchases method of accounting. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

Capital Assets

Government-Wide Financial Statements

Capital assets, which include property, plant and equipment (including right-to-use lease assets), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$1,000 general capital assets and \$1,000 for infrastructure assets and an estimated useful life in excess of 3 years. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

City of Portage

Notes to Financial Statements
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Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor and overhead. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	20-50	Years
Land Improvements	20	Years
Machinery and Equipment	20-35	Years
Utility System	30-50	Years
Infrastructure	20-35	Years
Furniture and equipment	5-20	Years
Computer and related hardware	5	Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

The City provides postemployment health insurance benefits for all eligible employees. Eligibility is based on terms of employee policies. The benefits are based on contractual agreements with employee groups, local ordinances or employee benefit policies. Employees may convert balance of accumulated sick leave to pay for health care premiums. The cost of those premiums is recognized as an expenditure as the premiums are paid. The City pays for 88% of the premium for the lowest cost plan. Funding for those costs is provided out of the current operating budget of the city. The contributions are financed on a pay as you go basis. Total expenditures for such premiums during the year were not material. There are eight participants currently eligible and receiving benefits. The total amount outstanding at year-end to be paid in the future is \$202,398 and is included in the government-wide statement of net position.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2022, are determined on the basis of current salary rates and include salary related payments.

Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, accrued compensated absences and retiree health insurance benefits.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. **Net Investment in Capital Assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. **Restricted Net Position** - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. **Unrestricted Net Position** - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statements

Governmental fund balances are displayed as follows:

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

City of Portage

Notes to Financial Statements
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- c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.
- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The City Council has, by resolution, adopted a financial policy authorizing the Finance Committee to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. **Unassigned** - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

See Note 3 for further information.

Pension

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Basis for Existing Rates

Water Utility Fund

Current water rates were approved by the Public Service Commission of Wisconsin on June 26, 2019.

Sewer Utility Fund

Current sewer rates were approved by the Common Council on September 23, 2021 and were effective October 1, 2021.

City of Portage

Notes to Financial Statements
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2. Stewardship, Compliance and Accountability

Excess Expenditures and Other Financing Uses Over Budget

<u>Funds</u>	<u>Budgeted Expenditures and Other Financing Uses</u>	<u>Actual Expenditures and Other Financing Uses</u>	<u>Excess Expenditures Over Budget and Other Financing Uses</u>
Library- Restricted Fund	\$ 9,500	\$ 39,581	\$ 30,081
ARPA Fund	-	35,178	35,178
Tourism Fund	176,800	206,596	29,796
Donation Fund	87,252	89,802	2,550
Post Retirement Benefits Fund	88,980	114,015	25,035
TIF #5	174,700	174,705	5
TIF #7	209,099	243,974	34,875
TIF #9	18,744	41,465	22,721

The City controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the City's year-end budget to actual report.

Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2022, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Swimming Pool Fund	\$ 77,678	Costs exceed accumulated revenues
Inspection Fund	26,802	Costs exceed accumulated revenues
Post Retirement Benefits Fund	45,299	Costs exceed accumulated revenues
TIF #4	1,240,036	Costs exceed accumulated increments
TIF #5	607,889	Costs exceed accumulated increments
TIF #6	106,841	Costs exceed accumulated increments
TIF #9	41,724	Costs exceed accumulated increments

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. Swimming Pool, Inspection and Post Retirement Benefits Fund fund deficits are anticipated to be funded with future contributions, charges for services, general tax revenues or long-term borrowing.

Limitations on the City's Tax Levy

Wisconsin law limits the City's future tax levies. Generally the City is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the City's equalized value due to net new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The City is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

City of Portage

Notes to Financial Statements
December 31, 2022

3. Detailed Notes on All Funds

Deposits and Investments

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments. In addition, investments are separately held by several of the City's funds.

The City's deposits and investments at year end were comprised of the following:

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 20,784,850	\$ 21,275,824	Custodial credit
LGIP	1,278,142	1,278,502	Credit
Petty cash	2,069	-	N/A
	<u>\$ 22,065,061</u>	<u>\$ 22,554,326</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 12,079,581		
Restricted cash and investments	6,195,919		
BID Fund	3,777		
Custodial Fund	<u>3,785,784</u>		
Total deposits and investments	<u>\$ 22,065,061</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

The City maintains collateral agreements with its banks. At December 31, 2022, the banks had pledged various government securities in the amount of \$1,204,119 to secure the City's deposits.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to the City.

The City does not have any deposits exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

City of Portage

Notes to Financial Statements
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The City had investments in the external Wisconsin Local Government Investment Pool which is not rated.

See Note 1 for further information on deposit and investment policies.

Receivables

All of the receivables on the balance sheet are expected to be collected within one year with the exception of a portion of the delinquent personal property taxes and the loans receivable balance in its entirety.

Governmental funds report *unavailable* or *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 7,199,379	\$ -
Loans	-	1,224,463
Special assessments not yet due	-	77,728
Grant	-	100,000
ARPA Funds	1,053,270	-
Donations	-	3,314
Developer payment	-	37,510
	<u> </u>	<u> </u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 8,252,649</u>	<u>\$ 1,443,015</u>
Unearned revenue included in liabilities	\$ 1,053,270	
Unearned revenue included in deferred inflows	<u>7,199,379</u>	
Total unearned revenue for governmental funds	<u>\$ 8,252,649</u>	

For economic development loans, the City is limited by the Wisconsin Department of Administration to the amount of program income from economic development loans that it may retain to be loaned to other businesses and/or the amount of time for which funds may be held without use. Program income includes the principal and interest received from economic development loans repayments.

At December 31, 2022, the City has not exceeded the maximum amount of program income that it may retain or the amount of time for which funds may be held without use. When it does, a liability to the state will be recorded.

Restricted Assets

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.

Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.

City of Portage

Notes to Financial Statements
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Construction - Used to report proceeds of revenue bond issuances that are restricted for use in construction.

Equipment Replacement Account

The sewer utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

Used to report amounts donated for library purposes.

Following is a list of restricted assets at December 31, 2022:

Restricted assets:	
Redemption account	\$ 977,779
Reserve account	1,011,599
Replacement account	889,415
Construction account	3,283,093
Net pension asset	3,209,036
Library restricted funds	<u>34,033</u>
Total restricted assets	<u>\$ 9,404,955</u>

Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 2,144,350	\$ -	\$ -	\$ 2,144,350
Construction in progress	<u>7,469,256</u>	<u>2,903,712</u>	<u>7,898,836</u>	<u>2,474,132</u>
Total capital assets not being depreciated	<u>9,613,606</u>	<u>2,903,712</u>	<u>7,898,836</u>	<u>4,618,482</u>
Capital assets being depreciated:				
Buildings	11,542,703	-	-	11,542,703
Land improvements	4,199,724	1,266,294	40,000	5,426,018
Equipment	3,488,703	101,893	11,800	3,578,796
Vehicles	6,102,962	822,051	190,000	6,735,013
Infrastructure	<u>36,971,292</u>	<u>7,115,377</u>	<u>496,900</u>	<u>43,589,769</u>
Total capital assets being depreciated	<u>62,305,384</u>	<u>9,305,615</u>	<u>738,700</u>	<u>70,872,299</u>
Total capital assets	<u>71,918,990</u>	<u>12,209,327</u>	<u>8,637,536</u>	<u>75,490,781</u>

City of Portage

Notes to Financial Statements
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	Beginning Balance	Additions	Deletions	Ending Balance
Less accumulated depreciation for:				
Buildings	\$ (5,114,018)	\$ (247,117)	\$ -	\$ (5,361,135)
Land improvements	(1,685,486)	(142,934)	40,000	(1,788,420)
Equipment	(2,499,771)	(124,012)	11,800	(2,611,983)
Vehicles	(4,061,939)	(386,956)	190,000	(4,258,895)
Infrastructure	(19,949,406)	(807,705)	447,176	(20,309,935)
Total accumulated depreciation	<u>(33,310,620)</u>	<u>(1,708,724)</u>	<u>688,976</u>	<u>(34,330,368)</u>
Net capital assets being depreciated	<u>28,994,764</u>	<u>7,596,891</u>	<u>49,724</u>	<u>36,541,931</u>
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 38,608,370</u>	<u>\$ 10,500,603</u>	<u>\$ 7,948,560</u>	<u>\$ 41,160,413</u>

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 99,294
Public safety	226,648
Public works	1,008,002
Culture, education and recreation	<u>374,780</u>

Total governmental activities depreciation expense \$ 1,708,724

Business-Type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Water				
Capital assets not being depreciated:				
Land	\$ 118,723	\$ -	\$ -	\$ 118,723
Construction in progress	27,983	-	-	27,983
Total capital assets not being depreciated	<u>146,706</u>	<u>-</u>	<u>-</u>	<u>146,706</u>
Capital assets being depreciated:				
Source of supply	5,561,549	-	-	5,561,549
Pumping	793,668	-	-	793,668
Water treatment	2,548,161	24,027	-	2,572,188
Transmission and distribution	12,315,524	266,687	41,632	12,540,579
General	2,768,396	7,834	-	2,776,230
Total capital assets being depreciated	<u>23,987,298</u>	<u>298,548</u>	<u>41,632</u>	<u>24,244,214</u>
Total capital assets	<u>24,134,004</u>	<u>298,548</u>	<u>41,632</u>	<u>24,390,920</u>
Less accumulated depreciation for:				
Water System	<u>(11,146,506)</u>	<u>(557,882)</u>	<u>41,632</u>	<u>(11,662,756)</u>
Total accumulated depreciation	<u>(11,146,506)</u>	<u>(557,882)</u>	<u>41,632</u>	<u>(11,662,756)</u>
Net capital assets being depreciated	<u>12,840,792</u>	<u>(259,334)</u>	<u>-</u>	<u>12,581,458</u>
Net water capital assets	<u>\$ 12,987,498</u>	<u>\$ (259,334)</u>	<u>\$ -</u>	<u>\$ 12,728,164</u>

City of Portage

Notes to Financial Statements
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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Sewer				
Capital assets not being depreciated:				
Land	\$ 381,895	\$ -	\$ -	\$ 381,895
Construction in progress	<u>97,729</u>	<u>517,227</u>	<u>-</u>	<u>614,956</u>
Total capital assets not being depreciated	<u>479,624</u>	<u>517,227</u>	<u>-</u>	<u>996,851</u>
Capital assets being depreciated:				
Buildings and structures	8,083,477	-	-	8,083,477
Collecting system	7,743,388	24,975	-	7,768,363
Pumping	2,037,871	-	-	2,037,871
Treatment and disposal	9,567,905	-	-	9,567,905
General	<u>947,691</u>	<u>67,137</u>	<u>17,628</u>	<u>997,200</u>
Total capital assets being depreciated	<u>28,380,332</u>	<u>92,112</u>	<u>17,628</u>	<u>28,454,816</u>
Total capital assets	<u>28,859,956</u>	<u>609,339</u>	<u>17,628</u>	<u>29,451,667</u>
Less accumulated depreciation for:				
Sewer System	<u>(20,001,100)</u>	<u>(847,111)</u>	<u>17,628</u>	<u>(20,830,583)</u>
Total accumulated depreciation	<u>(20,001,100)</u>	<u>(847,111)</u>	<u>17,628</u>	<u>(20,830,583)</u>
Net capital assets being depreciated	<u>8,379,232</u>	<u>(754,999)</u>	<u>-</u>	<u>7,624,233</u>
Net sewer capital assets	<u>\$ 8,858,856</u>	<u>\$ (237,772)</u>	<u>\$ -</u>	<u>\$ 8,621,084</u>
Business-type capital assets, net of accumulated depreciation	<u>\$ 21,846,354</u>	<u>\$ (497,106)</u>	<u>\$ -</u>	<u>\$ 21,349,248</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities

Water	\$ 522,017
Sewer	<u>847,111</u>
Total business-type activities depreciation expense	<u>\$ 1,369,128</u>

Depreciation expense may be different from business-type activity accumulated depreciation additions because of joint metering, salvage, cost of removal, internal allocations or costs associated with the disposal of assets.

City of Portage

Notes to Financial Statements
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Interfund Receivables/Payables, Advances and Transfers

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer Utility Fund	Water Utility Fund	\$ 45,696
General Fund	Inspection Fund	19,529
General Fund	Water Utility Fund	<u>353,270</u>
Total, fund financial statements		418,495
Less fund eliminations		<u>(65,225)</u>
Total internal balances, government-wide statement of net position		<u>\$ 353,270</u>

All amounts are due within one year.

The principal purpose of these interfunds is the PILOT due from the water utility to the general fund in the amount of \$353,270. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Advances

The general fund is advancing funds to the TIF Districts #4, #5, #6 and #9. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since the district's inception. No repayment schedule has been established.

The general fund is also advancing funds to the Swimming Pool Fund, Mass Transit and Post Retirement Benefits Fund. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources. No repayment schedule has been established.

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General Fund	Swimming Pool Fund	\$ 73,208	\$ 73,208
General Fund	Mass Transit Fund	20,840	20,840
General Fund	Post Retirement Benefits Fund	45,299	45,299
General Fund	TIF #4	1,230,036	1,230,036
General Fund	TIF #5	607,889	607,889
General Fund	TIF #6	106,594	106,594
General Fund	TIF #9	<u>19,062</u>	<u>19,062</u>
Total, fund financial statements		2,102,928	
Less fund eliminations		<u>(2,102,928)</u>	
Total, interfund advances, government-wide statement of net position		<u>\$ -</u>	

City of Portage

Notes to Financial Statements
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The principal purpose of these advances is cash deficits.

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Water Utility Fund	\$ 353,270	PILOT
Debt Service Fund	TIF #4	150,685	Debt service
Debt Service Fund	TIF #5	170,505	Debt service
Debt Service Fund	TIF #6	52,816	Debt service
Debt Service Fund	TIF #7	106,573	Debt service
Debt Service Fund	TIF #8	44,388	Debt service
Vehicle Equipment Replacement Fund	General Fund	240,769	Capital outlay
Vehicle Equipment Replacement Fund	School Liaison Fund	12,340	Capital outlay
Post Retirement Benefits Fund	General Fund Portage Enterprise Center Fund	88,980	Retirement funding
TIF #4	General Fund	18,268	TIF development
Mass Transit Fund	General Fund	50,000	Subsidy
Swimming Pool Fund	General Fund	25,000	Fund operations
School Liaison Fund	General Fund	<u>40,293</u>	Fund operations
Subtotal, fund financial statements		1,353,887	
Less fund eliminations		<u>(1,000,617)</u>	
Total transfers, government-wide statement of activities		<u>\$ 353,270</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

City of Portage

Notes to Financial Statements
December 31, 2022

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$ 14,750,000	\$ 2,125,000	\$ 1,215,000	\$ 15,660,000	\$ 1,285,000
General obligation debt from direct borrowings and direct placements	587,234	265,000	126,159	726,075	164,923
Premiums	473,538	-	30,093	443,445	-
Total bonds and notes payable	<u>15,810,772</u>	<u>2,390,000</u>	<u>1,371,252</u>	<u>16,829,520</u>	<u>1,449,923</u>
Other liabilities:					
Retiree health insurance	209,832	93,896	101,330	202,398	86,916
Vested compensated absences	927,805	202,257	254,735	875,327	246,031
Total other liabilities	<u>1,137,637</u>	<u>296,153</u>	<u>356,065</u>	<u>1,077,725</u>	<u>332,947</u>
Total governmental activities long-term liabilities	<u>\$ 16,948,409</u>	<u>\$ 2,686,153</u>	<u>\$ 1,727,317</u>	<u>\$ 17,907,245</u>	<u>\$ 1,782,870</u>
Business-Type Activities					
Bonds and notes payable:					
General obligation debt	\$ 2,115,000	\$ -	\$ 375,000	\$ 1,740,000	\$ 370,000
Revenue bonds	11,155,000	2,645,000	495,000	13,305,000	565,000
Revenue bonds from direct borrowings and direct placements	455,202	-	72,572	382,630	74,295
Premiums	427,978	75,381	26,310	477,049	-
Total bonds and notes payable	<u>14,153,180</u>	<u>2,720,381</u>	<u>968,882</u>	<u>15,904,679</u>	<u>1,009,295</u>
Other liabilities:					
Vested compensated absences	157,492	11,471	43,321	125,642	41,029
Total other liabilities	<u>157,492</u>	<u>11,471</u>	<u>43,321</u>	<u>125,642</u>	<u>41,029</u>
Total business-type activities long-term liabilities	<u>\$ 14,310,672</u>	<u>\$ 2,731,852</u>	<u>\$ 1,012,203</u>	<u>\$ 16,030,321</u>	<u>\$ 1,050,324</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2022, was \$43,577,840. Total general obligation debt outstanding at year end was \$18,126,075.

City of Portage

Notes to Financial Statements
December 31, 2022

General Obligation Debt

All general obligation debt payable is backed by the full faith and credit of the City. Debt in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

<u>Governmental Activities</u>					<u>Balance</u>
<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>December 31, 2022</u>
General obligation promissory bonds	08/02/12	04/01/27	0.55-3.50%	\$ 2,175,000	\$ 875,000
General obligation promissory bonds	08/02/12	04/01/29	2.00-2.85	3,130,000	2,130,000
General obligation promissory bonds	08/16/15	04/01/28	2.00-3.50	2,950,000	2,045,000
General obligation promissory bonds	05/19/16	05/01/36	0.75-3.20	1,450,000	1,005,000
General obligation promissory bonds	04/13/17	04/01/32	3.00-3.50	3,225,000	2,215,000
General obligation promissory notes (direct)	08/17/18	08/01/25	3.50	424,000	194,338
General obligation promissory bonds	05/15/19	04/01/39	2.75	3,055,000	2,705,000
General obligation promissory notes (direct)	10/05/20	08/01/27	1.65	300,000	217,141
General obligation promissory notes	06/03/21	04/01/41	2.00-4.00	2,630,000	2,560,000
General promissory obligation notes (direct)	10/25/21	08/01/24	2.00	74,000	49,596
General obligation corporate purpose bonds	06/29/22	04/01/42	3.00-4.00	2,125,000	2,125,000
General obligation promissory notes (direct)	10/27/22	08/01/29	3.75	265,000	<u>265,000</u>
Total governmental activities, general obligation debt					<u>\$ 16,386,075</u>

<u>Business-Type Activities</u>					<u>Balance</u>
<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>December 31, 2022</u>
General obligation corporate purpose bonds	08/02/12	04/01/24	2.00-2.25%	\$ 2,390,000	\$ 485,000
General obligation promissory bonds	08/16/15	04/01/28	2.00-3.50	670,000	325,000
General obligation promissory bonds	05/19/16	05/01/30	0.75-3.20	405,000	225,000
General obligation promissory bonds	04/13/17	04/01/32	3.00-3.50	505,000	360,000
General obligation promissory bonds	06/03/21	04/01/41	2.00-4.00	360,000	<u>345,000</u>
Total business-type activities, general obligation debt					<u>\$ 1,740,000</u>

City of Portage

Notes to Financial Statements
December 31, 2022

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities General Obligation Debt		Business-Type Activities General Obligation Debt	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,285,000	\$ 467,240	\$ 370,000	\$ 39,226
2024	1,315,000	413,496	370,000	30,866
2025	1,260,000	376,646	120,000	25,082
2026	1,275,000	338,422	140,000	21,647
2027	1,250,000	299,564	140,000	17,687
2028-2032	4,765,000	1,018,142	420,000	43,200
2033-2037	3,165,000	409,058	100,000	13,000
2038-2042	1,345,000	88,456	80,000	3,200
Total	<u>\$ 15,660,000</u>	<u>\$ 3,411,024</u>	<u>\$ 1,740,000</u>	<u>\$ 193,908</u>

<u>Years</u>	Governmental Activities Notes from Direct Borrowings and Direct Placements	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 164,923	\$ 17,583
2024	167,196	15,695
2025	146,460	11,209
2026	81,551	7,222
2027	83,719	4,925
2028-2029	82,226	3,958
Total	<u>\$ 726,075</u>	<u>\$ 60,592</u>

Revenue Debt

Business-type activities revenue bonds are payable only from revenues derived from the operation of the water and sewer utilities.

The water utility fund has pledged future water revenues, net of specified operating expenses, to repay revenue bonds issued in 2007-2022. Proceeds from the bonds provided financing for the water system. The bonds are payable solely from water revenues and are payable through 2042. Annual principal and interest payments on the bonds are expected to require 23.65% of net revenues. The total principal and interest remaining to be paid on the bonds is \$5,933,111. Principal and interest paid for the current year and total customer net revenues were \$318,187 and \$1,254,491, respectively.

The sewer utility fund has pledged future sewer revenues, net of specified operating expenses, to repay revenue bonds issued in 2008-2022. Proceeds from the bonds provided financing for the sewer system. The bonds are payable solely from sewer revenues and are payable through 2042. Annual principal and interest payments on the bonds are expected to require 74.10% of net revenues. The total principal and interest remaining to be paid on the bonds is \$11,605,508. Principal and interest paid for the current year and total customer net revenues were \$605,112 and \$783,149, respectively.

City of Portage

Notes to Financial Statements
December 31, 2022

Revenue debt payable at December 31, 2022, consists of the following:

Business-Type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2022</u>
Water Utility					
Water system revenue bonds (direct)	04/25/07	05/01/26	2.475%	\$ 121,379	\$ 26,006
Water system revenue bonds	04/16/15	05/01/35	1.00-3.50	855,000	620,000
Water system revenue bonds	05/19/16	05/01/36	2.00-3.00	2,190,000	1,825,000
Water system revenue bonds	05/15/19	05/01/39	2.89	1,335,000	1,175,000
Water system revenue bonds	06/29/22	05/01/42	4.00	990,000	990,000
				Total Water Utility	<u>4,636,006</u>
Sewer Utility					
Sewer system revenue bonds (direct)	03/26/08	05/01/27	2.36%	1,159,443	356,624
Sewer system revenue bonds	04/13/27	05/01/37	3.00-3.75	2,180,000	1,755,000
Sewer system revenue bonds	05/15/19	05/01/39	2.86	1,265,000	1,115,000
Sewer system revenue bonds	06/03/21	05/01/41	1.37-4.00	4,335,000	4,170,000
Sewer system revenue bonds	06/29/22	05/01/42	4.00	1,655,000	1,655,000
				Total Sewer Utility	<u>9,051,624</u>
				Total business-type activities, revenue debt	<u>\$ 13,687,630</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-Type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 565,000	\$ 399,060
2024	590,000	380,476
2025	650,000	360,674
2026	670,000	339,801
2027	690,000	317,337
2028-2032	3,780,000	1,233,450
2033-2037	3,990,000	643,232
2038-2042	2,370,000	155,175
Total	<u>\$ 13,305,000</u>	<u>\$ 3,829,205</u>

City of Portage

Notes to Financial Statements
December 31, 2022

<u>Years</u>	Business-Type Activities Revenue Debt from Direct Borrowings and Direct Placements	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 74,295	\$ 8,196
2024	76,059	6,411
2025	77,865	4,583
2026	79,714	1,712
2027	74,697	883
Total	<u>\$ 382,630</u>	<u>\$ 21,785</u>

Other Debt Information

Estimated payments of compensated absences and the retiree health insurance are not included in the debt service requirement schedules. The compensated absences liability and retiree health insurance liability attributable to governmental activities will be liquidated primarily by the general fund.

A statutory mortgage lien upon the utility's system and any additions, improvements and extensions thereto is created by Section 66.0621 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The utility's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

The City's 2018, 2020, 2021 and 2022 general obligation promissory note outstanding as of December 31, 2022 are direct borrowings. These notes contain clauses that if the City fails to pay any amount when due the unpaid balances shall automatically mature and become immediately payable.

Bond Covenant Disclosures

Insurance

The utilities are exposed to various risks of loss related to torts, theft of, damage to or destruction of assets, errors and omissions, workers compensation and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

City of Portage

Notes to Financial Statements
December 31, 2022

Debt Coverage - Water

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.25 times the annual debt service. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2022 as follows:

Operating revenues	\$	2,139,254
Investment income		42,402
Miscellaneous nonoperating income (including taxes)		13,241
Less operation and maintenance expenses		<u>(940,406)</u>
Net defined earnings	\$	<u>1,254,491</u>
Minimum required earnings per resolution:		
Annual debt service	\$	318,187
Coverage factor		<u>1.25</u>
Minimum required earnings	\$	<u>397,734</u>
Annual Debt Coverage		<u>3.94</u>

Debt Coverage - Sewer

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.25 times the annual debt service. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2022 as follows:

Operating revenues	\$	1,959,543
Investment income		46,701
Miscellaneous nonoperating income		10,624
Less operation and maintenance expenses		<u>(1,233,719)</u>
Net defined earnings	\$	<u>783,149</u>
Minimum required earnings per resolution:		
Annual debt service	\$	605,112
Coverage factor		<u>1.25</u>
Minimum required earnings	\$	<u>756,391</u>
Actual Debt Coverage		<u>1.29</u>

City of Portage

Notes to Financial Statements
December 31, 2022

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2022, includes the following:

Governmental Activities

Net investment in capital assets:

Land	\$ 2,114,350
Construction in progress	2,474,132
Other capital assets, net of accumulated depreciation	36,541,931
Less long-term debt outstanding	(16,386,075)
Plus unspent capital related debt proceeds	948,214
Less unamortized debt premium	<u>(443,445)</u>

Total net investment in capital assets \$ 25,249,107

City of Portage

Notes to Financial Statements
December 31, 2022

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2022, include the following:

	<u>General Fund</u>	<u>CDBG Fund</u>	<u>Mass Transit Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Fund Balances							
Nonspendable:							
Prepaid items	\$ 80,185	\$ -	\$ -	\$ -	\$ 900,000	\$ 48,763	\$ 1,028,948
Delinquent personal property taxes	2,540	-	-	-	-	-	2,540
Long-term receivables	<u>2,102,928</u>	-	-	-	-	-	<u>2,102,928</u>
Subtotal	<u>2,185,653</u>	-	-	-	<u>900,000</u>	<u>48,763</u>	<u>3,134,416</u>
Restricted for:							
Library	-	-	-	-	-	281,122	281,122
Capital projects	-	-	-	-	655,228	65,890	721,118
TIF activities	-	-	-	-	-	262,073	262,073
Hazmat vehicles	-	-	-	-	-	205,813	205,813
Donations	-	-	-	-	-	152,101	152,101
HUD	-	-	-	-	-	16,763	16,763
CDBG	-	230,074	-	-	-	-	230,074
Debt service	-	-	-	310,967	-	-	310,967
Transit	-	-	148,296	-	-	-	148,296
Subtotal	<u>-</u>	<u>230,074</u>	<u>148,296</u>	<u>310,967</u>	<u>655,228</u>	<u>983,762</u>	<u>2,328,327</u>
Committed to:							
Recycling	-	-	-	-	-	2,716	2,716
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,716</u>	<u>2,716</u>
Assigned to:							
Subsequent year's budget	18,500	-	-	-	-	-	18,500
Capital Projects	-	-	-	-	328,603	1,287,433	1,616,036
Special Revenue	-	-	-	-	-	226,548	226,548
Subtotal	<u>18,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>328,603</u>	<u>1,513,981</u>	<u>1,861,084</u>
Unassigned (Deficit):							
	<u>2,170,288</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,167,404)</u>	<u>2,884</u>
Total fund balances (deficit)	<u>\$ 4,374,441</u>	<u>\$ 230,074</u>	<u>\$ 148,296</u>	<u>\$ 310,967</u>	<u>\$ 1,883,831</u>	<u>\$ 381,818</u>	<u>\$ 7,329,427</u>

Business-Type Activities

Net investment in capital assets:

Land	\$ 500,618
Construction in progress	642,939
Other capital assets, net of accumulated depreciation	20,205,691
Less Long-term debt outstanding	(15,427,630)
Plus unspent capital related debt proceeds	3,283,093
Less unamortized debt premium	<u>(477,049)</u>

Total net investment in capital assets \$ 8,727,662

Component Unit

Business Improvement District

This report contains the Business Improvement District (BID), which is included as a component unit.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

The BID follows the full accrual basis of accounting and the flow of economic resources measurement focus.

b. Deposits and Investments

At year end, the carrying amount of the BID's deposits was \$3,777 and is part of the City's commingled cash. See Note 3, cash and investments.

c. Capital Assets

At year end, the capital assets in the BID consisted of a bobcat and a shed, net of depreciation with an ending balance of \$16,795. The BID considers a capital asset to have an initial cost of \$1,000 and an estimated useful life in excess of three years.

4. Other Information

Employees' Retirement System

Plan Description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

Vesting

For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

City of Portage

Notes to Financial Statements
December 31, 2022

Benefits Provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement participants, if hired on or before 12/31/2016) are entitled to retirement benefit based on a formula factor, their average earnings and creditable service.

Final average earnings is the average of the participant's three highest annual earnings period. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments

The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the floor) set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment %</u>	<u>Variable Fund Adjustment %</u>
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0

City of Portage

Notes to Financial Statements
December 31, 2022

Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$469,374 in contributions from the City.

Contribution rates for the plan year reported as of December 31, 2022 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (executives & elected officials)	6.75 %	6.75 %
Protective with Social Security	6.75 %	11.75 %
Protective without Social Security	6.75 %	16.35 %

Pension Asset, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2022, the City reported an asset of \$3,209,036 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the City's proportion was 0.03981344%, which was an increase of 0.00056984% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the City recognized pension expense of \$(288,670).

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experience	\$ 5,184,036	\$ 373,825
Changes in assumptions	598,696	-
Net differences between projected and actual earnings on pension plan investments	-	7,178,881
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,785	4,002
Employer contributions subsequent to the measurement date	<u>483,524</u>	<u>-</u>
Total	<u>\$ 6,270,041</u>	<u>\$ 7,556,708</u>

City of Portage

Notes to Financial Statements
December 31, 2022

\$483,524 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Years Ending December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2023	\$ (149,804)
2024	(869,554)
2025	(383,228)
2026	(367,605)

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-Retirement Adjustments*:	1.7%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The Total Pension Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

City of Portage

Notes to Financial Statements
December 31, 2022

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns* As of December 31, 2021			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %**
Global Equities	52	6.8	4.2
Fixed Income	25	4.3	1.8
Inflation Sensitive	19	2.7	0.2
Real Estate	7	5.6	3
Private Equity/Debt	12	9.7	7
Total Core Fund***	115	6.6	4
Variable Fund Asset			
U.S. Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

* *Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations*

** *New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%*

*** *The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used subject to an allowable range of up to 20%.*

City of Portage

Notes to Financial Statements
December 31, 2022

Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 1.84% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the investment rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	<u>1% Decrease to Discount Rate (5.8%)</u>	<u>Current Discount Rate (6.8%)</u>	<u>1% Increase to Discount Rate (7.8%)</u>
City's proportionate share of the net pension liability (asset)	\$ 2,277,038	\$ (3,209,036)	\$ (7,157,990)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

At December 31, 2022, the City reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

City of Portage

Notes to Financial Statements
December 31, 2022

Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

The City has active construction projects as of December 31, 2022. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

Joint Ventures

Fire Protection Agreement

The City has entered into an agreement with the Towns of Pacific, Caledonia, Lewiston and Fort Winnebago to provide fire protection services. The towns are jointly responsible for the replacement of designated firefighting apparatus used by the City to provide fire/rescue services to the towns. The towns contribute a fixed sum annually to the vehicle and equipment replacement fund. In July 2015, the City turned over the town's balance of the vehicle and equipment replacement fund to be managed by a designated agent assigned by the towns. The amount is based on the amortized replacement cost of firefighting apparatus owned by the towns. The towns contribute an additional amount annually to the Vehicle and Replacement Fund based on the amortized replacement cost of firefighting apparatus owned in common by the towns and the City. The towns' prorated contribution is 49% and the City's is 51% of the established annual amortized replacement cost of said apparatus. Each of the four towns' annual contribution is determined on the basis of their respective percentage share of the aggregated equalized assessed valuation of the four towns and is payable to the designated agent. The City does not have an equity interest in the joint venture.

Subsequent Event

On July 6, 2023, the City issued general obligation corporate purpose bonds in the amounts of \$3,055,000 with an average interest rate of 4.50%. This amount will be used for various city projects.

Effect of New Accounting Standards on Current-Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

City of Portage

Detailed Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues			
Taxes			
General property taxes	\$ 4,594,032	\$ 4,594,031	\$ (1)
Mobile home lottery credit	22,500	18,431	(4,069)
Forest cropland and managed forest land taxes	1,160	1,161	1
Sales and use	40	40	-
Payments in lieu of taxes	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>
Total taxes	<u>4,632,732</u>	<u>4,613,663</u>	<u>(19,069)</u>
Intergovernmental Revenues			
State shared revenues	1,689,672	1,678,773	(10,899)
State expenditure restraint	177,023	177,023	-
Fire insurance tax	30,000	33,241	3,241
State aid, law enforcement improvement	4,920	4,498	(422)
State aid, general transportation aids	571,710	570,126	(1,584)
State aid, connecting streets	126,862	126,862	-
Other state payments, operating	49,752	49,752	-
Video service provider payment	27,153	27,153	-
Payments for municipal services	37,000	71,742	34,742
In lieu of taxes on state conservation lands	440	678	238
Other state payments	5,000	7,301	2,301
County aid, highway and bridges	<u>2,000</u>	<u>6,000</u>	<u>4,000</u>
Total intergovernmental revenues	<u>2,721,532</u>	<u>2,753,149</u>	<u>31,617</u>
Licenses and Permits			
Business and occupational licenses	1,800	1,500	(300)
Liquor and malt beverage licenses	33,000	33,787	787
Operators' license	1,500	865	(635)
Mobile home park licenses	300	300	-
Cable television franchise fees	108,614	108,398	(216)
Dog and cat licenses	6,250	5,426	(824)
Other nonbusiness licenses	100	-	(100)
Other regulatory permits and fees	14,130	19,414	5,284
Electrical contractor licenses	<u>-</u>	<u>157</u>	<u>157</u>
Total licenses and permits	<u>165,694</u>	<u>169,847</u>	<u>4,153</u>
Fines, Forfeitures and Penalties			
Court penalties and costs	152,600	108,659	(43,941)
Parking violations	4,750	1,676	(3,074)
Judgments and damages	<u>500</u>	<u>1,506</u>	<u>1,006</u>
Total fines, forfeitures and penalties	<u>157,850</u>	<u>111,841</u>	<u>(46,009)</u>

See notes to required supplementary information

City of Portage

Detailed Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Public Charges for Services			
Clerk's fees	\$ 250	\$ 72	\$ (178)
Law enforcement fees	5,700	13,244	7,544
Street related facilities	7,500	13,035	5,535
Parking lots, ramps and meters	10	-	(10)
Other transportation	300	426	126
Solid waste disposal	5,550	6,127	577
Culture, recreation and education	3,700	2,163	(1,537)
Parks	48,000	59,021	11,021
Recreation programs	3,500	3,672	172
Park rental	10,500	11,402	902
Conservation and development	3,500	3,257	(243)
Other public charges for services	11,280	8,353	(2,927)
Fire protection fees	-	399	399
Total public charges for services	<u>99,790</u>	<u>121,171</u>	<u>21,381</u>
Intergovernmental Charges for Services			
Local, rural fire services	155,000	192,710	37,710
Local, HAZMAT services	18,000	28,728	10,728
Local, intra-agency administration fees	<u>109,413</u>	<u>107,500</u>	<u>(1,913)</u>
Total intergovernmental charges for services	<u>282,413</u>	<u>328,938</u>	<u>46,525</u>
Investment Income			
Interest on investments	30,000	55,810	25,810
Interest on special assessments	<u>2,000</u>	<u>1,358</u>	<u>(642)</u>
Total investment income	<u>32,000</u>	<u>57,168</u>	<u>25,168</u>
Miscellaneous Revenues			
Rent	56,545	55,418	(1,127)
Insurance recoveries, police	1,000	10,713	9,713
Donations	7,000	13,644	6,644
Insurance dividends	18,000	9,114	(8,886)
Other miscellaneous	2,006	25,627	23,621
Insurance recoveries, highway	1,000	7,287	6,287
Insurance recoveries, other	-	1,681	1,681
Total miscellaneous revenues	<u>85,551</u>	<u>123,484</u>	<u>37,933</u>
Total revenues	<u>8,177,562</u>	<u>8,279,261</u>	<u>101,699</u>

See notes to required supplementary information

City of Portage

Detailed Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures			
General Government			
Council	\$ 37,839	\$ 39,070	\$ (1,231)
Judicial	132,734	135,848	(3,114)
Legal	27,945	25,269	2,676
Mayor	18,566	15,630	2,936
Administrator	165,272	169,624	(4,352)
General administration	352,309	353,946	(1,637)
Financial administration	322,757	314,596	8,161
General buildings/plant/hall	175,805	168,543	7,262
Safety program	2,000	2,215	(215)
Contingency	32,811	26,170	6,641
Total general government	<u>1,268,038</u>	<u>1,250,911</u>	<u>17,127</u>
Public Safety			
Police	549,817	542,607	7,210
Patrol	1,923,210	1,960,620	(37,410)
Criminal investigation	368,706	351,973	16,733
Fire protection	214,907	213,838	1,069
Suppression	655,485	686,412	(30,927)
Prevention	92,626	88,181	4,445
Hazmat	14,565	16,199	(1,634)
Emergency government	3,500	2,461	1,039
Police special services	159,409	169,577	(10,168)
Total public safety	<u>3,982,225</u>	<u>4,031,868</u>	<u>(49,643)</u>
Public Works			
Engineering	241,541	223,328	18,213
Highway and street maintenance for local	1,275,852	1,257,776	18,076
Highway and street construction for local	4,000	12,000	(8,000)
Storm sewer maintenance	17,500	5,988	11,512
Parking facilities	1,350	-	1,350
Airport	49,085	73,007	(23,922)
Solid waste disposal	374,396	429,128	(54,732)
Weed and nuisance control	5,000	4,307	693
Total public works	<u>1,968,724</u>	<u>2,005,534</u>	<u>(36,810)</u>
Health and Human Services			
Public health services	13,500	12,013	1,487
Cemetery	61,200	61,200	-
Total health and human services	<u>74,700</u>	<u>73,213</u>	<u>1,487</u>

See notes to required supplementary information

City of Portage

Detailed Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Culture, Recreation and Education			
Cable television	\$ 15,259	\$ 9,901	\$ 5,358
Parks	210,263	207,032	3,231
Recreation programs and events	97,289	95,039	2,250
Park maintenance	<u>426,228</u>	<u>420,186</u>	<u>6,042</u>
Total culture, recreation and education	<u>749,039</u>	<u>732,158</u>	<u>16,881</u>
Conservation and Development			
Community development	<u>78,718</u>	<u>77,971</u>	<u>747</u>
Total conservation and development	<u>78,718</u>	<u>77,971</u>	<u>747</u>
Total expenditures	<u>8,121,444</u>	<u>8,171,655</u>	<u>(50,211)</u>
Excess of revenues over expenditures	<u>56,118</u>	<u>107,606</u>	<u>51,488</u>
Other Financing Sources (Uses)			
Sale of capital assets	4,000	1,605	(2,395)
Transfers in	390,737	353,270	(37,467)
Transfers out	<u>(450,855)</u>	<u>(445,042)</u>	<u>5,813</u>
Total other financing sources (uses)	<u>(56,118)</u>	<u>(90,167)</u>	<u>(34,049)</u>
Net change in fund balance	-	17,439	17,439
Fund Balance, Beginning	<u>4,357,002</u>	<u>4,357,002</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 4,357,002</u>	<u>\$ 4,374,441</u>	<u>\$ 17,439</u>

See notes to required supplementary information

City of Portage

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - CDBG Fund
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues			
Public charges for services	\$ 138,500	\$ 122,964	\$ (15,536)
Investment income	<u>500</u>	<u>1,238</u>	<u>738</u>
Total revenues	<u>139,000</u>	<u>124,202</u>	<u>(14,798)</u>
Expenditures			
Current:			
Conservation and development	<u>139,000</u>	<u>68,765</u>	<u>70,235</u>
Total expenditures	<u>139,000</u>	<u>68,765</u>	<u>70,235</u>
Net change in fund balance	-	55,437	55,437
Fund Balance, Beginning	<u>174,637</u>	<u>174,637</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 174,637</u>	<u>\$ 230,074</u>	<u>\$ 55,437</u>

See notes to required supplementary information

City of Portage

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Mass Transit Fund
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues			
Intergovernmental	\$ 842,614	\$ 499,512	\$ (343,102)
Public charges for services	<u>545,130</u>	<u>302,404</u>	<u>(242,726)</u>
Total revenues	<u>1,387,744</u>	<u>801,916</u>	<u>(585,828)</u>
Expenditures			
Current:			
Public works	<u>1,421,273</u>	<u>854,146</u>	<u>567,127</u>
Total expenditures	<u>1,421,273</u>	<u>854,146</u>	<u>567,127</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(33,529)</u>	<u>(52,230)</u>	<u>(18,701)</u>
Other Financing Sources			
Transfers in	50,000	50,000	-
Sale of capital assets	<u>6,000</u>	<u>-</u>	<u>(6,000)</u>
Total other financing sources	<u>56,000</u>	<u>50,000</u>	<u>(6,000)</u>
Net change in fund balance	22,471	(2,230)	(24,701)
Fund Balance, Beginning	<u>150,526</u>	<u>150,526</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 172,997</u>	<u>\$ 148,296</u>	<u>\$ (24,701)</u>

See notes to required supplementary information

City of Portage

Schedule of Proportionate Share of the Net Pension Liability (Asset) -

Wisconsin Retirement System

Year Ended December 31, 2022

City Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/22	0.03981344 %	\$ (3,209,036)	\$ 4,951,235	64.81 %	106.02 %
12/31/21	0.03924360 %	(2,450,032)	4,781,122	51.24 %	105.26 %
12/31/20	0.03891791 %	(1,254,891)	4,707,027	26.66 %	102.96 %
12/31/19	0.03800963 %	1,352,263	4,473,631	30.23 %	96.45 %
12/31/18	0.03713377 %	(1,102,545)	4,382,903	25.16 %	102.93 %
12/31/17	0.03633968 %	299,526	4,267,076	7.02 %	99.12 %
12/31/16	0.03589219 %	583,241	4,168,161	13.99 %	98.20 %
12/31/15	0.03564697 %	(875,587)	4,085,943	21.43 %	102.74 %

Schedule of Employer Contributions - Wisconsin Retirement System

Year Ended December 31, 2022

City Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/22	\$ 483,524	\$ 483,524	\$ -	\$ 5,108,158	9.47 %
12/31/21	471,398	471,398	-	4,951,235	9.52 %
12/31/20	448,361	448,361	-	4,781,123	9.38 %
12/31/19	417,493	417,493	-	4,707,658	8.87 %
12/31/18	310,688	310,688	-	4,456,064	6.97 %
12/31/17	389,956	389,956	-	4,382,904	8.90 %
12/31/16	351,000	351,000	-	4,273,077	8.21 %
12/31/15	356,206	356,206	-	4,085,943	8.72 %

See notes to required supplementary information

City of Portage

Notes to Required Supplementary Information
Year Ended December 31, 2022

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.

The budgeted amounts presented are as presented in the original budget and no amendments were adopted during the year. The City may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds action.

Appropriations lapse at year-end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the department level of expenditure.

Wisconsin Retirement System

The amounts determined for each fiscal year were determined as of the calendar year-end and occurred within the fiscal year.

The City is required to present the last ten years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in assumptions. Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

SUPPLEMENTARY INFORMATION

City of Portage

Combining Balance Sheet - Nonmajor Governmental Funds
December 31, 2022

	Special Revenue Funds				
	Park Land Dedication Fund	Swimming Pool Fund	Inspection Fund	Library Fund	Library - Restricted Fund
Assets					
Cash and investments	\$ 63,203	\$ -	\$ -	\$ 208,574	\$ 64,112
Receivables:					
Taxes	-	-	1,699	598,525	-
Accounts	-	-	-	-	-
Special assessments	-	-	-	-	-
Prepaid items	-	106	762	7,434	-
Restricted cash and investments	-	-	-	-	-
Total assets	<u>\$ 63,203</u>	<u>\$ 106</u>	<u>\$ 2,461</u>	<u>\$ 814,533</u>	<u>\$ 64,112</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 650	\$ 6,119	\$ 5,047	\$ 480
Accrued liabilities	-	657	1,916	20,070	-
Deposits	-	3,269	-	-	-
Due to other funds	-	-	19,529	-	-
Advances from other funds	-	73,208	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>77,784</u>	<u>27,564</u>	<u>25,117</u>	<u>480</u>
Deferred Inflows of Resources					
Property taxes levied for next period	-	-	1,699	598,525	-
Unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>1,699</u>	<u>598,525</u>	<u>-</u>
Fund Balances (Deficit)					
Nonspendable	-	106	762	7,434	-
Restricted	-	-	-	183,457	63,632
Committed	-	-	-	-	-
Assigned	63,203	-	-	-	-
Unassigned (deficit)	-	(77,784)	(27,564)	-	-
Total fund balances (deficit)	<u>63,203</u>	<u>(77,678)</u>	<u>(26,802)</u>	<u>190,891</u>	<u>63,632</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 63,203</u>	<u>\$ 106</u>	<u>\$ 2,461</u>	<u>\$ 814,533</u>	<u>\$ 64,112</u>

Special Revenue Funds

Library Memorial Fund	Criminal Investigation Fund	Tourism Promotion Fund	School Liaison Fund	Donation Fund	Portage Enterprise Center Fund	HUD Fund
\$ -	\$ 16,420	\$ 51,264	\$ 28,004	\$ 152,360	\$ 25,764	\$ 16,763
-	-	-	-	-	-	-
-	-	-	-	3,314	8,643	54,493
-	-	-	-	-	-	-
-	-	-	1,700	-	1,456	-
<u>34,033</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 34,033</u>	<u>\$ 16,420</u>	<u>\$ 51,264</u>	<u>\$ 29,704</u>	<u>\$ 155,674</u>	<u>\$ 35,863</u>	<u>\$ 71,256</u>
\$ -	\$ -	\$ -	\$ -	\$ 259	\$ 2,989	\$ -
-	-	-	4,718	-	3,679	-
-	-	2,000	-	-	7,917	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>2,000</u>	<u>4,718</u>	<u>259</u>	<u>14,585</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	3,314	-	54,493
-	-	-	-	3,314	-	54,493
-	-	-	1,700	-	1,456	-
34,033	-	-	-	152,101	-	16,763
-	-	-	-	-	-	-
-	16,420	49,264	23,286	-	19,822	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>34,033</u>	<u>16,420</u>	<u>49,264</u>	<u>24,986</u>	<u>152,101</u>	<u>21,278</u>	<u>16,763</u>
<u>\$ 34,033</u>	<u>\$ 16,420</u>	<u>\$ 51,264</u>	<u>\$ 29,704</u>	<u>\$ 155,674</u>	<u>\$ 35,863</u>	<u>\$ 71,256</u>

City of Portage

Combining Balance Sheet - Nonmajor Governmental Funds
December 31, 2022

	Special Revenue Funds				
	Wheel Tax Fund	Ambulance Fund	Post Retirement Benefits Fund	Recycling Fund	ARPA Fund
Assets					
Cash and investments	\$ 65,890	\$ 63,757	\$ -	\$ 2,716	\$ 1,038,002
Receivables:					
Taxes	-	-	-	-	-
Accounts	-	-	-	-	-
Special assessments	-	-	-	-	-
Prepaid items	-	-	-	-	37,305
Restricted cash and investments	-	-	-	-	-
Total assets	\$ 65,890	\$ 63,757	\$ -	\$ 2,716	\$ 1,075,307
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 9,204	\$ -	\$ -	\$ 4,999
Accrued liabilities	-	-	-	-	-
Deposits	-	-	-	-	-
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	45,299	-	-
Unearned revenue	-	-	-	-	1,053,270
Total liabilities	-	9,204	45,299	-	1,058,269
Deferred Inflows of Resources					
Property taxes levied for next period	-	-	-	-	-
Unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances (Deficit)					
Nonspendable	-	-	-	-	37,305
Restricted	65,890	-	-	-	-
Committed	-	-	-	2,716	-
Assigned	-	54,553	-	-	-
Unassigned (deficit)	-	-	(45,299)	-	(20,267)
Total fund balances (deficit)	65,890	54,553	(45,299)	2,716	17,038
Total liabilities, deferred inflows of resources and fund balances	\$ 65,890	\$ 63,757	\$ -	\$ 2,716	\$ 1,075,307

Capital Projects Fund

Revolving Sidewalk Fund	Revolving Alley Fund	Canal Project Fund	Airport Construction Fund	TIF #4	TIF #5	TIF #6
\$ 6,289	\$ 8,650	\$ 213,241	\$ 1,802	\$ -	\$ -	\$ -
13,900	5,276	-	-	74,668	110,434	17,281
303	-	-	-	-	37,510	-
24,694	32,253	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 45,186</u>	<u>\$ 46,179</u>	<u>\$ 213,241</u>	<u>\$ 1,802</u>	<u>\$ 74,668</u>	<u>\$ 147,944</u>	<u>\$ 17,281</u>
\$ -	\$ -	\$ 153,477	\$ -	\$ -	\$ -	\$ 247
-	-	-	-	10,000	-	-
-	-	-	-	-	-	-
-	-	-	-	1,230,036	607,889	106,594
-	-	-	-	-	-	-
-	-	153,477	-	1,240,036	607,889	106,841
13,076	10,806	-	-	74,668	110,434	17,281
24,636	32,253	-	-	-	37,510	-
<u>37,712</u>	<u>43,059</u>	<u>-</u>	<u>-</u>	<u>74,668</u>	<u>147,944</u>	<u>17,281</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
7,474	3,120	59,764	1,802	-	-	-
-	-	-	-	(1,240,036)	(607,889)	(106,841)
<u>7,474</u>	<u>3,120</u>	<u>59,764</u>	<u>1,802</u>	<u>(1,240,036)</u>	<u>(607,889)</u>	<u>(106,841)</u>
<u>\$ 45,186</u>	<u>\$ 46,179</u>	<u>\$ 213,241</u>	<u>\$ 1,802</u>	<u>\$ 74,668</u>	<u>\$ 147,944</u>	<u>\$ 17,281</u>

City of Portage

Combining Balance Sheet - Nonmajor Governmental Funds
December 31, 2022

	Capital Projects Fund				Vehicle Equipment Replacement Fund
	TIF #7	TIF #8	TIF #9	TIF #10	
Assets					
Cash and investments	\$ 129,262	\$ 125,741	\$ -	\$ 7,069	\$ 1,421,035
Receivables:					
Taxes	153,914	50,663	10	51,802	-
Accounts	-	-	-	-	-
Special assessments	-	-	-	-	-
Prepaid items	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-
Total assets	\$ 283,176	\$ 176,404	\$ 10	\$ 58,871	\$ 1,421,035
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 162	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Deposits	-	-	22,500	-	-
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	19,062	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	-	41,724	-	-
Deferred Inflows of Resources					
Property taxes levied for next period	153,914	50,663	10	51,801	-
Unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	153,914	50,663	10	51,801	-
Fund Balances (Deficit)					
Nonspendable	-	-	-	-	-
Restricted	129,262	125,741	-	7,070	205,813
Committed	-	-	-	-	-
Assigned	-	-	-	-	1,215,222
Unassigned (deficit)	-	-	(41,724)	-	-
Total fund balances (deficit)	129,262	125,741	(41,724)	7,070	1,421,035
Total liabilities, deferred inflows of resources and fund balances	\$ 283,176	\$ 176,404	\$ 10	\$ 58,871	\$ 1,421,035

Capital Projects Funds		
Industrial Development Fund		Total Nonmajor Governmental Funds
\$ 51		\$ 3,709,969
-		1,078,172
-		104,263
-		56,947
-		48,763
-		34,033
<u>\$ 51</u>		<u>\$ 5,032,147</u>

\$ -		\$ 183,633
-		31,040
-		45,686
-		19,529
-		2,082,088
-		1,053,270
-		<u>3,415,246</u>

-		1,082,877
-		152,206
-		<u>1,235,083</u>

-		48,763
-		983,762
-		2,716
51		1,513,981
-		<u>(2,167,404)</u>
<u>51</u>		<u>381,818</u>

<u>\$ 51</u>		<u>\$ 5,032,147</u>
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City of Portage

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2022

	Special Revenue Funds				
	Park Land Dedication Fund	Swimming Pool Fund	Inspection Fund	Library Fund	Library- Restricted Fund
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 557,474	\$ -
Special assessments	-	-	-	-	-
Intergovernmental	-	-	-	219,869	-
Licenses and permits	-	-	76,823	-	-
Public charges for services	-	24,981	2,865	13,267	1,647
Intergovernmental charges for services	-	-	26,249	-	-
Investment income	542	-	-	5,496	963
Miscellaneous	28,200	7,554	6,890	1,000	65,591
Total revenues	<u>28,742</u>	<u>32,535</u>	<u>112,827</u>	<u>797,106</u>	<u>68,201</u>
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	-	-	100,234	-	-
Public works	-	-	-	-	-
Culture, recreation and education	-	37,147	-	739,580	39,581
Conservation and development	-	-	961	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>37,147</u>	<u>101,195</u>	<u>739,580</u>	<u>39,581</u>
Excess (deficiency) of revenues over expenditures	<u>28,742</u>	<u>(4,612)</u>	<u>11,632</u>	<u>57,526</u>	<u>28,620</u>
Other Financing Sources (Uses)					
Transfers in	-	25,000	-	-	-
Transfers out	-	-	-	-	-
Debt issued	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	28,742	20,388	11,632	57,526	28,620
Fund Balances (Deficit), Beginning	<u>34,461</u>	<u>(98,066)</u>	<u>(38,434)</u>	<u>133,365</u>	<u>35,012</u>
Fund Balances (Deficit), Ending	<u>\$ 63,203</u>	<u>\$ (77,678)</u>	<u>\$ (26,802)</u>	<u>\$ 190,891</u>	<u>\$ 63,632</u>

Special Revenue Funds

Library Memorial Fund	Criminal Investigation Fund	Tourism Promotion Fund	School Liaison Fund	Donation Fund	Portage Enterprise Center	HUD Fund
\$ -	\$ -	\$ 162,781	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	15,813	-	-
-	2,695	-	-	-	-	-
-	-	-	76,309	-	-	-
551	223	1,096	199	2,327	536	32
721	-	9,000	-	96,822	143,493	-
<u>1,272</u>	<u>2,918</u>	<u>172,877</u>	<u>76,508</u>	<u>114,962</u>	<u>144,029</u>	<u>32</u>
-	-	-	-	-	-	-
-	1,245	-	99,595	-	-	-
4,150	-	206,596	-	89,802	-	-
-	-	-	-	-	115,337	-
-	-	-	-	-	-	-
<u>4,150</u>	<u>1,245</u>	<u>206,596</u>	<u>99,595</u>	<u>89,802</u>	<u>115,337</u>	<u>-</u>
<u>(2,878)</u>	<u>1,673</u>	<u>(33,719)</u>	<u>(23,087)</u>	<u>25,160</u>	<u>28,692</u>	<u>32</u>
-	-	-	40,293	-	-	-
-	-	-	(12,340)	-	(18,268)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	27,953	-	(18,268)	-
(2,878)	1,673	(33,719)	4,866	25,160	10,424	32
<u>36,911</u>	<u>14,747</u>	<u>82,983</u>	<u>20,120</u>	<u>126,941</u>	<u>10,854</u>	<u>16,731</u>
<u>\$ 34,033</u>	<u>\$ 16,420</u>	<u>\$ 49,264</u>	<u>\$ 24,986</u>	<u>\$ 152,101</u>	<u>\$ 21,278</u>	<u>\$ 16,763</u>

City of Portage

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2022

	Special Revenue Funds				
	Wheel Tax Fund	Ambulance Fund	Post Retirement Benefits Fund	Recycling Fund	ARPA Fund
Revenues					
Taxes	\$ 163,751	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-
Intergovernmental	-	-	-	20,430	35,178
Licenses and permits	-	-	-	-	-
Public charges for services	5,355	-	-	-	-
Intergovernmental charges for services	-	-	-	-	-
Investment income	1,144	987	-	-	15,602
Miscellaneous	-	-	-	-	-
Total revenues	<u>170,250</u>	<u>987</u>	<u>-</u>	<u>20,430</u>	<u>50,780</u>
Expenditures					
Current:					
General government	-	-	11,532	-	-
Public safety	-	-	89,971	-	-
Public works	20,086	-	4,124	20,000	-
Culture, recreation and education	-	-	8,388	-	-
Conservation and development	-	-	-	-	-
Capital outlay	97,221	-	-	-	35,178
Total expenditures	<u>117,307</u>	<u>-</u>	<u>114,015</u>	<u>20,000</u>	<u>35,178</u>
Excess (deficiency) of revenues over expenditures	<u>52,943</u>	<u>987</u>	<u>(114,015)</u>	<u>430</u>	<u>15,602</u>
Other Financing Sources (Uses)					
Transfers in	-	-	88,980	-	-
Transfers out	-	-	-	-	-
Debt issued	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>88,980</u>	<u>-</u>	<u>-</u>
Net change in fund balances	52,943	987	(25,035)	430	15,602
Fund Balances (Deficit), Beginning	<u>12,947</u>	<u>53,566</u>	<u>(20,264)</u>	<u>2,286</u>	<u>1,436</u>
Fund Balances (Deficit), Ending	<u>\$ 65,890</u>	<u>\$ 54,553</u>	<u>\$ (45,299)</u>	<u>\$ 2,716</u>	<u>\$ 17,038</u>

Capital Projects Funds

Revolving Sidewalk Fund	Revolving Alley Fund	Canal Project Fund	Airport Construction Fund	TIF #4	TIF #5	TIF #6
\$ -	\$ -	\$ -	\$ -	\$ 57,170	\$ 100,191	\$ -
14,963	26,207	-	-	-	-	-
-	-	60,077	-	-	-	3,452
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,143	640	4,619	28	-	-	-
-	-	-	-	-	37,512	-
<u>16,106</u>	<u>26,847</u>	<u>64,696</u>	<u>28</u>	<u>57,170</u>	<u>137,703</u>	<u>3,452</u>
-	-	-	-	-	-	-
3,204	109,753	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	11,957	4,200	2,489
-	-	639,538	-	324,273	-	64,975
<u>3,204</u>	<u>109,753</u>	<u>639,538</u>	<u>-</u>	<u>336,230</u>	<u>4,200</u>	<u>67,464</u>
<u>12,902</u>	<u>(82,906)</u>	<u>(574,842)</u>	<u>28</u>	<u>(279,060)</u>	<u>133,503</u>	<u>(64,012)</u>
-	-	-	-	18,268	-	-
-	-	-	-	(150,685)	(170,505)	(52,816)
-	80,000	-	-	-	-	-
-	-	-	-	11,036	-	-
<u>-</u>	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>(121,381)</u>	<u>(170,505)</u>	<u>(52,816)</u>
12,902	(2,906)	(574,842)	28	(400,441)	(37,002)	(116,828)
<u>(5,428)</u>	<u>6,026</u>	<u>634,606</u>	<u>1,774</u>	<u>(839,595)</u>	<u>(570,887)</u>	<u>9,987</u>
<u>\$ 7,474</u>	<u>\$ 3,120</u>	<u>\$ 59,764</u>	<u>\$ 1,802</u>	<u>\$ (1,240,036)</u>	<u>\$ (607,889)</u>	<u>\$ (106,841)</u>

City of Portage

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2022

	Capital Projects Funds				Vehicle Equipment Replacement Fund
	TIF #7	TIF #8	TIF #9	TIF #10	
Revenues					
Taxes	\$ 76,501	\$ 54,455	\$ -	\$ 23,135	\$ -
Special assessments	-	-	-	-	-
Intergovernmental	1,746	3,721	-	-	-
Licenses and permits	-	-	-	-	-
Public charges for services	-	-	-	-	-
Intergovernmental charges for services	-	-	-	-	-
Investment income	1,433	1,930	-	-	27,305
Miscellaneous	-	-	23,861	-	-
	<u>79,680</u>	<u>60,106</u>	<u>23,861</u>	<u>23,135</u>	<u>27,305</u>
Total revenues					
	<u>79,680</u>	<u>60,106</u>	<u>23,861</u>	<u>23,135</u>	<u>27,305</u>
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture, recreation and education	-	-	-	-	-
Conservation and development	3,183	2,650	17,010	3,386	-
Capital outlay	134,218	-	24,455	-	362,999
	<u>137,401</u>	<u>2,650</u>	<u>41,465</u>	<u>3,386</u>	<u>362,999</u>
Total expenditures					
	<u>137,401</u>	<u>2,650</u>	<u>41,465</u>	<u>3,386</u>	<u>362,999</u>
Excess (deficiency) of revenues over expenditures	<u>(57,721)</u>	<u>57,456</u>	<u>(17,604)</u>	<u>19,749</u>	<u>(335,694)</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	253,109
Transfers out	(106,573)	(44,388)	-	-	-
Debt issued	-	-	-	-	-
Sale of capital assets	-	-	-	-	7,775
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>260,884</u>
Total other financing sources (uses)					
	<u>(106,573)</u>	<u>(44,388)</u>	<u>-</u>	<u>-</u>	<u>260,884</u>
Net change in fund balances	(164,294)	13,068	(17,604)	19,749	(74,810)
Fund Balances (Deficit), Beginning	<u>293,556</u>	<u>112,673</u>	<u>(24,120)</u>	<u>(12,679)</u>	<u>1,495,845</u>
Fund Balances (Deficit), Ending	<u>\$ 129,262</u>	<u>\$ 125,741</u>	<u>\$ (41,724)</u>	<u>\$ 7,070</u>	<u>\$ 1,421,035</u>

Capital Projects Funds		
Industrial Development Fund	Total Nonmajor Governmental Funds	
\$ -	\$ 1,195,458	
-	41,170	
-	360,286	
-	76,823	
-	50,810	
-	102,558	
1	66,797	
-	420,644	
<u>1</u>	<u>2,314,546</u>	
-	11,532	
-	291,045	
-	157,167	
-	1,125,244	
-	161,173	
-	1,682,857	
<u>-</u>	<u>3,429,018</u>	
<u>1</u>	<u>(1,114,472)</u>	
-	425,650	
-	(555,575)	
-	80,000	
-	18,811	
<u>-</u>	<u>(31,114)</u>	
1	(1,145,586)	
<u>50</u>	<u>1,527,404</u>	
<u>\$ 51</u>	<u>\$ 381,818</u>	