

**CITY OF PORTLAND  
IONIA COUNTY, MICHIGAN**

**REPORT ON FINANCIAL STATEMENTS  
(with required and other supplementary information)**

**YEAR ENDED JUNE 30, 2023**

**CITY OF PORTLAND  
IONIA COUNTY, MICHIGAN  
JUNE 30, 2023**

**CITY COUNCIL AND ADMINISTRATION**

James E. Barnes	Mayor
Joel VanSlambrouck	Mayor Pro-Tem
Erica Sheehan	Council member
Patrick Fitzsimmons	Council member
Amanda L. Johnston	Council member
S. Tutt Gorman	City Manager
Nikki Miller	City Clerk
Melinda Tolan	Finance Director/Treasurer

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Portland, Michigan

### **Report on the Audit of the Financial Statements**

#### ***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 Portland, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Portland'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 of Portland, as of June 30, 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Portland 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 of Portland'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.

## ***Auditor's 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 auditor's 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 of Portland'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 of Portland'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 management's discussion and analysis and other required supplementary information, as identified 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 of Portland's basic financial statements. The accompanying other supplementary information, as identified 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, other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the miscellaneous statistical data but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2023, on our consideration of the City of Portland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Portland's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Portland's internal control over financial reporting and compliance.

*Manes Costeiron PC*

November 7, 2023

## **CITY OF PORTLAND MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of Portland (City), we offer readers of the City of Portland's financial statements this narrative overview and analysis of the financial activities of the City of Portland for the fiscal year ended June 30, 2023.

The following is a discussion and analysis of the City of Portland's (the City's) financial performance and position, providing an overview of the activities for the year ended June 30, 2023. This analysis should be read in conjunction with the *Independent Auditor's Report* and with the City's financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

#### **Government-wide**

- Total net position was \$30,416,399 (excluding component units).
- Governmental activities net position was \$16,401,849.
- Business-type activity net position was \$14,014,550.
- Component Unit net position was \$685,064.

#### **Fund Level**

- At the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$5,515,761 with \$4,959,649 being nonspendable, restricted, committed or assigned for specific purposes and \$556,112 being unassigned.
- The General Fund realized \$111,568 more in revenues and other financing sources than anticipated for the fiscal year. The General Fund operations also expended \$284,596 less than appropriated when including other financing uses.
- Overall, the General Fund balance increased by \$161,232.

#### **Capital and Long-term Debt Activities**

- The total additions to the capital asset schedules for the primary government were \$7,079,230, excluding reclassifications. Significant capital purchases during the year included the wastewater treatment plant, substation, a snowplow, compact tractor, and brush chipper.
- The total long-term obligations for the primary government were \$8,918,150, a net increase of \$4,221,118 from the prior year. This increase was due to the debt taken on for the Wastewater Treatment Plant Improvements.
- The City remains well below its authorized legal debt limit. The City debt limit, as defined by statute, is 10% of the state equalized property values, which currently equals \$14,393,649.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's annual financial report. The annual financial report of the City consists of the following components: 1) *Independent Auditor's Report*; 2) *Management's Discussion and Analysis* and 3) the *Basic Financial Statements* (government-wide financial statements, fund financial statements, notes to the financial statements), 4) *Required Supplementary Information* such as budget to actual comparisons for the General Fund and major Special Revenue Funds, and 5) *Other Supplementary Information* including combining financial statements for all nonmajor governmental funds and other funds and other financial and statistical data.

## CITY OF PORTLAND MANAGEMENT'S DISCUSSION AND ANALYSIS

### **Government-wide Financial Statements (Reporting the City as a Whole)**

The set of government-wide financial statements are made up of the Statement of Net Position and the Statement of Activities, which report information about the City as a whole, and about its activities. Their purpose is to assist in answering the question, is the City, in its entirety, better or worse off as a result of this fiscal year's activities? These statements, which include all nonfiduciary assets and liabilities, are reported on the *accrual basis of accounting*, similar to a private business. This means revenues are accounted for when they are *earned*, and expenses are accounted for when *incurred*, regardless of when the actual cash is received or disbursed.

The Statement of Net Position (page 15) presents all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, recording the difference between them as "net position". Over time, increases or decreases in net position measure whether the City's financial position is improving or deteriorating.

The Statement of Activities (page 16) presents information showing how the City's net position changed during 2022/2023. All changes in net position are reported based on the period for which the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in these statements for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee vacation leave.

Both statements report the following activities:

- ***Governmental Activities*** - Most of the City's basic services are reported under this category. Taxes, charges for services and intergovernmental revenue primarily fund these services. Most of the City's general government departments, public safety, public works, health and welfare (ambulance), economic development, city improvements, street improvements, recreation activities, and other City wide elected official operations are reported under these activities.
- ***Business-type Activities*** - These activities operate like private businesses. The City charges fees to recover the cost of the services provided. The Electric Light and Power System, the Sewage Disposal System, and Water System Fund and are examples of these activities.
- ***Discretely Presented Component Units*** - Discretely Presented Component units are legally separate organizations for which the City Council and Administration appoints a majority of the organization's policy board and there is a degree of financial accountability to the City. One organization is included as a discretely presented component unit: the Downtown Development Authority.

As stated previously, the government-wide statements report on an *accrual* basis of accounting. However, the governmental funds report on a *modified accrual* basis. Under modified accrual accounting, revenues are recognized when they are measurable and available to pay obligations of the fiscal period; expenditures are recognized when they are due to be paid from available resources.

Because of the different basis of accounting between the fund statements (described below) and the government-wide statements, pages 18 and 20 present reconciliations between the two statement types.

## CITY OF PORTLAND MANAGEMENT'S DISCUSSION AND ANALYSIS

The following summarizes the impact of transitioning from modified accrual to full accrual accounting:

- Capital assets used in governmental activities (depreciation) are not reported on the fund financial statements of the governmental fund. Capital assets and depreciation expense are reported on the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures on the fund financial statements of the governmental funds.
- Internal service funds are reported as governmental activities on the government-wide statements but are reported as proprietary funds on the fund financial statements.
- Long-term liabilities, such as amounts accrued for sick and annual leave (compensated absences), etc. appear as liabilities on the government-wide statements; however, they will not appear on the fund financial statements unless current resources are used to pay a specific obligation.
- Long-term debt proceeds are reported as liabilities on the government-wide statements but are recorded as other financing sources on the fund financial statements.

### **Fund Financial Statements (Reporting the City's Major Funds)**

The fund financial statements, which begin on page 17, provide information on the City's significant (major) funds, and aggregated nonmajor funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the City uses to keep track of specific sources of funding and spending for a particular purpose. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The *basic financial statements* report major funds as defined by the Government Accounting Standards Board (GASB) in separate columns. Statement 34 defines a "major fund" as the General Fund, and any governmental or enterprise fund which has either total assets and deferred outflows of resources, total liabilities and deferred inflows of resources, total revenues or total expenditures/expenses that equal at least 10% of those categories for either the governmental funds or the enterprise funds *and* where the individual fund total also exceeds 5% of those categories for governmental and enterprise funds combined. The major funds for City of Portland include the General Fund, the City Income Tax Fund, the Ambulance Fund, the Electric Light and Power System Fund, the Sewage Disposal System Fund, and the Water System Fund. All other funds are classified as nonmajor funds and are reported in aggregate by the applicable fund type.

The City's funds are divided into three categories - governmental, proprietary, and fiduciary - and use different accounting approaches:

- **Governmental Funds** - Most of the City's basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash, flow in and out during the course of the fiscal year and how the balances left at year-end are available for spending on future services. Consequently, the governmental fund financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance the City's programs. Governmental funds include the *General Fund*, as well as *Special Revenue Funds* (use of fund balance is restricted, e.g., income tax, major street, local street, ambulance and recreation funds), *Capital Projects Funds* (used to report major capital acquisitions and construction, e.g., the Capital Improvement Fund - Street Projects), and *Debt Service Funds* (accounts for resources used to pay long-term debt principal and interest, e.g. the special assessments fund).

**CITY OF PORTLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

- **Proprietary Funds** - Services for which the City charges customers (whether outside the City structure or a City department) a fee is generally reported in proprietary funds. Proprietary funds use the same accrual basis of accounting used in the government-wide statements and by private business. There are two types of proprietary funds. *Enterprise funds* report activities that provide supplies and/or services to the general public. An example is the Sewer Disposal System Fund. *Internal Service funds* report activities that provide supplies or service to the City's other operations, such as the Motor Pool Fund. Internal Service funds are reported as governmental activities on the government-wide statements.

**Notes to the Financial Statements**

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the detail provided in the government-wide and fund financial statements. The Notes can be found beginning on page 26 of this report.

**Required Supplementary Information**

Following the Basic Financial Statements is additional Required Supplementary Information (RSI), which further explains and supports the information in the financial statements. RSI includes budgetary comparison schedules for the General Fund and the major special revenue funds.

**Other Supplementary Information**

Other Supplementary Information includes combining financial statements for nonmajor governmental funds. These funds are added together by fund type and are presented in aggregate single columns in the appropriate single columns in the appropriate basic financial statements.

Other Supplementary Information also includes miscellaneous statistical data provided for additional analysis.

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

As previously stated, City of Portland's combined net position was \$30,416,399 at the end of this fiscal year's operations. The net position of the governmental activities was \$16,401,849; the business-type activities were \$14,014,550.

The City also reports its investment in capital assets (e.g. land, buildings, equipment, etc.) The City uses these capital assets to provide services to students and residents of the community; consequently, these assets are not available for future spending. Also, a certain amount of net position was restricted for specific purposes such as major streets, perpetual care, ambulance services, and debt service.

**CITY OF PORTLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Net Position as of June 30, 2023 and 2022**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
<b>ASSETS</b>						
Current and Other Assets	\$ 5,965,356	\$ 5,001,968	\$ 9,008,975	\$ 6,224,930	\$ 14,974,331	\$ 11,226,898
Capital Assets	15,713,335	15,210,424	19,583,500	14,939,248	35,296,835	30,149,672
<b>TOTAL ASSETS</b>	<b>21,678,691</b>	<b>20,212,392</b>	<b>28,592,475</b>	<b>21,164,178</b>	<b>50,271,166</b>	<b>41,376,570</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,254,146</b>	<b>911,010</b>	<b>758,284</b>	<b>518,107</b>	<b>2,012,430</b>	<b>1,429,117</b>
<b>LIABILITIES</b>						
Current Liabilities	500,473	453,110	3,651,196	1,155,560	4,151,669	1,608,670
Noncurrent Liabilities	5,685,972	4,315,093	11,476,696	6,651,882	17,162,668	10,966,975
<b>TOTAL LIABILITIES</b>	<b>6,186,445</b>	<b>4,768,203</b>	<b>15,127,892</b>	<b>7,807,442</b>	<b>21,314,337</b>	<b>12,575,645</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>344,543</b>	<b>962,419</b>	<b>208,318</b>	<b>563,318</b>	<b>552,861</b>	<b>1,525,737</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	15,354,242	14,916,489	11,149,926	10,657,376	26,504,168	25,573,865
Restricted	1,044,733	858,854	1,299,025	1,149,112	2,343,758	2,007,966
Unrestricted	2,874	(382,563)	1,565,598	1,505,037	1,568,472	1,122,474
<b>TOTAL NET POSITION</b>	<b>\$ 16,401,849</b>	<b>\$ 15,392,780</b>	<b>\$ 14,014,549</b>	<b>\$ 13,311,525</b>	<b>\$ 30,416,398</b>	<b>\$ 28,704,305</b>

**Changes in Net Position for the Fiscal Year Ending June 30, 2022 and 2023**

The results of this year's operations for the City as a whole are reported in the condensed statement of activities, which shows the changes in net position for the fiscal years 2022/2023 and 2021/2022.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>REVENUES</b>						
Program Revenues						
Charges for Services	\$ 1,503,594	\$ 1,287,913	\$ 7,622,745	\$ 6,931,526	\$ 9,126,339	\$ 8,219,439
Grants and Contributions	673,597	1,325,576	1,169,788	-	1,843,385	1,325,576
General Revenues						
Property Taxes	1,370,972	1,314,275	-	-	1,370,972	1,314,275
State Shared Revenue	536,980	523,006	-	-	536,980	523,006
City Income Taxes	1,198,658	1,121,192	-	-	1,198,658	1,121,192
Investment Earnings	43,764	1,854	23,961	41	67,725	1,895
Miscellaneous	66,748	92,417	19,575	59,027	86,323	151,444
Transfers	266,348	233,455	(266,348)	(233,455)	-	-
<b>TOTAL REVENUES</b>	<b>5,660,661</b>	<b>5,899,688</b>	<b>8,569,721</b>	<b>6,757,139</b>	<b>14,230,382</b>	<b>12,656,827</b>
<b>EXPENSES</b>						
General Government	1,661,230	1,272,867	-	-	1,661,230	1,272,867
Public Safety	878,326	871,912	-	-	878,326	871,912
Public Works	765,527	1,078,391	-	-	765,527	1,078,391
Health and Welfare	938,629	836,253	-	-	938,629	836,253
Community and Economic Develop.	24,666	20,644	-	-	24,666	20,644
Recreation and Culture	372,268	413,541	-	-	372,268	413,541
Other	10,946	11,019	7,866,697	7,074,978	7,877,643	7,085,997
<b>TOTAL EXPENSES</b>	<b>4,651,592</b>	<b>4,504,627</b>	<b>7,866,697</b>	<b>7,074,978</b>	<b>12,518,289</b>	<b>11,579,605</b>
<b>Increase in Net Position</b>	<b>\$ 1,009,069</b>	<b>\$ 1,395,061</b>	<b>\$ 703,024</b>	<b>\$ (317,839)</b>	<b>\$ 1,712,093</b>	<b>\$ 1,077,222</b>

**CITY OF PORTLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Governmental Activities**

The result of 2022/2023 governmental activity was an increase of \$1,009,069 in net position to \$16,401,849. Of the total governmental activities' net position, \$15,354,242 is invested in capital assets less related debt, \$1,044,733 is reported as restricted, meaning these assets are legally committed for a specific purpose through statute, or by another authority outside the City government. The balance of \$2,874 is listed as unrestricted, having no legal commitment.

**Revenues**

The three largest revenue categories were property taxes at 24.2%, charges for services at 26.6%, and city income taxes at 21.2%. The City levied a property tax millage for the year ended June 30, 2023, for general government operations at 12.5434 mills, with an additional 0.9910 mills for local streets. Charges for services, which reimburse the City for specific activities, examples include items such as ambulance fees, township fire fees, recreation fees and contributions, administrative charges, permits and motor pool equipment rental. The City income tax is set at 1% for residents and ½% for nonresidents that work in the City. It provided the third largest source of governmental activity revenue.

**Expenses**

General government is the largest governmental activity, expending approximately 35.7% of the governmental activities total and includes general government departments (e.g., council, community promotions, city manager, elections, general administration, assessor, and city hall maintenance). Health and welfare is the second largest governmental activity, expending approximately 20.2% of the governmental activities total. Public safety and public works are the next largest governmental activities expending 18.9% and 16.5% of the governmental activities total, respectively.

**Business-type Activities**

Net position in business-type activities was increased by a net of \$703,025 during fiscal year 2022/2023. Of the business-type activities' net position, \$11,149,926 is invested in capital assets net of related debt, \$1,299,025 is reported as restricted, meaning the net position is legally committed for a specific purpose through statute, or by another authority outside the City government. The balance of \$1,565,599 is listed as unrestricted, having no legal commitment.

**CITY OF PORTLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE CITY'S MAJOR AND NONMAJOR FUNDS**

As the City completed 2022/2023, its governmental funds reported *combined* fund balances of \$5,515,761. The net changes are summarized in the following chart:

	General Fund	City Income Tax	Ambulance	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balance 6/30/2022	\$ 2,052,548	\$ 1,403,633	\$ 156,632	\$ 903,665	\$ 4,516,478
Fund Balance 6/30/2023	2,213,780	2,235,908	209,946	856,127	5,515,761
Net Change	161,232	832,275	53,314	(47,538)	999,283

**General Fund**

The General Fund is the chief operating fund of the City. Unless otherwise required by statute, contractual agreement or Board policy, all City revenues and expenditures are recorded in the General Fund. As of June 30, 2023, the General Fund reported a fund balance of \$2,213,780. The 2022/2023 original budget was amended throughout the year as new information became available.

The General Fund 2022/2023 expenditures and other financing uses were less than 2022/2023 revenues and other financing sources by \$161,232 largely due to the reduced spending as compared to the final amended budget, so that expenditures and other financing uses were under budget by approximately \$284,596. Actual revenues and other financing sources were more than what was budgeted by approximately \$111,568. The final amended budget planned for a \$234,932 reduction in fund balance.

**General Fund Budgetary Highlights**

The City of Portland's budget is a dynamic document. Although adopted in May (prior to the start of the year), the budget is routinely amended during the course of the year to reflect changing operational demands.

The City's original General Fund revenue and other financing sources budget was increased by \$22,159 during 2022/2023. Actual General Fund revenues and other financing sources totaled \$2,651,307; \$111,568 more than the final amended budget.

The City's original General Fund expenditures and other financing uses budget was increased by \$257,091 during 2022/2023. The increase can be partly attributed to the Capital Outlay functions as expenditures exceeded initial projections.

Actual City expenditures and other financing uses for 2022/2023 were \$284,596 below the amended budget. The additions to the original budget were offset by the projects getting pushed into the 2022/2023 fiscal year due to supply chain issues.

**CITY OF PORTLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**City Income Tax Fund**

As of June 30, 2023, the City Income Tax Fund reported a fund balance of \$2,235,908, an increase of \$832,275 from the prior year. The fund balance is committed for street improvements. The City has used the income tax funds exclusively for the improvement of streets, sidewalks, curb, gutter, street lighting, parking areas, associated utilities and their appurtenances.

**Ambulance Fund**

As of June 30, 2023, the Ambulance Fund reported a fund balance of \$209,946, which is an increase of \$53,314 from the prior year fund balance due to increasing the Ambulance billings; our receipts were significantly higher.

**Enterprise Funds**

As the City completed 2022/2023, its enterprise funds reported *combined* net position of \$14,014,550. This is a net increase of \$703,025 resulting from current year operations. The net changes are summarized in the following chart.

	Electric Light and Power System Fund	Sewage Disposal System Fund	Water System Fund	Nonmajor Enterprise Fund	Totals
Net Position 6/30/2022	\$ 8,234,002	\$ 1,344,959	\$ 3,711,197	\$ 21,367	\$ 13,311,525
Net Position 6/30/2023	8,209,453	2,132,492	3,650,782	21,822	14,014,549
Net Change	(24,549)	787,533	(60,415)	455	703,024

**Electric Light and Power System Fund**

As of June 30, 2023, the Electric Light and Power System Fund reported a net position of \$8,209,453, a decrease of \$24,549 from the prior year. Of the entire net position amount, \$5,484,311 is invested in capital assets, net of related debt, \$453,086 is restricted for utility reserve, \$35,107 is restricted for debt service, and \$2,236,949 is unrestricted.

**Sewage Disposal System Fund**

As of June 30, 2023, the Sewer Fund reported a net position of \$2,132,492 an increase of \$787,533 from the prior year. Of the entire net position, \$2,548,003 is invested in capital assets, net of related debt, \$810,832 is restricted, and (\$1,226,343) is unrestricted.

**Water System Fund**

As of June 30, 2023, the Water System Fund reported a net position of \$3,650,782, a decrease of \$60,415 from the prior year. Of the entire net position, \$3,117,612 is invested in capital assets, net of related debt and \$533,170 is unrestricted.

**CITY OF PORTLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets - At the end of Fiscal Year 2022/2023 the City had invested \$35,296,835, and \$198,539 for the component units, net of accumulated depreciation, in a broad range of capital assets (see table below). Additional information related to capital assets is detailed in Note 6 of the Financial Statements.

Net book value of capital assets of the primary government at June 30, 2023, was as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Land	\$ 1,199,132	\$ 301,163	\$ 1,500,295
Construction in Progress	723,295	5,755,248	6,478,543
Land Improvements, net	98,530	-	98,530
Buildings, net	194,993	5,619,834	5,814,827
Equipment and Furniture, net	1,568,503	613,735	2,182,238
Electric System Transmissions and Disbursement, net	-	2,688,002	2,688,002
Sewer Disposal System, net	-	1,474,097	1,474,097
Water System, net	-	3,131,421	3,131,421
Infrastructure: Streets and Bridges, net	<u>11,928,882</u>	<u>-</u>	<u>11,928,882</u>
Capital Assets, net	<u>\$ 15,713,335</u>	<u>\$ 19,583,500</u>	<u>\$ 35,296,835</u>

**Outstanding Long-Term Obligations as of June 30, 2023:**

Long-term Obligations - As of June 30, 2023, the City had \$8,918,150 in long-term obligations outstanding for the primary government. This level of net obligation is \$4,221,118 more than the obligation recorded as of June 30, 2022. A more detailed discussion of the City's long-term obligations is presented in Note 7 to the financial statements.

	<u>Balance June 30, 2022</u>	<u>Change</u>	<u>Balance June 30, 2023</u>
Primary Government			
Governmental Activities			
2016 Ambulance Installment Purchase Agreement (\$166,806)	\$ 50,969	\$ (25,135)	\$ 25,834
2020 Street Sweeper contract payable	163,392	(31,197)	132,195
2022 Snow Plow contract payable	-	141,384	141,384
2020 Heart Monitors contract payable	79,574	(19,894)	59,680
Accumulated compensated absences	68,302	8,932	77,234
Business-type Activities			
2020 Refunding Bonds (\$1,105,000)	950,000	(80,000)	870,000
2004 Water System Bonds (\$1,344,872)	239,872	(80,000)	159,872
2010 Sanitary Sewer System (\$2,900,000) (Build America Bonds)	2,397,000	(54,000)	2,343,000
2011 Sanitary Sewer System (\$840,000)	695,000	(15,000)	680,000
2022 Sanitary Sewer System (\$11,050,000)	-	4,380,702	4,380,702
Accumulated compensated absences	<u>52,923</u>	<u>(4,674)</u>	<u>48,249</u>
Total Reporting Entity	<u>\$ 4,697,032</u>	<u>\$ 4,221,118</u>	<u>\$ 8,918,150</u>

**CITY OF PORTLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CITY OF PORTLAND GOVERNMENT ECONOMIC OUTLOOK:**

- State revenue sharing is expected to increase 2.7% for the City's fiscal year 2023-2024 based on State of Michigan revenue sharing estimates.
- The City has discontinued enrollment in its MERS B4 plan in an effort to contain future pension costs. All new hires will be enrolled in a MERS Hybrid pension plan in which the City's contribution is capped at 7% and employees must contribute 3%. Actual pension costs increased from \$713,468 to \$715,664 which reflects a .3% increase.
- The City is requiring all employees enrolled in the Defined Benefit plan to contribute to their own pension plan. All employees will contribute 3% for fiscal year 2023-2024.
- In 2021, the City's Income Tax revenues increased to \$990,076 (7% increase). In 2022, revenues increased to \$1,123,349 (11% increase), and in 2023 revenues increase to \$1,229,958 (8% increase).
- The City's SEV increased from 2020 to 2021 to 114,150,391 (increase of 7%). From 2021 to 2022 it increased again to \$121,704,200 (increase 6%). From 2022-2023 the SEV increased to 130,111,336 (6.4%). The outlook for the 2024 SEV is expected to increase around 9% due to the market conditions.

The City expects modest increases in income tax revenues. The City's ability to continue to provide a full range of high-quality municipal services coupled with its location along I-96 between two larger metropolitan markets supports a positive outlook for stability.

**CONTACTING THE CITY**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If there are questions about this report, or a need for additional information, contact the City of Portland's Treasurer's Office at (517) 647-2933.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF PORTLAND**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	Primary Government			Component Unit (DDA)
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 4,249,355	\$ 3,000,545	\$ 7,249,900	\$ 522,876
Cash and cash equivalents - restricted	-	1,364,909	1,364,909	-
Receivables	344,714	1,076,218	1,420,932	-
Due from other governmental units	100,705	2,072,300	2,173,005	-
Internal balances	5,070	(5,070)	-	-
Prepays	17,493	16,774	34,267	-
Inventories	-	556,609	556,609	-
<b>Total current assets</b>	<b>4,717,337</b>	<b>8,082,285</b>	<b>12,799,622</b>	<b>522,876</b>
Noncurrent assets				
Investments	1,248,019	926,690	2,174,709	-
Capital assets not being depreciated	1,922,427	6,056,411	7,978,838	46,400
Capital assets being depreciated, net	13,790,908	13,527,089	27,317,997	152,139
<b>Total noncurrent assets</b>	<b>16,961,354</b>	<b>20,510,190</b>	<b>37,471,544</b>	<b>198,539</b>
<b>TOTAL ASSETS</b>	<b>21,678,691</b>	<b>28,592,475</b>	<b>50,271,166</b>	<b>721,415</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pension	1,152,635	696,908	1,849,543	-
Deferred outflows related to OPEB	101,511	61,376	162,887	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,254,146</b>	<b>758,284</b>	<b>2,012,430</b>	<b>-</b>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	226,133	3,071,792	3,297,925	33,868
Deposits payable	-	215,883	215,883	-
Accrued liabilities	82,187	44,976	127,163	2,483
Accrued interest payable	3,095	21,129	24,224	-
Unearned revenue	-	18,167	18,167	-
Current portion of compensated absences	77,234	48,249	125,483	-
Current portion of long-term debt	111,824	231,000	342,824	-
<b>Total current liabilities</b>	<b>500,473</b>	<b>3,651,196</b>	<b>4,151,669</b>	<b>36,351</b>
Noncurrent liabilities				
Customer deposits payable from restricted assets	-	65,884	65,884	-
Noncurrent portion of long-term debt	247,269	8,202,574	8,449,843	-
Net pension liability	4,954,764	2,775,455	7,730,219	-
Total OPEB Liability	483,939	432,783	916,722	-
<b>Total noncurrent liabilities</b>	<b>5,685,972</b>	<b>11,476,696</b>	<b>17,162,668</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>6,186,445</b>	<b>15,127,892</b>	<b>21,314,337</b>	<b>36,351</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to OPEB	344,543	208,318	552,861	-
<b>NET POSITION</b>				
Net investment in capital assets	15,354,242	11,149,926	26,504,168	198,539
Restricted				
Utilities	-	600,052	600,052	-
Debt service	-	384,827	384,827	-
Equipment replacement	-	314,146	314,146	-
Other purposes	1,044,733	-	1,044,733	-
Unrestricted	2,874	1,565,598	1,568,472	486,525
<b>TOTAL NET POSITION</b>	<b>\$ 16,401,849</b>	<b>\$ 14,014,549</b>	<b>\$ 30,416,398</b>	<b>\$ 685,064</b>

See notes to financial statements.

**CITY OF PORTLAND  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit (DDA)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Primary government</b>								
<b>Governmental activities</b>								
General government	\$ 1,661,230	\$ 530,021	\$ 10,125	\$ -	\$ (1,121,084)	\$ -	\$ (1,121,084)	\$ -
Public safety	878,326	3,455	1,116	-	(873,755)	-	(873,755)	-
Public works	765,527	42,069	654,356	-	(69,102)	-	(69,102)	-
Health and welfare	938,629	857,823	-	-	(80,806)	-	(80,806)	-
Community and economic development	24,666	-	-	-	(24,666)	-	(24,666)	-
Recreation and culture	372,268	70,226	8,000	-	(294,042)	-	(294,042)	-
Interest on long-term debt	10,946	-	-	-	(10,946)	-	(10,946)	-
<b>Total governmental activities</b>	<b>4,651,592</b>	<b>1,503,594</b>	<b>673,597</b>	<b>-</b>	<b>(2,474,401)</b>	<b>-</b>	<b>(2,474,401)</b>	<b>-</b>
<b>Business-type activities</b>								
Electric Light and Power System	5,145,536	5,275,200	-	-	-	129,664	129,664	-
Sewage Disposal System	1,322,775	1,379,685	-	773,065	-	829,975	829,975	-
Water System	1,232,437	802,642	-	396,723	-	(33,072)	(33,072)	-
Refuse	165,949	165,218	-	-	-	(731)	(731)	-
<b>Total business-type activities</b>	<b>7,866,697</b>	<b>7,622,745</b>	<b>-</b>	<b>1,169,788</b>	<b>-</b>	<b>925,836</b>	<b>925,836</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 12,518,289</b>	<b>\$ 9,126,339</b>	<b>\$ 673,597</b>	<b>\$ 1,169,788</b>	<b>(2,474,401)</b>	<b>925,836</b>	<b>(1,548,565)</b>	<b>-</b>
<b>Component unit</b>								
Downtown Development Authority	\$ 327,258	\$ -	\$ 60,718	\$ 7,465	-	-	-	(259,075)
<b>General revenues</b>								
Property taxes					1,370,972	-	1,370,972	230,492
City income taxes					1,198,658	-	1,198,658	-
State shared revenue					536,980	-	536,980	-
Investment earnings					43,764	23,961	67,725	1,246
Miscellaneous					66,748	19,575	86,323	34,551
Transfers					266,348	(266,348)	-	-
<b>Total general revenues and transfers</b>					<b>3,483,470</b>	<b>(222,812)</b>	<b>3,260,658</b>	<b>266,289</b>
<b>Change in net position</b>					<b>1,009,069</b>	<b>703,024</b>	<b>1,712,093</b>	<b>7,214</b>
<b>Net position, beginning of the year</b>					<b>15,392,780</b>	<b>13,311,525</b>	<b>28,704,305</b>	<b>677,850</b>
<b>Net position, end of the year</b>					<b>\$ 16,401,849</b>	<b>\$ 14,014,549</b>	<b>\$ 30,416,398</b>	<b>\$ 685,064</b>

See notes to financial statements.

**CITY OF PORTLAND  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2023**

	General	City Income Tax	Ambulance	Nonmajor Governmental Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,067,186	\$ 2,084,118	\$ 97,233	\$ 783,976	\$ 4,032,513
Investments	1,248,019	-	-	-	1,248,019
Receivables					
Taxes	462	188,250	-	-	188,712
Accounts	10,854	-	145,148	-	156,002
Due from other governmental units	-	-	-	100,705	100,705
Due from other funds	71,070	-	-	33,261	104,331
Prepays	6,827	92	4,605	5,583	17,107
<b>TOTAL ASSETS</b>	<b>\$ 2,404,418</b>	<b>\$ 2,272,460</b>	<b>\$ 246,986</b>	<b>\$ 923,525</b>	<b>\$ 5,847,389</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 144,722	\$ 444	\$ 10,441	\$ 55,417	\$ 211,024
Accrued liabilities	45,916	2,847	20,599	11,981	81,343
Due to other funds	-	33,261	6,000	-	39,261
<b>TOTAL LIABILITIES</b>	<b>190,638</b>	<b>36,552</b>	<b>37,040</b>	<b>67,398</b>	<b>331,628</b>
<b>FUND BALANCES</b>					
Nonspendable					
Prepays	6,827	92	4,605	5,583	17,107
Perpetual care	-	-	-	194,662	194,662
Land held for resale	1,248,019	-	-	-	1,248,019
Restricted					
Streets	-	-	-	614,313	614,313
Ambulance	-	-	205,341	-	205,341
Public works	20,822	-	-	-	20,822
Committed					
Street improvements	-	2,235,816	-	-	2,235,816
Assigned					
Recreation	-	-	-	41,569	41,569
Subsequent year's expenditures	382,000	-	-	-	382,000
Unassigned	556,112	-	-	-	556,112
<b>TOTAL FUND BALANCES</b>	<b>2,213,780</b>	<b>2,235,908</b>	<b>209,946</b>	<b>856,127</b>	<b>5,515,761</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,404,418</b>	<b>\$ 2,272,460</b>	<b>\$ 246,986</b>	<b>\$ 923,525</b>	<b>\$ 5,847,389</b>

See notes to financial statements.

**CITY OF PORTLAND  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2023**

**Total fund balances - governmental funds** \$ 5,515,761

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

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

The cost of capital assets is	\$ 30,116,184	
Accumulated depreciation is	<u>(15,055,588)</u>	
Capital assets, net		15,060,596

An Internal Service Fund is used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the government-wide Statement of Net Position. 300,507

Governmental funds report actual pension/OPEB expenditures for the fiscal year, whereas the governmental activities will recognize the net pension/OPEB liability as of the measurement date. Contributions subsequent to the measurement date will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, and differences between projected and actual plan investment earnings will be deferred over time in the government-wide financial statements. These amounts consist of:

Deferred outflows of resources related to pension	1,137,654	
Deferred outflows of resources related to OPEB	100,191	
Deferred inflows of resources related to OPEB	<u>(340,065)</u>	
		897,780

Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet. Long-term liabilities at year-end consist of:

Compensated absences	(76,171)	
Direct obligations	(59,680)	
Net pension liability	(4,779,986)	
Total OPEB Liability	<u>(456,958)</u>	
		<u>(5,372,795)</u>

**Net position of governmental activities** \$ 16,401,849

**CITY OF PORTLAND  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2023**

	General	City Income Tax	Ambulance	Nonmajor Governmental Funds	Total
<b>REVENUES</b>					
Taxes	\$ 1,255,888	\$ 1,163,934	\$ -	\$ 174,077	\$ 2,593,899
Special assessments	-	538	-	-	538
Licenses and permits	113,160	-	-	-	113,160
Intergovernmental	541,994	-	-	662,356	1,204,350
Charges for services	371,442	-	857,823	72,551	1,301,816
Fines and forfeits	15,159	34,724	-	-	49,883
Interest and rents	20,006	30,702	767	2,819	54,294
Other	67,021	60	2,753	6,539	76,373
<b>TOTAL REVENUES</b>	<u>2,384,670</u>	<u>1,229,958</u>	<u>861,343</u>	<u>918,342</u>	<u>5,394,313</u>
<b>EXPENDITURES</b>					
Current					
General government	1,118,437	260,402	-	-	1,378,839
Public safety	811,888	-	-	-	811,888
Public works	209,487	-	-	1,006,933	1,216,420
Health and welfare	75,920	-	781,477	-	857,397
Community and economic development	24,666	-	-	-	24,666
Recreation and culture	219,607	-	-	95,939	315,546
<b>TOTAL EXPENDITURES</b>	<u>2,460,005</u>	<u>260,402</u>	<u>781,477</u>	<u>1,102,872</u>	<u>4,604,756</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(75,335)</u>	<u>969,556</u>	<u>79,866</u>	<u>(184,530)</u>	<u>789,557</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	266,637	-	-	187,281	453,918
Transfers out	(30,070)	(137,281)	(26,552)	(50,289)	(244,192)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>236,567</u>	<u>(137,281)</u>	<u>(26,552)</u>	<u>136,992</u>	<u>209,726</u>
<b>NET CHANGE IN FUND BALANCES</b>	161,232	832,275	53,314	(47,538)	999,283
Fund balances, beginning of year	<u>2,052,548</u>	<u>1,403,633</u>	<u>156,632</u>	<u>903,665</u>	<u>4,516,478</u>
Fund balances, end of year	<u>\$ 2,213,780</u>	<u>\$ 2,235,908</u>	<u>\$ 209,946</u>	<u>\$ 856,127</u>	<u>\$ 5,515,761</u>

See notes to financial statements.

**CITY OF PORTLAND**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2023**

**Net change in fund balances - total governmental funds** \$ 999,283

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 1,209,277	
Depreciation expense	(824,529)	

Excess of capital outlay over depreciation expense		384,748
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Internal service funds are used by management to charge the costs of certain activities to individual funds.

Change in net position of governmental activities accounted for in the Internal Service Fund		(10,604)
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Repayment of long-term debt and borrowings of long-term debt are reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Long-term debt principal retirements		19,894
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Change in compensated absences	(8,892)	
Change in net pension liability	(1,353,979)	
Change in total OPEB liability	33,853	
Change in deferred outflows of resources related to pension	345,240	
Change in deferred inflows of resources related to pension	570,056	
Change in deferred outflows of resources related to OPEB	10,171	
Change in deferred inflows of resources related to OPEB	19,299	

(384,252)

**Change in net position of governmental activities**

\$ 1,009,069

**CITY OF PORTLAND  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

	Business-type Activities				Total	Governmental Activities
	Electric Light and Power System	Sewage Disposal System	Water System	Nonmajor Enterprise Fund (Refuse)		Internal Service Fund
<b>ASSETS</b>						
Current assets						
Cash and cash equivalents	\$ 2,172,325	\$ 53,235	\$ 760,653	\$ 14,332	\$ 3,000,545	\$ 216,842
Cash and cash equivalents - restricted	488,193	842,694	34,022	-	1,364,909	-
Accounts receivable	723,583	207,933	121,084	23,618	1,076,218	-
Due from other governmental units	-	2,072,300	-	-	2,072,300	-
Due from other funds	100,000	-	60,000	-	160,000	-
Inventories	536,657	-	19,952	-	556,609	-
Prepays	14,446	1,002	1,326	-	16,774	386
<b>Total current assets</b>	<b>4,035,204</b>	<b>3,177,164</b>	<b>997,037</b>	<b>37,950</b>	<b>8,247,355</b>	<b>217,228</b>
Noncurrent assets						
Investments	926,690	-	-	-	926,690	-
Capital assets not being depreciated	503,099	5,538,959	14,353	-	6,056,411	-
Capital assets being depreciated, net	5,851,212	4,412,746	3,263,131	-	13,527,089	652,739
<b>Total noncurrent assets</b>	<b>7,281,001</b>	<b>9,951,705</b>	<b>3,277,484</b>	<b>-</b>	<b>20,510,190</b>	<b>652,739</b>
<b>TOTAL ASSETS</b>	<b>11,316,205</b>	<b>13,128,869</b>	<b>4,274,521</b>	<b>37,950</b>	<b>28,757,545</b>	<b>869,967</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows related to pension	406,714	159,986	130,208	-	696,908	14,981
Deferred outflows related to OPEB	35,819	14,090	11,467	-	61,376	1,320
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>442,533</b>	<b>174,076</b>	<b>141,675</b>	<b>-</b>	<b>758,284</b>	<b>16,301</b>
<b>LIABILITIES</b>						
Current liabilities						
Accounts payable	481,590	2,566,043	8,031	16,128	3,071,792	15,109
Deposits payable	215,883	-	-	-	215,883	-
Accrued liabilities	25,019	12,572	7,385	-	44,976	844
Accrued interest payable	5,111	15,284	734	-	21,129	3,095
Due to other funds	-	165,070	-	-	165,070	60,000
Unearned revenue	-	-	18,167	-	18,167	-
Current portion of compensated absences	24,807	15,252	8,190	-	48,249	1,063
Current portion of long-term debt	75,000	71,000	85,000	-	231,000	57,755
<b>Total current liabilities</b>	<b>827,410</b>	<b>2,845,221</b>	<b>127,507</b>	<b>16,128</b>	<b>3,816,266</b>	<b>137,866</b>
Noncurrent liabilities						
Customer deposits payable from restricted assets	-	31,862	34,022	-	65,884	-
Noncurrent portion of long-term debt	795,000	7,332,702	74,872	-	8,202,574	241,658
Net pension liability	1,570,205	800,398	404,852	-	2,775,455	174,778
Total OPEB Liability	235,096	112,447	85,240	-	432,783	26,981
<b>Total noncurrent liabilities</b>	<b>2,600,301</b>	<b>8,277,409</b>	<b>598,986</b>	<b>-</b>	<b>11,476,696</b>	<b>443,417</b>
<b>TOTAL LIABILITIES</b>	<b>3,427,711</b>	<b>11,122,630</b>	<b>726,493</b>	<b>16,128</b>	<b>15,292,962</b>	<b>581,283</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to OPEB	121,574	47,823	38,921	-	208,318	4,478
<b>NET POSITION</b>						
Net investment in capital assets	5,484,311	2,548,003	3,117,612	-	11,149,926	353,326
Restricted for utility reserve	453,086	146,966	-	-	600,052	-
Restricted for debt service	35,107	349,720	-	-	384,827	-
Restricted for equipment replacement	-	314,146	-	-	314,146	-
Unrestricted	2,236,949	(1,226,343)	533,170	21,822	1,565,598	(52,819)
<b>TOTAL NET POSITION</b>	<b>\$ 8,209,453</b>	<b>\$ 2,132,492</b>	<b>\$ 3,650,782</b>	<b>\$ 21,822</b>	<b>\$ 14,014,549</b>	<b>\$ 300,507</b>

See notes to financial statements.

**CITY OF PORTLAND  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2023**

	Business-type Activities				Total	Governmental Activities
	Electric Light and Power System	Sewage Disposal System	Water System	Nonmajor Enterprise Fund (Refuse)		Internal Service Fund
<b>OPERATING REVENUES</b>						
Charges for services						
User charges	\$ 5,275,200	\$ 1,361,685	\$ 802,642	\$ 165,218	\$ 7,604,745	\$ 279,646
Tap fees	-	18,000	-	-	18,000	-
Other	5,897	4,941	7,624	1,113	19,575	8,929
<b>TOTAL OPERATING REVENUES</b>	<b>5,281,097</b>	<b>1,384,626</b>	<b>810,266</b>	<b>166,331</b>	<b>7,642,320</b>	<b>288,575</b>
<b>OPERATING EXPENSES</b>						
Salaries and wages	592,246	242,198	192,899	-	1,027,343	23,474
Fringe benefits	516,610	185,669	128,502	-	830,781	27,131
Contractual services	188,098	194,867	31,411	165,949	580,325	1,375
Supplies	49,272	45,343	24,078	-	118,693	36,151
Heat, light, and power	2,823,492	74,882	44,406	-	2,942,780	4,895
Communications	8,619	3,346	1,851	-	13,816	1,707
Insurance and bonds	18,633	4,193	3,000	-	25,826	12,565
Repairs and maintenance	155,008	25,064	486,823	-	666,895	61,298
Administrative services	74,358	57,675	57,675	-	189,708	36,492
Building and equipment rental	224,365	36,739	42,567	-	303,671	-
Other	66,027	2,110	6,118	-	74,255	698
Depreciation	406,953	250,026	208,875	-	865,854	140,394
<b>TOTAL OPERATING EXPENSES</b>	<b>5,123,681</b>	<b>1,122,112</b>	<b>1,228,205</b>	<b>165,949</b>	<b>7,639,947</b>	<b>346,180</b>
<b>OPERATING INCOME (LOSS)</b>	<b>157,416</b>	<b>262,514</b>	<b>(417,939)</b>	<b>382</b>	<b>2,373</b>	<b>(57,605)</b>
<b>NONOPERATING INCOME (EXPENSES)</b>						
Intergovernmental	-	773,065	396,723	-	1,169,788	-
Interest earned	17,890	3,512	2,486	73	23,961	689
Interest expense and fees	(21,855)	(99,250)	(4,232)	-	(125,337)	(10,310)
Issuance costs	-	(101,413)	-	-	(101,413)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(3,965)</b>	<b>575,914</b>	<b>394,977</b>	<b>73</b>	<b>966,999</b>	<b>(9,621)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>153,451</b>	<b>838,428</b>	<b>(22,962)</b>	<b>455</b>	<b>969,372</b>	<b>(67,226)</b>
Transfers in	-	-	-	-	-	56,622
Transfers out	(178,000)	(50,895)	(37,453)	-	(266,348)	-
<b>CHANGE IN NET POSITION</b>	<b>(24,549)</b>	<b>787,533</b>	<b>(60,415)</b>	<b>455</b>	<b>703,024</b>	<b>(10,604)</b>
Net position, beginning of year	8,234,002	1,344,959	3,711,197	21,367	13,311,525	311,111
Net position, end of year	<u>\$ 8,209,453</u>	<u>\$ 2,132,492</u>	<u>\$ 3,650,782</u>	<u>\$ 21,822</u>	<u>\$ 14,014,549</u>	<u>\$ 300,507</u>

See notes to financial statements.

**CITY OF PORTLAND  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2023**

	Business-type Activities				Total	Governmental Activities
	Electric Light and Power System	Sewage Disposal System	Water System	Nonmajor Enterprise Fund (Refuse)		Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash receipts from customers	\$ 5,589,211	\$ 1,317,320	\$ 435,009	\$ 163,193	\$ 7,504,733	\$ 288,640
Cash paid to suppliers	(3,166,163)	(659,680)	(700,544)	(162,550)	(4,688,937)	(153,619)
Cash paid to employees	(930,509)	(362,481)	(271,258)	-	(1,564,248)	(45,238)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>1,492,539</u>	<u>295,159</u>	<u>(536,793)</u>	<u>643</u>	<u>1,251,548</u>	<u>89,783</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers out	(178,000)	(50,895)	(37,453)	-	(266,348)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Intergovernmental	-	773,065	396,723	-	1,169,788	-
Transfers in	-	-	-	-	-	56,622
Debt proceeds	-	4,279,289	-	-	4,279,289	175,000
Payments of borrowing	(80,000)	(69,000)	(80,000)	-	(229,000)	(89,948)
Interest paid	(22,325)	(91,697)	(4,997)	-	(119,019)	(8,948)
Purchase of capital assets	(450,825)	(5,059,281)	-	-	(5,510,106)	(258,557)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(553,150)</u>	<u>(167,624)</u>	<u>311,726</u>	<u>-</u>	<u>(409,048)</u>	<u>(125,831)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchase of investments	(926,690)	-	-	-	(926,690)	-
Interest received	17,890	3,512	2,486	73	23,961	689
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(908,800)</u>	<u>3,512</u>	<u>2,486</u>	<u>73</u>	<u>(902,729)</u>	<u>689</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(147,411)</u>	<u>80,152</u>	<u>(260,034)</u>	<u>716</u>	<u>(326,577)</u>	<u>(35,359)</u>
Cash and cash equivalents, beginning of year	<u>2,807,929</u>	<u>815,777</u>	<u>1,054,709</u>	<u>13,616</u>	<u>4,692,031</u>	<u>252,201</u>
Cash and cash equivalents, end of year	<u>\$ 2,660,518</u>	<u>\$ 895,929</u>	<u>\$ 794,675</u>	<u>\$ 14,332</u>	<u>\$ 4,365,454</u>	<u>\$ 216,842</u>

See notes to financial statements.

**CITY OF PORTLAND  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 YEAR ENDED JUNE 30, 2023**

Reconciliation of operating income (loss) to net cash provided (used) by operating activities							
Operating income (loss)	\$ 157,416	\$ 262,514	\$ (417,939)	\$ 382	\$ 2,373	\$ (57,605)	
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities							
Depreciation	406,953	250,026	208,875	-	865,854	140,394	
(Increase) decrease in:							
Accounts receivable	21,547	(67,581)	11,271	(3,138)	(37,901)	65	
Due from other governments	-	(2,072,300)	-	-	(2,072,300)	-	
Due from other funds	500,000	-	10,000	-	510,000	-	
Inventories	(87,180)	-	6,366	-	(80,814)	-	
Prepays	(2,977)	418	(358)	-	(2,917)	205	
Deferred outflows of resources	(130,165)	(62,027)	(47,985)	-	(240,177)	12,275	
Increase (decrease) in:							
Accounts payable	315,983	2,356,421	(8,623)	3,399	2,667,180	11,357	
Deposits payable	215,883	-	-	-	215,883	-	
Accrued liabilities	(3,255)	5,618	(1,385)	-	978	420	
Due to other funds	-	(500,000)	-	-	(500,000)	(10,000)	
Unearned revenue	-	-	(396,723)	-	(396,723)	-	
Customer deposits	(213,433)	275	195	-	(212,963)	-	
Net pension liability	484,052	190,407	154,967	-	829,426	17,830	
Total OPEB liability	31,578	15,330	11,741	-	58,649	3,363	
Deferred inflows of resources	(203,863)	(83,942)	(67,195)	-	(355,000)	(28,521)	
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>\$ 1,492,539</u>	 <u>\$ 295,159</u>	 <u>\$ (536,793)</u>	 <u>\$ 643</u>	 <u>\$ 1,251,548</u>	 <u>\$ 89,783</u>	

See notes to financial statements.

**CITY OF PORTLAND  
 FIDUCIARY FUND  
 STATEMENT OF FIDUCIARY NET POSITION  
 JUNE 30, 2023**

	Custodial Fund Tax Collection
ASSETS	
Cash	\$ -
LIABILITIES	
Due to other governmental units	-
NET POSITION	\$ -

See notes to financial statements.

**CITY OF PORTLAND  
 FIDUCIARY FUND  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 YEAR ENDED JUNE 30, 2023**

	<u>Custodial Fund Tax Collection</u>
<b>ADDITIONS</b>	
Property tax collections for other governmental units	\$ 3,354,632
<b>DEDUCTIONS</b>	
Property tax distributions for other governmental units	<u>3,354,632</u>
Net change in fiduciary net position	-
<b>NET POSITION</b>	
Beginning of year	<u>-</u>
End of year	<u><u>\$ -</u></u>

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Portland is located in Ionia County, Michigan and has a population of approximately 4,000. The City of Portland operates with a City Manager/Council form of government and provides services to its residents in many areas including general government, law enforcement, highways and streets, human services, and utilities services.

The City has five City Council members who are elected at large for overlapping two- or four-year terms. The Council elects two of its members to serve as Mayor and Mayor Pro-Tem. The Council appoints the City Manager, City Clerk, Finance Director/Treasurer, and Assessor.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to city governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's more significant accounting policies are described below.

Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the financial activities of the City of Portland (primary government) and its component unit. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

Joint Ventures

The City participates in the following activity which is considered to be a joint venture in relation to the City, due to the formation of an organization by contractual agreement between two or more participants that maintain joint control, financial interest, and financial responsibility.

Portland Area Municipal Authority - The City is a member of the Portland Area Municipal Authority (PAMA), which is a joint venture between the City of Portland and the Townships of Portland and Danby. The City appoints two of the five members of the governing board. PAMA is charged with the responsibility of acquiring, financing, equipping, and improving an emergency services building for use by the participating municipalities.

The constituent municipalities are responsible for their share of the costs incurred by PAMA according to the following percentages:

City of Portland	40%
Portland Township	40%
Danby Township	20%

The financial activities of PAMA are accounted for and reported separately from the participating units. Separate audited financial statements for the year ended December 31, 2022, are available at PAMA's administrative offices. As of December 31, 2022, PAMA had a net position of \$324,964.

Portland Area Fire Authority - The City is a member of the Portland Area Fire Authority (PAFA), which is a joint venture between the City of Portland and the Townships of Portland and Danby. The City appoints two of the six members of the governing board. PAFA is charged with the responsibility of providing fire protection services.

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Joint Ventures (continued)

The constituent municipalities are responsible for their share of the costs incurred by PAFA according to a funding formula that considers population, state equalized value, and number of runs incurred in each municipal area over the previous three years.

The financial activities of PAFA are accounted for and reported separately from the participating units. Separate audited financial statements for the year ended June 30, 2022, are available at PAFA's administrative offices. As of June 30, 2022, the most recent financial statements available, PAFA had a net position of \$1,299,787.

Discretely Presented Component Unit

The component unit is reported in a separate column to emphasize that, while legally separate, the City remains financially accountable for this entity or the nature and significance of the relationship between the entity and the City is such that exclusion of the entity would render the financial statements misleading. The financial statements contain the following discretely presented component unit:

Downtown Development Authority - A majority of the members of the governing board of the Downtown Development Authority (DDA) are appointed by the City Council. The City also has the ability to significantly influence operations of the Downtown Development Authority. The DDA is included in the City's audited financial statements and is not audited separately.

Basis of Presentation

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The statement of net position and the statement of activities (the government-wide financial statements) present information for the primary government and its component unit as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide financial statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents the direct functional expenses of the primary government and its component unit and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients for goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted state revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Basis of Presentation (continued)

FUND FINANCIAL STATEMENTS

The fund financial statements present the City's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following *Major Governmental Funds*:

- a. The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The *City Income Tax Fund* is used to account for the revenue from income tax collection. The City income tax was approved by voters for the purpose of funding street improvements.
- c. The *Ambulance Fund* is used to account for restricted funds received and expended for health and welfare.

The City reports the following *Major Enterprise Funds*:

- a. The *Electric Light and Power System Fund* is used to account for the operations required to provide electric services to the general public, the costs (expenses, including depreciation) are financed or recovered primarily through user charges.
- b. The *Sewage Disposal System Fund* is used to account for the operations required to provide sewer services to the general public, the costs (expenses, including depreciation) are financed or recovered primarily through user charges.
- c. The *Water System Fund* is used to account for the operations required to provide water services to the general public, the costs (expenses, including depreciation) are financed or recovered primarily through user charges.

Additionally, the City reports the following *Fund Types*:

- a. *Internal Service Funds* account for the management of motor vehicle pool provided to various departments of the City on cost reimbursement basis.
- b. *Custodial Funds* account for assets held by the City as a custodian for other governments, private organizations, or individuals. The City's custodial fund is the Tax Collection Fund.

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Measurement Focus

The government-wide, proprietary, and fiduciary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide financial statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both “measurable” and “available to finance expenditures of the current period”). The length of time used for “available” for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as a receivable and unavailable revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities to the beneficiaries of a fiduciary activity. Liabilities to beneficiaries are recognized when an event has occurred that compels the City to disburse fiduciary resources.

If/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.

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Budgets and Budgetary Accounting

The General and Special Revenue Funds budgets shown as required supplementary information were prepared on the same modified accrual basis used to reflect actual results. This basis is consistent with accounting principles generally accepted in the United States of America. The City employs the following procedures in establishing the budgetary data reflected in the financial statements.

- a. On the City Council meeting date nearest to the third Monday in April, the City Manager submits to City Council the proposed operating budgets for the fiscal year commencing the following July 1. The operating budgets include proposed expenditures and resources to finance them.
- b. A Public Hearing is conducted to obtain taxpayers' comments.
- c. Prior to the second regular council meeting in May, the budget is legally enacted through passage of a resolution.
- d. The budget is legally adopted at the activity level for the General Fund and total expenditure level for the Special Revenue Funds; however, they are maintained at the account level for control purposes.
- e. The City does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at June 30 are not carried forward to the following fiscal year.
- f. Budgeted amounts are reported as originally adopted or amended by the City Council during the year. Individual amendments were appropriately approved by the City Council as required.

Cash and Cash Equivalents, and Investments

Cash and cash equivalents consist of checking, savings, and money market accounts.

Investments are stated at fair value in accordance with the applicable GASB Statement. In accordance with GASB Statement No. 72, the City has accounted for its land held for resale as investments of the City.

In accordance with Michigan Compiled Laws, the City is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

**CITY OF PORTLAND**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Cash and Cash Equivalents and Investments (continued)

- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.
- g. Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Receivables

Receivables consist of amounts due related to charges for services, interest receivable, and other amounts owed to the City at year-end.

Due from Other Governmental Units

Due from other governmental units consists of amounts due from the State of Michigan for various payments and grants and accounts receivable for charges for services provided to local governmental units.

Inventories

Inventories in the Enterprise Funds consist of Electric Light and Power and Water System supplies which are stated at cost on a first-in/first-out basis.

Capital Assets

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities, business-type activities, and component unit columns. Capital assets are those with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated acquisition cost on the date received.

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Capital Assets (continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and additions	30 - 40 years
Electric, Water and Sewer systems	10 - 50 years
Machinery and equipment	5 - 40 years
Infrastructure - streets and bridges	30 years
Land improvements	20 years
Downtown improvements	20 years

Long-term Liabilities

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as noncurrent.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

Compensated Absences

City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation days. Employees are not paid for accumulated sick leave. All vacation leave is accrued when incurred in the government-wide 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. For proprietary funds, the cost is recorded as a fund liability when incurred.

Pension

The City offers a defined benefit pension plan to its employees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. 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.

**CITY OF PORTLAND**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Other Postemployment Benefits

The City offers a retiree healthcare benefits to its employees. The City records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. 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.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of financial position or balance sheet will, when applicable, report separate sections for deferred outflows of resources and deferred inflows of resources. *Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. *Deferred inflows of resources*, a separate financial statement element, represents an acquisition of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has several items that qualify for reporting in these categories and are reported in the government-wide financial statement of net position, the governmental funds, or proprietary funds balance sheet/statement of net position.

The City reports deferred outflows of resources and deferred inflows of resources which correspond to the City's net pension liability and total OPEB liability and are related to differences between expected and actual experience, changes in assumptions, differences between projected and actual plan investment earnings, and contributions made subsequent to the measurement date. These amounts are deferred and recognized as an outflow or inflow of resources in the period to which they apply.

Property Tax

The City of Portland bills and collects its own property taxes and also taxes for other governmental units. The City's property tax revenue recognition policy and related tax calendar disclosures are highlighted in the following paragraph:

Property taxes are levied by the City of Portland on July 1 and December 1 and are payable without penalty through September 30 and February 14, respectively. The July 1 levy is composed of the City's millage, the County's millage assessments, and school taxes. The December 1 levy is composed of school taxes. All real property taxes not paid to the City by March 1 are turned over to the Ionia County Treasurer for collection. The Ionia County Treasurer purchases the receivables of all taxing districts on any delinquent real property taxes. Delinquent personal property taxes receivable is retained by the City for subsequent collection. Collections and remittances of all taxes are accounted for in the Tax Collections Custodial Fund. City property tax revenues are recognized as revenues in the fiscal year levied.

The City is permitted by charter to levy taxes up to 15 mills (\$15 per \$1,000 of taxable valuation) for general governmental services other than the payment of Debt Service Fund expenditures. For the year ended June 30, 2023, the City levied 12.5434 mills per \$1,000 of taxable valuation for general governmental services, and 0.9910 mills for local streets. The total taxable value for the 2022 levy for property within the City was \$107,166,069.

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Income Tax Revenues

The City has recognized taxpayer-assessed taxes, net of estimated refunds, as revenue in the accounting period in which they become susceptible to accrual (i.e., measurable and available to finance expenditures of the fiscal period). The City has calculated this amount based on the income tax collections made within 60 days after year end that relate to the prior years. Estimated refunds of these amounts are considered to be immaterial.

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

The Internal Service Fund (Motor Pool) records charges for services provided to various City departments and funds as operating revenue. All City funds record these payments as operating expenditures/expenses.

Details of Fund Balance Classifications

Fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five classifications of fund balance:

*Nonspendable* - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

*Restricted* - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation.

*Committed* - amounts constrained on use imposed by formal action of the government's highest level of decision-making authority (i.e., Board, Council, etc.).

*Assigned* - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

*Unassigned* - all other resources; the remaining fund balance after nonspendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Fund Balance Classification Policies and Procedures

For committed fund balance, the City of Portland’s highest level of decision-making authority is the City Council. The formal action that is required to be taken to establish a fund balance commitment is through passage of a resolution.

For assigned fund balance, the City of Portland has not approved a policy indicating who is authorized to assign amounts to a specific purpose. As a result, this authority is retained by the City Council.

For the classification of fund balances, the City of Portland considers restricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the City of Portland considers committed amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Tax Abatements

The City’s tax revenues have been reduced by tax abatements. Management has determined these amounts to be immaterial to the financial statements.

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

The cash and investments referred to below have been reported on the financial statements based upon criteria disclosed in Note 1. The following summarizes the categories of these amounts as of June 30, 2023.

	<u>Primary Government</u>	<u>Component Unit</u>	<u>Reporting Entity</u>
Cash and cash equivalents	\$ 7,249,900	\$ 522,876	\$ 7,772,776
Cash and cash equivalents - restricted	1,364,909	-	1,364,909
Investments - noncurrent	2,174,709	-	2,174,709
	<u>\$ 10,789,518</u>	<u>\$ 522,876</u>	<u>\$ 11,312,394</u>

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

As of June 30, 2023, the City had cash, cash equivalents, and investments summarized by the following categorization:

Deposits	
Checking	\$ 6,472,512
Savings	2,237
Money Market	2,496,785
Certificates of Deposit	220,003
Petty cash	893
Investments	933,297
Deposits with Michigan Public Power Agency	158,651
Land held for resale	<u>1,028,016</u>
	<u><u>\$ 11,312,394</u></u>

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2023, \$7,936,546 of the City's bank balance of \$9,130,764 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the fiscal period, the amount the City held as cash increased significantly. As a result, the amount of uninsured and uncollateralized cash was substantially higher at these peak periods than at year-end.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the City will do business.

Interest Rate Risk

In accordance with its investment policy, the City will minimize interest rate risk, which is the 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 securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the City's cash requirements.

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

Interest Rate Risk (continued)

Investment Type	Fair Value	Weighted Average Maturity (years)
U.S. Governmental Securities	\$ 933,297	1.65

One day maturity equals 0.0027, one year equals 1.00.

Concentration of Credit Risk

The City will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the City’s investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. As of June 30, 2023, the City did not have any investments that would be subject to rating.

Foreign Currency Risk

The City is not authorized to invest in investments which have this type of risk.

Fair Value Measurement

The City is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the City’s own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

Fair Value Measurement (continued)

	Fair Value Measurements			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
PRIMARY GOVERNMENT				
U.S. Governmental Securities	\$ 933,297	\$ -	\$ -	\$ 933,297
Land held for resale	-	-	1,028,016	1,028,016
	<u>\$ 933,297</u>	<u>\$ -</u>	<u>\$ 1,028,016</u>	<u>\$ 1,961,313</u>

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**NOTE 3 - CASH AND CASH EQUIVALENTS - RESTRICTED**

The following summarizes the restricted cash and cash equivalents as of June 30, 2023:

	Customer Deposits	Debt Retirement	Repairs and Improvements	Restricted Utility Reserve	Total
Enterprise Funds	<u>\$ 65,884</u>	<u>\$ 384,827</u>	<u>\$ 314,146</u>	<u>\$ 600,052</u>	<u>\$ 1,364,909</u>

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES**

The amount of interfund receivables and payables at June 30, 2023, are as follows:

Due to General Fund from:	
Ambulance Fund	\$ 6,000
Sewage Disposal System Fund	<u>65,070</u>
	<u>\$ 71,070</u>
Due to nonmajor governmental funds from:	
City Income Tax Fund	<u>\$ 33,261</u>
Due to Electric Light and Power System from:	
Sewage Disposal System Fund	<u>\$ 100,000</u>
Due to Water System Fund from:	
Internal Service Fund	<u>\$ 60,000</u>

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

**NOTE 5 - INTERFUND TRANSFERS**

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds and business-type funds have been eliminated.

Transfer to General Fund from:	
Electric Light and Power System Fund	\$ 178,000
Sewage Disposal System Fund	50,895
Water System Fund	37,453
Nonmajor governmental funds	<u>289</u>
	<u>\$ 266,637</u>
Transfer to Internal Service Fund from:	
General Fund	\$ 30,070
Ambulance Fund	<u>26,552</u>
	<u>\$ 56,622</u>
Transfers to nonmajor governmental funds from:	
City Income Tax Fund	\$ 137,281
Nonmajor governmental funds	<u>50,000</u>
	<u>\$ 187,281</u>

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - INTERFUND TRANSFERS (continued)**

The transfers from the Electric Light and Power System Fund, Sewage Disposal System Fund, and Water System Fund to the General Fund were to fund current year operations. The transfers to the nonmajor governmental funds were to fund current year projects. The transfers to the Internal Service Fund were to fund capital outlay.

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023, was as follows:

**Primary Government**

	<u>Balance July 1, 2022</u>	<u>Additions/ Reclassifications</u>	<u>Deletions/ Reclassifications</u>	<u>Balance June 30, 2023</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,199,132	\$ -	\$ -	\$ 1,199,132
Construction in progress	<u>695,924</u>	<u>128,661</u>	<u>(101,290)</u>	<u>723,295</u>
Subtotal	<u>1,895,056</u>	<u>128,661</u>	<u>(101,290)</u>	<u>1,922,427</u>
Capital assets being depreciated				
Land improvements	181,107	-	-	181,107
Buildings and additions	459,809	-	-	459,809
Equipment and furniture	3,410,959	334,204	(6,522)	3,738,641
Infrastructure - streets and bridges	<u>24,859,361</u>	<u>1,106,259</u>	<u>-</u>	<u>25,965,620</u>
Subtotal	28,911,236	1,440,463	(6,522)	30,345,177
Less accumulated depreciation for:				
Land improvements	(70,795)	(11,782)	-	(82,577)
Buildings and additions	(249,639)	(15,177)	-	(264,816)
Equipment and furniture	(1,958,756)	(217,904)	6,522	(2,170,138)
Infrastructure - streets and bridges	<u>(13,316,678)</u>	<u>(720,060)</u>	<u>-</u>	<u>(14,036,738)</u>
Subtotal	<u>(15,595,868)</u>	<u>(964,923)</u>	<u>6,522</u>	<u>(16,554,269)</u>
Net capital assets being depreciated	<u>13,315,368</u>	<u>475,540</u>	<u>-</u>	<u>13,790,908</u>
Capital assets, net	<u>\$ 15,210,424</u>	<u>\$ 604,201</u>	<u>\$ (101,290)</u>	<u>\$ 15,713,335</u>

Depreciation expense was charged to the following governmental activities:

General government	\$ 124,725
Public safety	51,964
Public works	747,725
Health and welfare	25,157
Recreation and culture	<u>15,352</u>
Total depreciation expense	<u>\$ 964,923</u>

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - CAPITAL ASSETS (continued)**

**Primary Government (continued)**

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Business-type Activities (Electric Light and Power System)				
Capital assets not being depreciated				
Land	\$ 275,807	\$ -	\$ -	\$ 275,807
Construction in progress	-	227,292	-	227,292
Subtotal	<u>275,807</u>	<u>227,292</u>	<u>-</u>	<u>503,099</u>
Capital assets being depreciated				
Buildings	5,012,530	36,547	-	5,049,077
Transmission and disbursement	7,049,189	137,863	-	7,187,052
Equipment	1,342,012	49,123	-	1,391,135
Subtotal	<u>13,403,731</u>	<u>223,533</u>	<u>-</u>	<u>13,627,264</u>
Less accumulated depreciation for:				
Buildings	(2,144,890)	(123,463)	-	(2,268,353)
Transmissions and disbursement	(4,305,876)	(193,174)	-	(4,499,050)
Equipment	(918,333)	(90,316)	-	(1,008,649)
Subtotal	<u>(7,369,099)</u>	<u>(406,953)</u>	<u>-</u>	<u>(7,776,052)</u>
Net capital assets being depreciated	<u>6,034,632</u>	<u>(183,420)</u>	<u>-</u>	<u>5,851,212</u>
Capital assets, net	<u>\$ 6,310,439</u>	<u>\$ 43,872</u>	<u>\$ -</u>	<u>\$ 6,354,311</u>
Business-type Activities (Sewage Disposal System)				
Capital assets not being depreciated				
Land	\$ 11,003	\$ -	\$ -	\$ 11,003
Construction in progress	468,675	5,059,281	-	5,527,956
Subtotal	<u>479,678</u>	<u>5,059,281</u>	<u>-</u>	<u>5,538,959</u>
Capital assets being depreciated				
Buildings	4,455,040	-	-	4,455,040
Sewage Disposal System	3,920,478	-	-	3,920,478
Equipment	193,241	-	-	193,241
Subtotal	<u>8,568,759</u>	<u>-</u>	<u>-</u>	<u>8,568,759</u>
Less accumulated depreciation for:				
Building	(1,519,689)	(96,241)	-	(1,615,930)
Sewage Disposal System	(2,304,488)	(141,893)	-	(2,446,381)
Equipment	(81,810)	(11,892)	-	(93,702)
Subtotal	<u>(3,905,987)</u>	<u>(250,026)</u>	<u>-</u>	<u>(4,156,013)</u>
Net capital assets being depreciated	<u>4,662,772</u>	<u>(250,026)</u>	<u>-</u>	<u>4,412,746</u>
Capital assets, net	<u>\$ 5,142,450</u>	<u>\$ 4,809,255</u>	<u>\$ -</u>	<u>\$ 9,951,705</u>

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - CAPITAL ASSETS (continued)**

**Primary Government (continued)**

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Business-type Activities (Water System)				
Capital assets not being depreciated				
Land	\$ 14,353	\$ -	\$ -	\$ 14,353
Capital assets being depreciated				
Water System	6,780,172	-	-	6,780,172
Equipment	313,740	-	-	313,740
Subtotal	<u>7,093,912</u>	<u>-</u>	<u>-</u>	<u>7,093,912</u>
Less accumulated depreciation for:				
Water System	(3,455,846)	(192,905)	-	(3,648,751)
Equipment	(166,060)	(15,970)	-	(182,030)
Subtotal	<u>(3,621,906)</u>	<u>(208,875)</u>	<u>-</u>	<u>(3,830,781)</u>
Net capital assets being depreciated	<u>3,472,006</u>	<u>(208,875)</u>	<u>-</u>	<u>3,263,131</u>
Capital assets, net	<u>\$ 3,486,359</u>	<u>\$ (208,875)</u>	<u>\$ -</u>	<u>\$ 3,277,484</u>

**Component Unit**

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Component Unit (DDA)				
Capital assets not being depreciated				
Land	\$ 46,400	\$ -	\$ -	\$ 46,400
Capital assets being depreciated				
Downtown improvements	703,381	-	-	703,381
City Hall building	2,601,000	-	-	2,601,000
Subtotal	<u>3,304,381</u>	<u>-</u>	<u>-</u>	<u>3,304,381</u>
Less accumulated depreciation for:				
Downtown improvements	(521,183)	(30,059)	-	(551,242)
City Hall building	(2,470,950)	(130,050)	-	(2,601,000)
Subtotal	<u>(2,992,133)</u>	<u>(160,109)</u>	<u>-</u>	<u>(3,152,242)</u>
Net capital assets being depreciated	<u>312,248</u>	<u>(160,109)</u>	<u>-</u>	<u>152,139</u>
Capital assets, net	<u>\$ 358,648</u>	<u>\$ (160,109)</u>	<u>\$ -</u>	<u>\$ 198,539</u>

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations (including current portion) of the City for the year ended June 30, 2023.

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
Primary Government					
Governmental Activities					
Direct borrowings and direct placements					
2016 Ambulance contract payable	\$ 50,969	\$ -	\$ (25,135)	\$ 25,834	\$ 25,834
2020 Street Sweeper contract payable	163,392	-	(31,197)	132,195	31,921
2022 Snow Plow contract payable	-	175,000	(33,616)	141,384	34,175
2020 Heart Monitors contract payable	79,574	-	(19,894)	59,680	19,894
Compensated absences	68,302	105,119	(96,187)	77,234	77,234
Total governmental activities	362,237	280,119	(206,029)	436,327	189,058
Business-type Activities					
Other long-term obligations					
2020 Refunding Bonds - Electric	950,000	-	(80,000)	870,000	75,000
2004 Water System Bonds	239,872	-	(80,000)	159,872	85,000
2011 Sanitary Sewer System Bonds	695,000	-	(15,000)	680,000	16,000
2010 Sanitary Sewer System Bonds	2,397,000	-	(54,000)	2,343,000	55,000
2022 Sanitary Sewer System Bonds	-	4,380,702	-	4,380,702	-
Compensated absences	52,923	53,452	(58,126)	48,249	48,249
Total business-type activities	4,334,795	4,434,154	(287,126)	8,481,823	279,249
Total Long-term Obligations	\$ 4,697,032	\$ 4,714,273	\$ (493,155)	\$ 8,918,150	\$ 468,307

Significant details regarding outstanding long-term obligations (including current portion) are presented below:

**Primary Government - Direct Borrowings and Direct Placements**

Installment Purchase Agreements

\$166,806 Installment Purchase Agreement dated July 1, 2016, due in annual installments of \$25,834 through July 1, 2023, with interest at 2.78%, payable annually. The purchase agreement is secured by the real property purchased. The Agreement contains provisions that in an event of default the City will use any and all other resources available for payments. \$ 25,834

\$224,400 Installment Purchase Agreement dated July 10, 2020, due in annual installments ranging from \$31,921 to \$34,194 through June 1, 2027, with interest at 2.32%, payable annually. The purchase agreement is secured by the real property purchased. The Agreement contains provisions that in an event of default the City will use any and all other resources available for payments. 132,195

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM OBLIGATIONS (continued)**

**Primary Government - Direct Borrowings and Direct Placements (continued)**

Installment Purchase Agreements (continued)

\$175,000 Installment Purchase Agreement dated November 15, 2021, due in annual installments ranging from \$34,175 to \$36,535 through November 1, 2026, with interest at 2.25%, payable annually. The purchase agreement is secured by the real property purchased. The Agreement contains provisions that in an event of default the City will use any and all other resources available for payments. \$ 141,384

\$99,468 Installment Purchase Agreement dated August 6, 2020, due in annual installments of \$19,894 through October 9, 2025, with interest at 0.00%, payable annually. The purchase agreement is secured by the real property purchased. The Agreement contains provisions that in an event of default the lender has various options including declaring the entire unpaid balance due immediately, sue for any unpaid balance plus the purchase option of future payments and residual and interest, charge interest at a rate of 18% per year from the date of default until paid, and/or require immediately return of real property. 59,680

\$ 359,093

**Primary Government - Other Long-term Obligations**

\$1,105,000 General Obligation Limited Tax Refunding Bonds dated May 4, 2020, due in annual installments ranging from \$75,000 to \$100,000 through April 1, 2033, with interest of 2.35%, payable semi-annually. \$ 870,000

\$1,344,872 Water System Bonds dated September 25, 2003, due in annual installments ranging from \$74,872 to \$85,000 through October 1, 2024, with interest of 2.50%, payable semi-annually. 159,872

\$840,000 Sanitary Sewer System Revenue Bonds dated March 9, 2011, due in annual installments ranging from \$16,000 to \$36,000 through December 1, 2050, with interest of 3.00%, payable semi-annually. 680,000

\$2,900,000 Sanitary Sewer System Revenue Bonds dated December 29, 2010, due in annual installments ranging from \$55,000 to \$121,000 through December 1, 2050, with interest of 3.00%, payable semi-annually. 2,343,000

\$11,050,000 Sanitary Sewer System Revenue Bonds dated September 20, 2022, due in annual installments ranging from \$265,000 to \$490,000 from April 1, 2025 through April 1, 2054, with interest of 2.125%, payable semi-annually. While an anticipated amortization schedule has been set, the bonds were not fully drawn down and the City has only reported the amount drawn down as long-term debt at June 30, 2023. \$ 4,380,702

\$ 8,433,574

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM OBLIGATIONS (continued)**

**Primary Government - Other Long-term Obligations (continued)**

Advance Refunding - Prior

On May 4, 2020, the City defeased the 2008 Capital Improvement Bonds - Electric debt, which were due and payable April 1, 2021 through April 1, 2033. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. government securities sufficient to meet the applicable principal and interest obligations. The City issued the 2020 Refunding Bonds in the amount of \$1,105,000. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. At June 30, 2023, bonds due and payable April 1, 2024 through April 1, 2033, for the 2008 Capital Improvement Bonds - Electric debt in the amount of \$865,000 are considered defeased.

Compensated Absences

Individual employees have vested rights upon termination of employment to receive payments for unused vacation. The dollar amounts of these vested rights including related payroll taxes, which have been accrued on the government-wide financial statements. The total liability amounted to approximately \$125,483 at June 30, 2023. Of this amount, \$77,234 and \$48,249 are shown as compensated absences liabilities in the governmental and business-type activities financial statements, respectively, in accordance with criteria disclosed in Note 1.

The annual requirements to pay the debt principal and interest outstanding for the long-term debt are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Direct Borrowings and Direct Placements		Other Long-term Obligations	
	Equipment Purchase Agreements		Water System Bonds	
	Principal	Interest	Principal	Interest
2024	\$ 111,824	\$ 6,966	\$ 85,000	\$ 2,934
2025	87,499	4,738	74,872	936
2026	89,041	3,195	-	-
2027	70,729	1,615	-	-
	\$ 359,093	\$ 16,514	\$ 159,872	\$ 3,870

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM OBLIGATIONS (continued)**

Year Ending June 30,	Business-type Activities			
	Other Long-term Obligations			
	Electric System Bonds		Sanitary Sewer System Bonds	
	Principal	Interest	Principal	Interest
2024	\$ 75,000	\$ 20,445	\$ 71,000	\$ 324,438
2025	80,000	18,683	338,000	319,462
2026	85,000	16,803	350,000	311,504
2027	85,000	14,805	357,000	303,328
2028	85,000	12,808	365,000	294,969
2029-2033	460,000	33,253	1,951,000	1,342,803
2034-2038	-	-	2,188,000	1,102,288
2039-2043	-	-	1,783,702	607,697
	<u>\$ 870,000</u>	<u>\$ 116,797</u>	<u>\$ 7,403,702</u>	<u>\$ 4,606,489</u>

**NOTE 8 - RETIREMENT PLANS**

**Defined Benefit Plan**

Plan Description

The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Municipal Employees' Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan's Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing MERS website at [www.mersofmich.com](http://www.mersofmich.com).

Summary of Significant Accounting Policies

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. 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.

Benefits Provided

Benefits provided include plans with multipliers ranging from 1.00% to 2.50%.

Vesting periods range from 6 to 10 years.

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RETIREMENT PLANS (continued)**

**Defined Benefit Plan (continued)**

Benefits Provided (continued)

Normal retirement age is 60. Reduced early retirement is available at 55 with 15 years of service, and unreduced early retirement is available at 50 with 25 years of service for applicable divisions.

Final average compensation is calculated based on three to five years. Member contributions are 3.00%.

At the December 31, 2022, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	43
Inactive employees or beneficiaries entitled to but not yet receiving benefits	17
Active employees	<u>33</u>
	<u><u>93</u></u>

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

Contributions

Employer contributions range from 3.90% to 5.39% based on annual payroll for open divisions. Three divisions closed to new employees had a total annual contribution of \$649,104.

Payable to the Pension Plan

At June 30, 2023, there were no amounts outstanding by the City for contributions to the pension plan required for the year ended June 30, 2023.

Net Pension Liability

The employer's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RETIREMENT PLANS (continued)**

**Defined Benefit Plan (continued)**

Actuarial Assumptions

The total pension liability in the December 31, 2022 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.50%

Salary increases: 3.00% plus merit and longevity, 3.00% in the long-term.

Investment rate of return: 7.00%, net of investment and administrative expense including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.00% long-term wage inflation assumption would be consistent with a price inflation of 3.00%-4.00%.

Mortality rates used were based on a version of Pub-2010 and fully generational MP-2019.

The actuarial assumptions used in valuation were based on the results of the 2014-2018 Five-year Experience Study.

Changes in Assumptions

There were no changes in assumptions during plan year 2022.

Changes in Benefits

There were no changes of benefit terms during plan year 2022.

Projected Cash Flows

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses 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.

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RETIREMENT PLANS (continued)**

**Defined Benefit Plan (continued)**

Projected Cash Flows (continued)

The target allocation and best estimates of geographic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Total Allocation Gross Rate of Return</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	60.00%	4.50%	2.70%
Global fixed income	20.00%	2.00%	0.40%
Private investments	<u>20.00%</u>	7.00%	<u>1.40%</u>
	<u>100.00%</u>		4.50%
Inflation			2.50%
Administrative expense netted above			<u>0.25%</u>
Investment Rate of Return			<u>7.25%</u>

Discount Rate

The discount rate used to measure the total pension liability is 7.25%. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because, for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RETIREMENT PLANS (continued)**

**Defined Benefit Plan (continued)**

Changes in Net Pension Liability

Changes in the net pension liability during the measurement year were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2021	\$ 16,628,279	\$ 11,099,295	\$ 5,528,984
Changes for the year			
Service cost	183,840	-	183,840
Interest on total pension liability	1,172,704	-	1,172,704
Difference between expected and actual experience	417,733	-	417,733
Employer contributions	-	715,172	(715,172)
Employee contributions	-	29,834	(29,834)
Net investment income (loss)	-	(1,151,673)	1,151,673
Benefit payments, including employee refunds	(1,089,944)	(1,089,944)	-
Administrative expense	-	(20,292)	20,292
Other changes	(1)	-	(1)
Net changes	684,332	(1,516,903)	2,201,235
Balances at December 31, 2022	\$ 17,312,611	\$ 9,582,392	\$ 7,730,219

Sensitivity of the Net Position Liability to Changes in the Discount Rate

The following presents the Net Pension Liability of the employer, calculated using the discount rates 7.25%, as well as what the employer's Net Position Liability would be using a discount rate that is 1% point lower or 1% higher than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability	\$ 9,784,858	\$ 7,730,219	\$ 6,011,552

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RETIREMENT PLANS (continued)**

**Defined Benefit Plan (continued)**

Pension Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the City recognized pension expenses of \$1,425,726. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 404,627	\$ -
Changes in assumptions	204,898	-
Net difference between projected and actual earnings on pension plan investments	881,235	-
Contributions subsequent to the measurement date*	<u>358,783</u>	<u>-</u>
Total	<u>\$ 1,849,543</u>	<u>\$ -</u>

\* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense</u>
2024	\$ 540,401
2025	303,158
2026	258,573
2027	<u>388,628</u>
	<u>\$ 1,490,760</u>

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RETIREMENT PLANS (continued)**

**Defined Benefit/Defined Contribution (Hybrid) Plan Description**

The City participates in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit/defined contribution (hybrid) pension plan that covers all eligible full-time employees of the City hired after July 1, 2010. This plan consists of a defined benefit and a defined contribution portion. In a defined benefit plan, an employer/sponsor promises a specified monthly benefit on retirement that is predetermined by a formula based on the employee's earnings history, tenure of service and age, rather than depending directly on individual investment returns. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

As established by the City Council, the City contributes 7% of the eligible employee wages. Of this 7%, a range of 3.90%-5.39% is allocated to the defined benefit portion and a range of 1.61%-3.10% is allocated to the defined contribution portion of the plan. Employees contribute 3% of their wages to the defined contribution portion of the plan.

For the year ended June 30, 2023, the City contributed \$66,068 for the defined benefit portion and \$31,562 for the defined contribution portion and the employees contributed \$42,059 to the defined contribution part of the plan.

**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS PLANS**

**Defined Benefits Plan**

Plan Description

The City of Portland Retiree Healthcare Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the City of Portland. The Plan was established and is being funded under the authority of the City and under agreements with the unions representing various classes of employees. The Plan can be amended at the discretion of the City. The Plan does not issue separate stand-alone financial statements.

Benefits Provided

The Plan provides retirees age 55 with 10 years of service hired prior to July 1, 2013 with medical and prescription drug coverage in accordance with union agreements and/or personnel policies. The City covers the cost of coverage for these benefits less the balance of premiums required to be contributed by retirees in accordance with Plan provisions.

Summary of Plan Participants

At the June 30, 2023 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	5
Active employees	12
	<hr/>
	17
	<hr/> <hr/>

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS PLANS (continued)**

**Defined Benefits Plan (continued)**

Contributions

The City has no obligations to make contributions in advance of when the premiums are due for payments (i.e., may be financed on a “pay-as-you-go” basis). The City is currently only paying premiums of retirees from current, available financial resources. For the year ended June 30, 2023, the City’s only contribution was its portion of premium payments.

Net OPEB Liability

The net OPEB liability of the City was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount Rate	4.13%
Healthcare Cost Trend Rates	
Current Year Trend	7.25%
Ultimate Trend	4.50%
Year Ultimate Trend is Reached	2034
Salary Increases	3.00%

The discount rate was based on the yield or index rate for 20 year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates used were based on a version of Pub-2010 and fully generational MP-2021.

The mortality assumptions include a margin for future mortality improvements using Scale MP-2021 projected fully-generationally from the central year of data, 2010.

Changes in Assumptions

The actuarial assumptions were changed during the year as follows:

- The Municipal Bond Rate increased from 4.09% to 4.13%.
- The Minimum Rate in accordance with the Uniform Assumptions.
- Memo increased from 2.16% to 3.64%.
- The mortality projection scale was updated from the MP-2019 to the MP-2021 scale.
- The trend rates were updated in accordance with the Uniform Assumptions for 2023.
- The Annual Claims Costs were updated to the premiums in effect for 2023.

Changes in Benefits

There were no changes of benefit terms during plan year 2023.

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS PLANS (continued)**

**Defined Benefits Plan (continued)**

Summary of Significant Accounting Policies

For purposes of measuring the net other post-employment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the Plan and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported for the City. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments, if there were any, would be reported at fair value. At June 30, 2023, the City had no fiduciary plan assets so net position at June 30, 2023, was \$0.

Change in Total OPEB Liability

The change in the total OPEB liability for the year ended June 30, 2023 is as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2022	\$ 888,563	\$ -	\$ 888,563
Changes for the year			
Service cost	23,044	-	23,044
Interest on total OPEB liability	35,850	-	35,850
Difference between expected and actual experience	30,793	-	30,793
Changes in assumptions	(14,429)	-	(14,429)
Employer contributions	-	47,099	(47,099)
Benefit payments, including employee refunds	(47,099)	(47,099)	-
Net changes	28,159	-	28,159
Balances at June 30, 2023	\$ 916,722	\$ -	\$ 916,722

Change in Total OPEB Liability

The following presents the OPEB liability of the City, as well as what the City's OPEB liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability	\$ 999,604	\$ 916,722	\$ 840,852

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS PLANS (continued)**

**Defined Benefits Plan (continued)**

Sensitivity of the OPEB liability to Changes in Healthcare Cost Trend Rates

The following presents the OPEB liability of the City, as well as what the City's OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower (4.50% trending to 3.50%) or 1% point higher (8.25% trending to 7.25%) than the current healthcare cost rates:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability	\$ 826,560	\$ 916,722	\$ 1,020,132

OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the City recognized OPEB expense of \$10,262. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 35,376	\$ 390,897
Changes in assumptions	127,511	161,964
Total	\$ 162,887	\$ 552,861

OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	OPEB Expense
2024	\$ (48,632)
2025	(48,632)
2026	(48,632)
2027	(48,632)
2028	(48,632)
Thereafter	(146,814)
	\$ (389,974)

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS PLANS (continued)**

**Defined Contribution Plan Description**

The City participates in the Michigan Municipal Employees Retirement System Health Care Savings Plan (HCSP), an agent multiple-employer defined contribution OPEB plan that covers all eligible full-time employees of the City hired after July 1, 2013. As established by City Council, the City contributes 1 percent of eligible employee wages for the police department. For the year ended June 30, 2023, the City contributed \$3,130. For all other employees, the City does not contribute. Participating employees contribute 3% of their wages to the plan. For the year ended June 30, 2023, employees contributed \$46,487.

In addition, police department employees hired prior to July 1, 2013 contribute 0.25% of wages to the HCSP. Employees in this group also are required to contribute up to 48 hours of wages per year if the individual employee's unused sick leave time exceeds the 320-hour maximum agreed upon.

**NOTE 10 - DEFERRED COMPENSATION PLANS**

The City of Portland offers its employees a deferred compensation plan sponsored by the ICMA Retirement Corporation or MERS, which are both compensation plans created in accordance with IRC Section #457. The plan, available to all City employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseeable emergency. The City's deferred compensation programs are administered by the ICMA Retirement Corporation and MERS.

**NOTE 11 - RISK MANAGEMENT**

The City participates in a pool, the Michigan Municipal League Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The City has not been informed of any special assessments being required in any of the past three fiscal years.

The City also participates in a State pool, the Michigan Municipal League Liability and Property Pool, with other municipalities for property, liability, auto, crime, bonding, and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. State pool members' limits of coverage are detailed in their policy agreements with the authority. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The City has not been informed of any special assessments being required in any of the past three fiscal years.

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 12 - CALCULATION OF NET INVESTMENT IN CAPITAL ASSETS**

Net Investment in Capital Assets

Net investment in capital assets represents the following:

<u>Net Investment in Capital Assets</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Units</u>
Capital assets, net	\$ 15,713,335	\$ 19,583,500	\$ 198,539
Less:			
Outstanding principal of capital related debt	<u>(359,093)</u>	<u>(8,433,574)</u>	<u>-</u>
Net investment in capital assets	<u>\$ 15,354,242</u>	<u>\$ 11,149,926</u>	<u>\$ 198,539</u>

**NOTE 13 - RESTRICTED NET POSITION**

Restrictions of net position shown in the government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net position restrictions as of June 30, 2023:

PRIMARY GOVERNMENT

Governmental Activities

Other Purposes

Streets	\$ 619,303
Ambulance	209,946
Leik Grove property - Public Works	20,822
Cemetery Perpetual Care, nonexpendable	<u>194,662</u>
	<u>\$ 1,044,733</u>

Business-type Activities

Restricted for utilities

Electric Light and Power	\$ 453,086
Sewage Disposal System	<u>146,966</u>
	<u>\$ 600,052</u>

Restricted for debt service

Electric Light and Power	\$ 35,107
Sewage Disposal System	<u>349,720</u>
	<u>\$ 384,827</u>

Restricted for equipment replacement

Sewage Disposal System	<u>\$ 314,146</u>
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**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 13 - RESTRICTED NET POSITION (continued)**

Section 12.9 of the City Charter created an electric utility reserve fund for the purpose of accumulating and holding such money which, in addition to insurance carried by the City, may be deemed by the Board of Light and Power to be prudently necessary for the protection, improvement, replacement, and extension of the City electric public utility plants and facilities.

Monies expended from the utility reserve fund must be replaced from the revenues of the City electric utility, and the amount in the fund must total the sum required by the charter (i.e., 10% of the undepreciated original cost of the electric utility of the City) before any electric utility revenues can be appropriated for other capital expenditures of the City.

**NOTE 14 - CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended June 30, 2023, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements*, which was issued in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

There was no material impact on the City's financial statement after the adoption of GASB Statement No. 96.

**NOTE 15 - CONTRACTUAL COMMITMENTS**

The City has entered into contracts for a sewer related infrastructure project that was not completed at June 30, 2023. The total contractual commitments outstanding at June 30, 2023, totaled \$7,758,234. Future anticipated bond proceeds and user charges are expected to be sufficient to cover this commitment.

**CITY OF PORTLAND  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 16 - CODE ENFORCEMENT FINANCIAL INFORMATION**

The City has elected to report the financial activities of the code enforcement department in the General Fund. The following is the required information as it relates to this department for the year ended June 30, 2023:

Revenues		
Licenses and Permits		
Permits	\$	99,118
Expenditures		
Salaries and wages		2,160
Fringe benefits		7,325
Contractual services		23,281
Supplies		680
Other		213
TOTAL EXPENDITURES		33,659
EXCESS OF REVENUES OVER EXPENDITURES		65,459
Code Enforcement (Deficit) at June 30, 2022		(921,856)
Code Enforcement (Deficit) at June 30, 2023		\$ (856,397)

**NOTE 17 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF PORTLAND  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property taxes	\$ 1,186,228	\$ 1,186,228	\$ 1,201,698	\$ 15,470
Penalties and interest	5,350	5,350	5,105	(245)
Tax collection	45,500	45,500	49,085	3,585
Total taxes	1,237,078	1,237,078	1,255,888	18,810
Licenses and permits				
Cable television license	17,500	17,500	14,042	(3,458)
City licenses and permits	75,100	94,100	99,118	5,018
Total licenses and permits	92,600	111,600	113,160	1,560
Intergovernmental				
State				
Sales tax	484,618	484,618	536,980	52,362
Act 302 training funds	600	600	1,116	516
State liquor license	3,900	3,900	3,898	(2)
Total intergovernmental	489,118	489,118	541,994	52,876
Charges for services				
Cemetery fees and lot sales	27,500	27,500	41,531	14,031
Administrative charges	329,026	329,026	329,026	-
Other fees	700	700	885	185
Total charges for services	357,226	357,226	371,442	14,216
Fines and forfeits				
Parking	2,000	2,000	990	(1,010)
District court	6,500	6,500	7,756	1,256
Other	2,500	5,259	6,413	1,154
Total fines and forfeits	11,000	13,759	15,159	1,400
Interest and rents	9,000	9,000	20,006	11,006
Other				
Sale of fixed assets	-	-	15,556	15,556
Donations	10,000	10,000	10,125	125
Reimbursements	45,210	45,210	41,340	(3,870)
Total other	55,210	55,210	67,021	11,811
<b>TOTAL REVENUES</b>	<b>2,251,232</b>	<b>2,272,991</b>	<b>2,384,670</b>	<b>111,679</b>

**CITY OF PORTLAND  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>EXPENDITURES</b>				
Current				
General government				
Council, boards, and commissions	\$ 5,285	\$ 5,285	\$ 3,882	\$ 1,403
Community promotions	141,362	282,216	257,368	24,848
City manager	211,189	212,609	201,479	11,130
Assessing services	53,562	59,071	57,976	1,095
Elections	10,550	12,200	9,055	3,145
City hall and grounds	88,552	132,352	117,266	15,086
General administrative	449,118	488,817	471,411	17,406
Total general government	959,618	1,192,550	1,118,437	74,113
Public safety				
Police department	808,075	800,119	650,313	149,806
Fire authority	127,000	129,000	127,916	1,084
Code enforcement	46,091	45,291	33,659	11,632
Total public safety	981,166	974,410	811,888	162,522
Public works				
Street lighting	42,000	34,000	30,329	3,671
Cemetery operations	207,173	197,328	179,158	18,170
Total public works	249,173	231,328	209,487	21,841
Health and welfare				
Ambulance service	75,920	75,920	75,920	-
Community and economic development				
Economic development	20,000	25,750	24,666	1,084
Recreation and culture				
Parks department	211,703	244,643	219,607	25,036
<b>TOTAL EXPENDITURES</b>	<b>2,497,580</b>	<b>2,744,601</b>	<b>2,460,005</b>	<b>284,596</b>
<b>EXCESS OF REVENUES (UNDER) EXPENDITURES</b>	<b>(246,348)</b>	<b>(471,610)</b>	<b>(75,335)</b>	<b>396,275</b>

**CITY OF PORTLAND  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 266,348	\$ 266,748	\$ 266,637	\$ (111)
Transfers out	(20,000)	(30,070)	(30,070)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>246,348</u>	<u>236,678</u>	<u>236,567</u>	<u>(111)</u>
NET CHANGE IN FUND BALANCE	-	(234,932)	161,232	396,164
Fund balance, beginning of year	<u>2,052,548</u>	<u>2,052,548</u>	<u>2,052,548</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 2,052,548</u></u>	<u><u>\$ 1,817,616</u></u>	<u><u>\$ 2,213,780</u></u>	<u><u>\$ 396,164</u></u>

**CITY OF PORTLAND  
CITY INCOME TAX FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Taxes	\$ 780,400	\$ 870,000	\$ 1,163,934	\$ 293,934
Fines and forfeits	24,000	24,000	34,724	10,724
Interest	1,000	10,000	30,702	20,702
Special assessment	-	533	538	5
Other	-	-	60	60
TOTAL REVENUES	<u>805,400</u>	<u>904,533</u>	<u>1,229,958</u>	<u>325,425</u>
EXPENDITURES				
Current				
General government	<u>292,034</u>	<u>294,104</u>	<u>260,402</u>	<u>33,702</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>513,366</u>	<u>610,429</u>	<u>969,556</u>	<u>359,127</u>
OTHER FINANCING (USES)				
Transfers out	<u>(835,000)</u>	<u>(835,000)</u>	<u>(137,281)</u>	<u>697,719</u>
NET CHANGE IN FUND BALANCE	(321,634)	(224,571)	832,275	1,056,846
Fund balance, beginning of year	<u>1,403,633</u>	<u>1,403,633</u>	<u>1,403,633</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,081,999</u>	<u>\$ 1,179,062</u>	<u>\$ 2,235,908</u>	<u>\$ 1,056,846</u>

**CITY OF PORTLAND  
AMBULANCE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
REVENUES				
Charges for services	\$ 801,970	\$ 798,320	\$ 857,823	\$ 59,503
Interest	-	-	767	767
Other	2,710	2,710	2,753	43
<b>TOTAL REVENUES</b>	<u>804,680</u>	<u>801,030</u>	<u>861,343</u>	<u>60,313</u>
EXPENDITURES				
Current				
Health and welfare	835,914	807,014	781,477	25,537
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(31,234)</u>	<u>(5,984)</u>	<u>79,866</u>	<u>85,850</u>
OTHER FINANCING (USES)				
Transfers out	(26,552)	(26,552)	(26,552)	-
<b>NET CHANGE IN FUND BALANCE</b>	(57,786)	(32,536)	53,314	85,850
Fund balance, beginning of year	156,632	156,632	156,632	-
Fund balance, end of year	<u>\$ 98,846</u>	<u>\$ 124,096</u>	<u>\$ 209,946</u>	<u>\$ 85,850</u>

**CITY OF PORTLAND  
DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF CHANGES IN THE CITY'S  
NET PENSION LIABILITY AND RELATED RATIOS  
LAST NINE MEASUREMENT DATES  
(ULTIMATELY TEN MEASUREMENT DATES WILL BE DISPLAYED)  
(AMOUNTS WERE DETERMINED AS OF 12/31 OF EACH FISCAL YEAR)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Total Pension Liability</b>									
Service cost	\$ 195,518	\$ 191,696	\$ 184,007	\$ 176,437	\$ 185,869	\$ 179,089	\$ 143,073	\$ 143,412	\$ 183,840
Interest	996,910	1,014,053	1,042,491	1,069,900	1,079,521	1,110,014	1,098,267	1,135,430	1,172,704
Changes of benefit terms	-	-	(5,276)	(6,729)	(5,079)	-	-	-	-
Difference between expected and actual experience	-	(412,990)	(107,437)	(292,292)	1,314	(266,349)	(216,932)	378,416	417,733
Changes of assumptions	-	650,689	-	-	-	463,664	422,387	614,696	-
Benefit payments including employee refunds	(668,323)	(667,741)	(732,278)	(802,498)	(861,043)	(893,118)	(892,299)	(1,023,655)	(1,089,944)
Administrative expense	(23,983)	(1)	-	-	-	-	-	-	-
Other changes	-	-	1	(2)	1	1	-	(1)	(1)
<b>Net Change in Total Pension Liability</b>	<b>500,122</b>	<b>775,706</b>	<b>381,508</b>	<b>144,816</b>	<b>400,583</b>	<b>593,301</b>	<b>554,496</b>	<b>1,248,298</b>	<b>684,332</b>
<b>Total Pension Liability, beginning</b>	<b>12,029,449</b>	<b>12,529,571</b>	<b>13,305,277</b>	<b>13,686,785</b>	<b>13,831,601</b>	<b>14,232,184</b>	<b>14,825,485</b>	<b>15,379,981</b>	<b>16,628,279</b>
<b>Total Pension Liability, ending</b>	<b>\$ 12,529,571</b>	<b>\$ 13,305,277</b>	<b>\$ 13,686,785</b>	<b>\$ 13,831,601</b>	<b>\$ 14,232,184</b>	<b>\$ 14,825,485</b>	<b>\$ 15,379,981</b>	<b>\$ 16,628,279</b>	<b>\$ 17,312,611</b>
<b>Plan Fiduciary Net Position</b>									
Contributions-employer	\$ 434,906	\$ 548,464	\$ 480,164	\$ 521,381	\$ 540,938	\$ 535,426	\$ 567,238	\$ 662,379	\$ 715,172
Contributions-employee	-	-	7,880	20,842	34,684	38,610	36,451	30,053	29,834
Net Investment income (loss)	481,656	(117,021)	861,635	1,082,559	(347,651)	1,127,693	1,160,296	1,400,557	(1,151,673)
Benefit payments including employee refunds	(668,323)	(667,741)	(732,278)	(802,498)	(861,043)	(893,118)	(892,299)	(1,023,655)	(1,089,944)
Administrative expense	(17,676)	(17,201)	(17,018)	(17,152)	(17,388)	(19,429)	(18,373)	(16,071)	(20,292)
Other changes	-	-	1	-	1	1	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>230,563</b>	<b>(253,499)</b>	<b>600,384</b>	<b>805,132</b>	<b>(650,459)</b>	<b>789,183</b>	<b>853,313</b>	<b>1,053,263</b>	<b>(1,516,903)</b>
<b>Plan Fiduciary Net Position, beginning</b>	<b>7,671,415</b>	<b>7,901,978</b>	<b>7,648,479</b>	<b>8,248,863</b>	<b>9,053,995</b>	<b>8,403,536</b>	<b>9,192,719</b>	<b>10,046,032</b>	<b>11,099,295</b>
<b>Plan Fiduciary Net Position, ending</b>	<b>\$ 7,901,978</b>	<b>\$ 7,648,479</b>	<b>\$ 8,248,863</b>	<b>\$ 9,053,995</b>	<b>\$ 8,403,536</b>	<b>\$ 9,192,719</b>	<b>\$ 10,046,032</b>	<b>\$ 11,099,295</b>	<b>\$ 9,582,392</b>
<b>Employer Net Pension Liability</b>	<b>\$ 4,627,593</b>	<b>\$ 5,656,798</b>	<b>\$ 5,437,922</b>	<b>\$ 4,777,606</b>	<b>\$ 5,828,648</b>	<b>\$ 5,632,766</b>	<b>\$ 5,333,949</b>	<b>\$ 5,528,984</b>	<b>\$ 7,730,219</b>
<b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</b>	<b>63%</b>	<b>57%</b>	<b>60%</b>	<b>65%</b>	<b>59%</b>	<b>62%</b>	<b>65%</b>	<b>67%</b>	<b>55%</b>
<b>Covered payroll</b>	<b>\$ 2,011,873</b>	<b>\$ 2,002,154</b>	<b>\$ 1,964,499</b>	<b>\$ 1,968,154</b>	<b>\$ 2,119,458</b>	<b>\$ 2,090,582</b>	<b>\$ 1,799,468</b>	<b>\$ 2,018,237</b>	<b>\$ 2,459,090</b>
<b>Employer's Net Pension Liability as a percentage of covered payroll</b>	<b>230%</b>	<b>283%</b>	<b>277%</b>	<b>243%</b>	<b>275%</b>	<b>269%</b>	<b>296%</b>	<b>274%</b>	<b>314%</b>

**CITY OF PORTLAND**  
**SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS**  
**LAST NINE FISCAL YEARS (ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)**  
**(AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarial determined contributions <sup>(1)</sup>	\$ 447,139	\$ 447,697	\$ 512,810	\$ 532,687	\$ 544,766	\$ 526,780	\$ 611,971	\$ 713,468	\$ 715,664
Contributions in relation to the actuarially determined contribution	<u>447,139</u>	<u>447,697</u>	<u>512,810</u>	<u>532,687</u>	<u>544,766</u>	<u>526,780</u>	<u>611,971</u>	<u>713,468</u>	<u>715,664</u>
Contribution deficiency (excess)	<u>\$ -</u>								
Covered payroll	\$ 2,132,656	\$ 2,171,832	\$ 2,218,598	\$ 2,058,415	\$ 2,136,352	\$ 2,388,980	\$ 2,073,423	\$ 2,245,001	\$ 2,422,191
Contributions as a percentage of covered payroll	21%	21%	23%	26%	25%	22%	30%	32%	30%

<sup>(1)</sup> The actuarially determined contribution was calculated based on projected covered payroll. Employer contributions were made in full based on actual covered payroll. Accordingly, the actuarially-determined contribution has been expressed above as a percentage of actual payroll.

**CITY OF PORTLAND**  
**RETIRED EMPLOYEES' HEALTH CARE BENEFITS**  
**SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS**  
**LAST SIX MEASUREMENT DATES (ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)**  
**(AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)**

	2018	2019	2020	2021	2022	2023
Total OPEB Liability						
Service cost	\$ 68,758	\$ 45,128	\$ 39,990	\$ 47,183	\$ 32,875	\$ 23,044
Interest	33,145	32,943	32,300	28,836	22,113	35,850
Difference between expected and actual experience	(381,164)	(180,034)	-	(89,930)	9,152	30,793
Changes in assumptions	143,037	(7,663)	70,510	(22,870)	(157,426)	(14,429)
Benefit payments including employee refunds	(55,913)	(35,346)	(28,583)	(19,373)	(32,146)	(47,099)
Net Change in Total OPEB Liability	(192,137)	(144,972)	114,217	(56,154)	(125,432)	28,159
Total OPEB Liability - beginning	1,293,041	1,100,904	955,932	1,070,149	1,013,995	888,563
Total OPEB Liability - ending	<u>\$ 1,100,904</u>	<u>\$ 955,932</u>	<u>\$ 1,070,149</u>	<u>\$ 1,013,995</u>	<u>\$ 888,563</u>	<u>\$ 916,722</u>
Plan Fiduciary Net Position						
Contributions-employer	\$ 55,913	\$ 35,346	\$ 28,583	\$ 19,373	\$ 32,146	\$ 47,099
Contributions-employee	-	-	6,258	-	-	-
Benefit payments including employee refunds	(55,913)	(35,346)	(34,841)	(19,373)	(32,146)	(47,099)
Net Change in Plan Fiduciary Net Position	-	-	-	-	-	-
Plan Fiduciary Net Position - beginning	-	-	-	-	-	-
Plan Fiduciary Net Position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer Net OPEB Liability	<u>\$ 1,100,904</u>	<u>\$ 955,932</u>	<u>\$ 1,070,149</u>	<u>\$ 1,013,995</u>	<u>\$ 888,563</u>	<u>\$ 916,722</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	0%	0%	0%	0%	0%	0%
Covered payroll	\$ 1,120,572	\$ 916,624	\$ 1,157,807	\$ 854,037	\$ 853,008	\$ 897,888
Employer's Net OPEB Liability as a percentage of covered payroll	98%	104%	92%	119%	104%	102%

**CITY OF PORTLAND  
 RETIRED EMPLOYEES' HEALTH CARE BENEFITS  
 SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS  
 LAST SIX FISCAL YEARS (ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)  
 (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially determined contributions	\$ 119,762	\$ 27,955	\$ 71,158	\$ 73,827	\$ 81,998	\$ 84,459
Contributions in relation to the actuarially determined contribution	<u>55,913</u>	<u>61,748</u>	<u>28,583</u>	<u>19,373</u>	<u>32,146</u>	<u>47,099</u>
Contribution deficiency (excess)	<u>\$ 63,849</u>	<u>\$ (33,793)</u>	<u>\$ 42,575</u>	<u>\$ 54,454</u>	<u>\$ 49,852</u>	<u>\$ 37,360</u>
Covered payroll	\$ 1,120,572	\$ 916,624	\$ 1,157,807	\$ 854,037	\$ 853,008	\$ 897,888
Contributions as a percentage of covered payroll	5%	7%	2%	2%	4%	5%

Beginning Fiscal Year Ending 2020, the ADC is calculated in accordance with the requirements of Public Act 202 of 2017, namely Numbered Letter 2018-3. For Fiscal Years Ended 2018 and 2019, the ADC is calculated in accordance with the Employer's funding policy, substantive or otherwise.

**CITY OF PORTLAND  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**NOTE 1 - EMPLOYEE PENSION PLAN**

Actuarial valuation information relative to the determination of contributions:

Valuation date	December 31, 2022
Measurement date	December 31, 2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, open
Asset valuation method	5-year smoothing
Remaining amortization period	16 years
Investment rate of return	7.00%, net of investment and administrative expense including inflation
Discount rate	7.25%
Salary increases	3.00% in the long-term plus merit and longevity
Inflation rate	2.50%
Mortality	Version of Pub-2010 and fully generational MP-2019

Changes in Benefits Terms: There were no changes of benefit terms during plan year 2022.

Changes in Assumptions: There were no changes in assumptions during plan year 2022.

**NOTE 2 - OTHER POST-EMPLOYMENT BENEFITS PLANS**

Actuarial valuation information relative to the determination of contributions:

Valuation date	June 30, 2023
Measurement date	June 30, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	26 years
Long-term expected rate of return	Not applicable, the Plan does not have an irrevocable trust.
Discount rate	4.13%
Salary growth rate	3.00%
Inflation rate	2.50%
Healthcare cost trend rate	7.25% graded down to 4.50% by 0.25% per year
AA 20-year municipal bond rate	4.13%
Utilization	100%, covered employees at the valuation date will elect the same coverage at retirement
Mortality	Version of Pub-2010 and fully generational MP-2021

**CITY OF PORTLAND  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**NOTE 2 - OTHER POST-EMPLOYMENT BENEFITS PLANS (continued)**

Changes of Benefits Terms:	There were no changes of benefit terms during plan year 2023.
Changes in Assumptions:	The Municipal Bond Rate increased from 4.09% to 4.13%. The Minimum Rate in accordance with the Uniform Assumptions. Memo increased from 2.16% to 3.64%. The mortality projection scale was updated from the MP-2019 to the MP-2021 scale. The trend rates were updated in accordance with the Uniform Assumptions for 2023. The Annual Claims Costs were updated to the premiums in effect for 2023.

## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF PORTLAND  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2023**

	Special Revenue			Capital Projects	Permanent Cemetery	Total
	Major Street	Local Street	Recreation	Capital Projects	Perpetual Care	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 370,709	\$ 168,960	\$ 46,283	\$ 3,362	\$ 194,662	\$ 783,976
Due from other governmental units	75,745	24,960	-	-	-	100,705
Due from other funds	33,261	-	-	-	-	33,261
Prepays	2,495	2,495	593	-	-	5,583
<b>TOTAL ASSETS</b>	<b>\$ 482,210</b>	<b>\$ 196,415</b>	<b>\$ 46,876</b>	<b>\$ 3,362</b>	<b>\$ 194,662</b>	<b>\$ 923,525</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 45,573	\$ 6,620	\$ 3,224	\$ -	\$ -	\$ 55,417
Accrued liabilities	6,369	4,122	1,490	-	-	11,981
<b>TOTAL LIABILITIES</b>	<b>51,942</b>	<b>10,742</b>	<b>4,714</b>	<b>-</b>	<b>-</b>	<b>67,398</b>
<b>FUND BALANCES</b>						
<b>Nonspendable</b>						
Prepays	2,495	2,495	593	-	-	5,583
Perpetual care	-	-	-	-	194,662	194,662
<b>Restricted</b>						
Streets	427,773	183,178	-	3,362	-	614,313
<b>Assigned</b>						
Recreation	-	-	41,569	-	-	41,569
<b>TOTAL FUND BALANCES</b>	<b>430,268</b>	<b>185,673</b>	<b>42,162</b>	<b>3,362</b>	<b>194,662</b>	<b>856,127</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 482,210</b>	<b>\$ 196,415</b>	<b>\$ 46,876</b>	<b>\$ 3,362</b>	<b>\$ 194,662</b>	<b>\$ 923,525</b>

**CITY OF PORTLAND  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2023**

	Special Revenue			Capital Projects	Permanent Cemetery	Total
	Major Street	Local Street	Recreation	Capital Projects	Perpetual Care	
<b>REVENUES</b>						
Taxes	\$ -	\$ 174,077	\$ -	\$ -	\$ -	\$ 174,077
Intergovernmental	495,956	158,400	8,000	-	-	662,356
Charges for services	-	-	70,226	-	2,325	72,551
Interest	1,683	601	217	-	318	2,819
Other	4,111	2,422	6	-	-	6,539
<b>TOTAL REVENUES</b>	<b>501,750</b>	<b>335,500</b>	<b>78,449</b>	<b>-</b>	<b>2,643</b>	<b>918,342</b>
<b>EXPENDITURES</b>						
Current						
Public works	568,235	438,698	-	-	-	1,006,933
Recreation and culture	-	-	95,939	-	-	95,939
<b>TOTAL EXPENDITURES</b>	<b>568,235</b>	<b>438,698</b>	<b>95,939</b>	<b>-</b>	<b>-</b>	<b>1,102,872</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(66,485)</b>	<b>(103,198)</b>	<b>(17,490)</b>	<b>-</b>	<b>2,643</b>	<b>(184,530)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	129,912	57,369	-	-	-	187,281
Transfers out	(50,000)	-	-	-	(289)	(50,289)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>79,912</b>	<b>57,369</b>	<b>-</b>	<b>-</b>	<b>(289)</b>	<b>136,992</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>13,427</b>	<b>(45,829)</b>	<b>(17,490)</b>	<b>-</b>	<b>2,354</b>	<b>(47,538)</b>
Fund balances, beginning of year	416,841	231,502	59,652	3,362	192,308	903,665
Fund balances, end of year	<u>\$ 430,268</u>	<u>\$ 185,673</u>	<u>\$ 42,162</u>	<u>\$ 3,362</u>	<u>\$ 194,662</u>	<u>\$ 856,127</u>

**CITY OF PORTLAND  
COMPONENT UNIT FUND  
BALANCE SHEET - DOWNTOWN DEVELOPMENT AUTHORITY  
JUNE 30, 2023**

ASSETS	
Cash	<u>\$ 522,876</u>
LIABILITIES	
Accounts payable	\$ 33,868
Accrued liabilities	<u>2,483</u>
TOTAL LIABILITIES	36,351
FUND BALANCE	
Unassigned	<u>486,525</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 522,876</u>

**CITY OF PORTLAND  
 COMPONENT UNIT FUND  
 RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE  
 STATEMENT OF NET POSITION - DOWNTOWN DEVELOPMENT AUTHORITY  
 JUNE 30, 2023**

**Total fund balance - governmental fund** \$ 486,525

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

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

The cost of capital assets is	\$ 3,350,781	
Accumulated depreciation is	<u>(3,152,242)</u>	
Capital assets, net		198,539
<b>Net position of governmental activities</b>		<b>\$ 685,064</b>

**CITY OF PORTLAND  
 COMPONENT UNIT FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 DOWNTOWN DEVELOPMENT AUTHORITY  
 YEAR ENDED JUNE 30, 2023**

REVENUES	
Taxes	\$ 230,492
Intergovernmental	60,718
Interest	1,246
Other	<u>42,016</u>
TOTAL REVENUES	<u>334,472</u>
EXPENDITURES	
Current	
Community and economic development	165,254
Capital outlay	<u>1,895</u>
TOTAL EXPENDITURES	<u>167,149</u>
NET CHANGE IN FUND BALANCE	167,323
Fund balance, beginning of year	<u>319,202</u>
Fund balance, end of year	<u><u>\$ 486,525</u></u>

**CITY OF PORTLAND  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE OF THE GOVERNMENT FUND TO THE STATEMENT OF ACTIVITIES -  
DOWNTOWN DEVELOPMENT AUTHORITY  
YEAR ENDED JUNE 30, 2023**

**Net change in fund balance - governmental fund** \$ 167,323

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

Capital outlays are reported as expenditures in the governmental fund. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Depreciation expense (160,109)

**Change in net position of governmental activities** \$ 7,214

**CITY OF PORTLAND  
MISCELLANEOUS STATISTICAL DATA (UNAUDITED)  
JUNE 30, 2023**

**Total Taxable Value  
Fiscal Years Ended or Ending June 30, 2020 Through 2024**

Assessed Value as of <u>December 31</u>	Year of State Equalization and Tax <u>Levy</u>	City's Fiscal Year Ended or Ending <u>June 30</u>	Ad Valorem Taxable Value (2)	Equivalent Taxable Value of Property Granted Tax Abatement Under <u>Act 198(1)</u>	Total Taxable Value	Percent Increase Over Prior Year
2018	2019	2020	95,505,725	596,376	96,102,101	.929
2019	2020	2021	98,967,604	568,100	99,535,704	3.400
2020	2021	2022	102,500,014	310,200	102,810,214	3.180
2021	2022	2023	107,166,069	320,436	107,486,505	4.300
2022	2023	2024	113,464,280	0	113,464,280	5.200

Per Capita Total Taxable Value for the Fiscal Year Ending June 30, 2023 (3) ..... \$29,890.00

(1) At the full tax rate. See "CITY TAXATION AND LIMITATIONS – Tax Abatement" herein.

(2) Original warrant values prior to Board of Review and Tax Tribunal adjustments.

(3) Based on the City's 2020 Census of 3796

Source: City of Portland

**Total Taxable Value by Use and Class  
Fiscal Years Ended or Ending June 30, 2020 Through 2024**

<u>Use</u>	Fiscal Year Ended or Ending June 30				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Residential.....	\$68,768,105	\$71,729,590	\$74,116,022	\$78,440,323	\$83,753,516
Commercial.....	23,827,614	24,496,262	25,716,291	26,251,148	26,987,967
Industrial.....	2,512,382	2,293,852	1,964,601	1,791,634	1,595,297
Utility.....	994,000	1,016,000	1,013,300	1,003,400	1,118,400
Development.....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>\$96,102,101</u>	<u>\$99,535,704</u>	<u>\$102,810,214</u>	<u>\$107,486,505</u>	<u>\$113,455,180</u>
<u>Class</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Real Property.....	\$ 92,144,501	\$ 95,720,304	\$ 99,260,314	\$103,992,405	\$110,645,992
Personal Property...	<u>3,957,600</u>	<u>3,815,400</u>	<u>3,549,900</u>	<u>3,494,100</u>	<u>2,809,188</u>
	<u>\$ 96,102,101</u>	<u>\$ 99,535,704</u>	<u>\$102,810,214</u>	<u>\$107,486,505</u>	<u>\$113,455,180</u>

Source: City of Portland

**CITY OF PORTLAND  
MISCELLANEOUS STATISTICAL DATA (UNAUDITED)  
JUNE 30, 2023**

**Total State Equalized Valuation  
Fiscal Years Ended or Ending June 30, 2020 Through 2024**

Assessed Value as of December 31	Year of State Equalization and Tax Levy	City's Fiscal Year Ended or Ending June 30	Ad Valorem SEV (2)	SEV of Property		Percent Increase Over Prior Year
				Granted Tax Abatement Under Act 198 (1)	Total SEV	
2018	2019	2020	\$104,583,600	\$ 596,376	\$ 105,179,976	4.100
2019	2020	2021	113,582,291	568,100	114,150,391	7.800
2020	2021	2022	121,394,000	310,200	121,704,200	6.200
2021	2022	2023	129,790,900	320,436	130,111,336	6.400
2022	2023	2024	143,936,488	0	143,936,488	9.605

Per Capita Total SEV for the Fiscal Year Ending June 30, 2024 (3).....\$37,918.00

- (1) See "CITY TAXATION AND LIMITATIONS – Tax Abatement" herein.  
(2) Original warrant values prior to Board of Review and Tax Tribunal adjustments.  
3) Based on the City's 2020 census of 3,796.  
Source: City of Portland

**Total SEV by Use and Class  
Fiscal Years Ended or Ending June 30, 2020 Through 2024**

Use	Fiscal Year Ended or Ending June 30				
	2020	2021	2022	2023	2024
Residential .....	\$ 75,948,300	\$ 84,359,091	\$ 91,642,800	\$ 99,606,300	\$111,183,100
Commercial.....	25,724,400	26,481,100	27,024,100	27,519,800	29,834,788
Industrial.....	2,513,276	2,294,200	2,024,000	1,981,836	1,800,200
Utility.....	994,000	1,016,000	1,013,300	1,003,400	1,118,400
Development.....	0	0	0	0	0
	<u>\$ 105,179,976</u>	<u>\$ 114,150,391</u>	<u>\$ 121,704,200</u>	<u>\$ 130,111,336</u>	<u>\$143,936,488</u>

  

Class	Fiscal Year Ended or Ending June 30				
	2020	2021	2022	2023	2024
Real Property .....	\$ 101,222,376	\$110,334,991	\$118,154,300	\$126,617,236	\$141,127,300
Personal Property.....	3,957,600	3,815,400	3,549,900	3,494,100	2,809,188
	<u>\$ 105,179,976</u>	<u>\$114,150,391</u>	<u>\$121,704,200</u>	<u>\$130,111,336</u>	<u>\$143,936,488</u>

Source: City of Portland

**CITY OF PORTLAND  
MISCELLANEOUS STATISTICAL DATA (UNAUDITED)  
JUNE 30, 2023**

**Maximum Property Tax Rates  
Fiscal Year Ending June 30, 2024**

<u>Millage Classification</u>	<u>Millage Authorized</u>	<u>Millage Reduction Fraction (1)</u>	<u>Maximum Allowable Millage</u>
Operating (4) .....	15.0000	1.4656	13.5344

- (1) Cumulative.  
(2) Includes 1.00 mill for local streets.  
(3) Includes .9907 mill for local streets.  
(4) Includes .9910 mill for local streets.  
Source: City of Portland

**Property Tax Rates (1)  
Fiscal Years Ended or Ending June 30, 2020 Through 2024**

<u>Levy July 1</u>	<u>Fiscal Year Ended or Ending June 30</u>	<u>Total Operating</u>
2019	2020	13.6574 (2)
2020	2021	13.5303 (3)
2021	2022	13.6574 (2)
2022	2023	13.5344 (4)
2023	2024	13.5344 (4)

- (1) See “CITY TAXATION AND LIMITATIONS – Property Taxes” and “CITY TAXATION AND LIMITATIONS – State Limitations on Property Taxes,” herein.  
(2) Includes 1.00 mill for local streets.  
Source: City of Portland

**Homestead (1) Property Tax Rates by Governmental Unit  
Fiscal Years Ended June 30, 2020 Through 2024**

<u>Governmental Unit</u>	<u>Fiscal Year Ended June 30</u>				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
City of Portland .....	13.6574	13.5303	13.6574	13.5344	13.5344
County of Ionia.....	4.6265	4.6265	4.59410	4.5711	4.5711
State of Michigan .....	6.0000	6.0000	6.0000	6.0000	6.0000
Portland Public Schools .....	7.3500	7.3500	7.3500	7.3500	7.3500
Intermediate School District.....	4.8690	4.8690	4.8527	4.8261	4.8261
Intermediate School District-Tech Ed....	.9981	.9981	.9921	.9875	.9875
Library .....	1.9108	1.2308	1.2308	1.8359	1.7859
Seniors.....	.4981	.4981	.4981	.4921	.4921
Roads.....	.9987	.9987	.9987	.9867	.9867
Total .....	<u>40.9086</u>	<u>40.1015</u>	<u>40.1739</u>	<u>40.5838</u>	<u>40.5338</u>

**CITY OF PORTLAND  
MISCELLANEOUS STATISTICAL DATA (UNAUDITED)  
JUNE 30, 2023**

**Non-Homestead (1) Property Tax Rates by Governmental Unit  
Fiscal Years Ended June 30, 2020 Through 2024**

<u>Governmental Unit</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
City of Portland .....	13.6574	13.5303	13.6574	13.5344	13.5344
County of Ionia.....	4.6252	4.6265	4.59410	4.5711	4.5711
State of Michigan .....	6.0000	6.0000	6.0000	6.0000	6.0000
Portland Public Schools.....	25.3500	25.3500	25.3500	25.3500	25.3500
Intermediate School District.....	4.8690	4.869	4.8527	4.8261	4.8261
Intermediate School District-Tech. Ed...	.9981	.9981	.9921	.9867	.9875
Library .....	1.9108	1.2308	1.2308	1.8359	1.7859
Seniors .....	.4981	.4981	.4981	.4921	.4921
Roads.....	<u>.9987</u>	<u>.9987</u>	<u>.9987</u>	<u>.9867</u>	<u>.9867</u>
Total .....	<u>58.9086</u>	<u>58.1015</u>	<u>58.1739</u>	<u>58.5830</u>	<u>58.5338</u>

(1) *Homestead Property* means a dwelling or unit in a multiple-unit dwelling subject to ad valorem property taxes that is owned and occupied as a principal residence by the owner of the dwelling or unit. Homestead includes all unoccupied property classified as agricultural adjacent and contiguous to the home of the owner that is not leased or rented by the owner to another person if the gross receipts of the agricultural or horticultural operations, if any, exceed the household income of the owner. If the gross receipts of the agricultural or horticultural operations do not exceed the household income of the owner, the homestead includes only 5 acres adjacent and contiguous to the home of the owner. Homestead includes a life care facility registered under the Living Care Disclosure Act, Act 440, Public Acts of Michigan, 1976, as amended. Homestead also includes property owned by a cooperative housing corporation and occupied as a principal residence by tenant stockholders. *Non-homestead Property* is property not included in the above definition.

Source: City of Portland

**Property Tax Collections  
Fiscal Years Ended or Ending June 30, 2020 Through 2024**

<u>July 1 Levy</u>	<u>Fiscal Year Ended or Ending June 30</u>	<u>City Tax Levy(1)</u>	<u>Collections to March 1 Following Levy</u>	<u>Percent Collected</u>
2019	2020	\$ 1,134,579	\$ 1,111,163	97.93
2020	2021	1,168,326	1,142,825	97.30
2021	2022	1,234,752	1,207,492	97.70
2022	2023	1,289,407	1,259,640	97.60
2023	2024	1,370,618	(In Process of Collection)	

(1) City taxes only. See “CITY TAXATION AND LIMITATIONS – Property Tax Rates” herein. Levy reported excludes Downtown Development Authority tax capture and certain taxes on properties granted tax abatement under Act 198. See “CITY TAXATION AND LIMITATIONS – Tax Abatement” herein.

Source: City of Portland

**CITY OF PORTLAND  
MISCELLANEOUS STATISTICAL DATA (UNAUDITED)  
JUNE 30, 2023**

**Ten Largest Taxpayers  
Fiscal Year Ending June 30, 2024**

<u>Taxpayer</u>	<u>Principal Product or Service</u>	<u>Total Taxable Value (1)</u>	<u>Percent of Total (2)</u>
Tom’s Food Center (Ellen’s Prop) ..	Grocery,Hardware .....	\$2,795,308	2.4
Parkers Landing (Portland Partners)	Apartments .....	2,461,107	2.1
DFC of Portland (The Brook)	Senior Living	1,991,640	1.7
Portland Apartments (LAWCO).....	Apartments .....	1,117,943	0.9
Consumers Energy.....	Utility .....	1,094,500	0.9
Park View MHC LLC	Mobile Home Park	907,200	0.7
SMD Terrain LLC.....	Hinge Assemblings, Stampings, Land.....	633,741	0.5
PLG Development	Land.....	590,300	0.5
CLNB LLC	Retail – Family Farm and Home	584,640	0.5
Autozone Development LLC...	Auto Parts Store	531,500	0.4
THK.....	Tie Rods, Steering Linkages.....	529,569	0.4
		<u>\$ 13,237,448</u>	<u>11.00%</u>

(1) Includes the Taxable Value of property granted tax abatement under Act 198. See “CITY TAXATION AND LIMITATIONS – Tax Abatement” herein.

(2) Based on \$113,455,180, which is the City’s Total Taxable Value for the fiscal year ending June 30, 2024. Includes the Taxable Value of property granted tax abatement under Act 198. See “Property Valuations” and “Tax Abatement” herein.

Source: City of Portland

**Income Tax Collections  
Fiscal Years Ended June 30, 2020 Through 2023**

<u>Fiscal Year Ended June 30</u>	<u>Gross Tax Collections</u>	<u>Net Income Tax Collections</u>	<u>% Increase or (Decrease) over Prior Year</u>
2020	845,111	777,780	(2.49)
2021	1,051,441	934,645	16.70
2022	1,117,835	1,022,246	8.50
2023	1,166,913	1,046,986	2.30

(1) Gross collections less tax refunds equal net tax.

Source: City of Portland

City of Portland

**Revenues from the State of Michigan  
Fiscal Years Ended or Ending June 30, 2019 through 2023**

	<u>Fiscal Years Ended or Ending June 30</u>				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
State Revenue Sharing.....	\$ 442,936	\$ 455,931	\$ 451,292	\$ 523,006	\$ 536,980
Other.....	4,685	4,752	4,391	4,632	4,398
Total Revenues From the State of Michigan.....	<u>\$ 447,621</u>	<u>\$460,683</u>	<u>\$455,683</u>	<u>\$527,638</u>	<u>\$541,378</u>

Source: City of Portland

**CITY OF PORTLAND  
MISCELLANEOUS STATISTICAL DATA (UNAUDITED)  
JUNE 30, 2023**

**CITY DEBT**

**Statutory and Constitutional Debt Provisions**

Section 21 of Article VII of the State Constitution establishes the authority, subject to statutory and constitutional limitations, for municipalities to incur debt for public purposes:

“The legislature shall provide by general laws for the incorporation of cities and villages. Such laws shall limit their rate of ad valorem property taxation for municipal purposes, and restrict the powers of cities and villages to borrow money and contract debts. Each city and village is granted power to levy other taxes for public purposes, subject to limitations and prohibitions provided by this constitution or by law.”

In accordance with the foregoing authority granted to the State Legislature, the Home Rule Cities Act limits the amount of debt a city may have outstanding at any time. Section 4(a) of this Act provides:

“... the net indebtedness incurred for all public purpose may be as much as but shall not exceed the greater of the following:

- (a) Ten percent of the assessed value of all real and personal property in the city.
- (b) Fifteen percent of the assessed value of all the real and personal property in the city if that portion of the total amount of indebtedness incurred which exceeds 10% is or has been used solely for the construction or renovation of hospital facilities.”

Significant exceptions to the debt limitation are permitted by the Home Rule Cities Act for certain types of indebtedness which include: special assessment bonds and State transportation fund bonds (formerly, motor vehicle highway fund bonds), even though they are a general obligation of the City; revenue bonds payable from revenues only, whether secured by a mortgage or not; bonds issued or contract obligations or assessments incurred to comply with an order of the Water Resources Commission of the State or a court of competent jurisdiction, and obligations incurred for water supply, sewage, drainage or refuse disposal or resource recovery projects necessary to protect the public health by abating pollution.

**CITY OF PORTLAND  
MISCELLANEOUS STATISTICAL DATA (UNAUDITED)  
JUNE 30, 2023**

**Legal Debt Margin**

Pursuant to the statutory and constitutional debt provisions set forth herein, the following table reflects the amount of additional debt the City may legally incur as of June 30, 2023:

Debt Limit (1).....		\$ 14,393,649
Debt Outstanding .....	\$15,102,872	
Less: Exempt Debt (2).....	<u>(14,232,872)</u>	\$870,000
Legal Debt Margin .....		<u>\$13,523,649</u>

(1) 10% of \$143,936,488 which is the City’s Total SEV for the fiscal year ending June 30, 2023. Includes the SEV of property granted tax abatement under Act 198. See “CITY TAXATION AND LIMITATIONS – Property Valuations” and “CITY TAXATION AND LIMITATIONS – Tax Abatement” herein.

(2) See “CITY DEBT-Statutory and Constitutional Debt Provisions” herein.

Source: Municipal Advisory Council of Michigan and the City of Portland.

**Debt Statement**

The following table reflects a breakdown of the City’s direct and overlapping debt as of June 30, 2023, including the bonds described herein. Direct debt that is shown as self-supporting is paid from sources other than the City’s general fund.

The City’s ability to levy taxes to pay the debt service on the obligations that are designated as “Limited Tax” is subject to applicable charter, statutory and constitutional limitations. See “CITY TAXATION AND LIMITATIONS” herein.

<u>City Direct Debt</u>	<u>Gross</u>	<u>Self-Supporting</u>	<u>Net</u>
Water and Wastewater Revenue Bonds:			
Dated March 8, 2011 (6).....	\$ 680,000	\$ 680,000	\$ -0-
Dated December 29, 2010 (6) .....	\$ 2,343,000	\$ 2,343,000	\$ -0-
Dated September 25, 2003 (5) .....	\$ 159,872	\$ 159,872	\$ -0-
Dated September 20, 2022 (6)	\$ 11,050,000	\$ 11,050,000	\$ -0-
Subtotal .....	<u>\$ 14,232,872</u>	<u>\$ 14,232,872</u>	<u>\$ -0-</u>
Capital Improvement Bonds:			
Dated May 2020 (Limited Tax) (1).....	\$ 870,000	\$ 870,000	\$ -0-
Subtotal .....	<u>\$ 870,000</u>	<u>\$ 870,000</u>	<u>\$ -0-</u>
 Total City Direct Debt:	 <u>\$ 15,102,872</u>	 <u>15,102,872</u>	 <u>\$ -0-</u>

Per Capita Net Direct Debt (3) .....	\$0.00
Percent of Net Direct Debt to Total SEV (4) .....	0 %

**CITY OF PORTLAND  
MISCELLANEOUS STATISTICAL DATA (UNAUDITED)  
JUNE 30, 2023**

<u>Overlapping Debt (2)</u>	<u>Gross</u>	<u>City Share as a Percent of Gross</u>	<u>Net</u>
Ionia County.....	\$ 785,743	5.52%	\$ 43,373
Ionia County Intermediate School District.....	1,430,000	4.89	69,927
Portland District Library .....	0	29.71	0
Portland Public Schools .....	<u>33,152,186</u>	24.44	<u>8,102,394</u>
Total Overlapping Debt .....	<u>35,367,929</u>		<u>8,215,694</u>
 Total City Direct and Overlapping Debt .....	 <u>\$ 50,470,801</u>		 <u>\$ 23,318,566</u>
 Per Capita Net Overlapping Debt (3) .....			 \$2,164.30
Percent of Net Overlapping Debt to Total SEV (4) .....			5.0%
 Per Capita Net Direct and Overlapping Debt (3).....			 \$6,142.93
Percent of Net Direct and Overlapping Debt to Total SEV (4).....			16.00%

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- (1) The Bonds described herein will be paid with electric system revenues.
  - (2) Overlapping debt is the portion of another taxing unit's debt for which property taxpayers of the City are liable in addition to debt issued by the City.
  - (3) Based on the City's 2020 Census of 3,796.
  - (4) Based on \$143,936,488, which is the City's Total SEV for the fiscal year ending June 30, 2023. Includes the SEV of property granted tax abatement under Act 198. See "CITY TAX AND LIMITATIONS - Property Valuations" and "CITY TAX AND LIMITATIONS - Tax Abatement" herein.
  - (5) The Bonds described herein will be paid with water system revenues.
  - (6) The Bonds described herein will be paid with wastewater system revenues.
  - (7) The Bonds described herein will be paid with income tax revenues.
- Source: Municipal Advisory Council of Michigan and the City of Portland