

**CITY OF PORTLAND
IONIA COUNTY, MICHIGAN**

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

YEAR ENDED JUNE 30, 2025

**CITY OF PORTLAND
IONIA COUNTY, MICHIGAN
JUNE 30, 2025**

CITY COUNCIL

James E. Barnes

Mayor

Joel VanSlambrouck

Mayor Pro-Tem

Erica Sheehan

Council member

Patrick Fitzsimmons

Council member

Amanda L. Johnston

Council member

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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, 2025, 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, 2025, 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.

Changes in Accounting Principles

As discussed in Note 14 to the financial statements, the City adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences* and No. 102, *Certain Risk Disclosures*. Our opinions are not modified with respect to this matter.

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 21, 2025, 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.

Maney Costeiran PC

November 21, 2025

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, 2025.

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, 2025. 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 \$34,159,886 (excluding component units).
- Governmental activities net position was \$15,837,409.
- Business-type activity net position was \$18,322,477.
- Component Unit net position was \$893,176.

Fund Level

- At the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$6,164,307 with \$5,037,330 being nonspendable, restricted, committed or assigned for specific purposes and \$1,126,977 being unassigned.
- The General Fund realized \$27,006 more in revenues and other financing sources than anticipated for the fiscal year. The General Fund operations also expended \$362,969 less than appropriated when including other financing uses.
- Overall, the General Fund balance increased by \$170,478.

Capital and Long-term Debt Activities

- The total additions to the capital asset schedules for the primary government were \$4,461,970, excluding reclassifications. Significant capital purchases during the year included the wastewater treatment plant, Kent Street improvements, new leaf machine, heart monitors, electric substation, and lead line replacement project.
- The total long-term obligations for the primary government were \$18,852,128, a net decrease of \$39,409 from the prior year.
- 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 \$17,057,260

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 2024/2025. 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 Major Street 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 27 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 as well as pension and other post-employment benefit schedules.

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 \$34,159,886 at the end of this fiscal year's operations. The net position of the governmental activities was \$15,837,409; the business-type activities were \$18,322,477.

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, 2025 and 2024

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024*	2025	2024*	2025	2024*
ASSETS						
Current and Other Assets	\$ 6,636,001	\$ 6,552,907	\$ 10,285,310	\$ 12,825,102	\$ 16,921,311	\$ 19,378,009
Capital Assets	15,166,405	15,066,856	29,946,447	27,430,009	45,112,852	42,496,865
TOTAL ASSETS	21,802,406	21,619,763	40,231,757	40,255,111	62,034,163	61,874,874
DEFERRED OUTFLOWS OF RESOURCES	918,710	1,108,186	491,437	642,503	1,410,147	1,750,689
LIABILITIES						
Current Liabilities	585,716	1,265,325	1,857,630	2,607,756	2,443,346	3,873,081
Noncurrent Liabilities	5,988,049	5,715,045	20,377,292	20,760,215	26,365,341	26,475,260
TOTAL LIABILITIES	6,573,765	6,980,370	22,234,922	23,367,971	28,808,687	30,348,341
DEFERRED INFLOWS OF RESOURCES	309,942	306,536	165,795	177,724	475,737	484,260
NET POSITION						
Net Investment in Capital Assets	14,430,137	14,704,176	12,218,047	9,383,538	26,648,184	24,087,714
Restricted	1,004,352	779,930	1,584,505	1,493,027	2,588,857	2,272,957
Unrestricted	402,920	(43,063)	4,519,925	6,475,354	4,922,845	6,432,291
TOTAL NET POSITION	\$ 15,837,409	\$ 15,441,043	\$ 18,322,477	\$ 17,351,919	\$ 34,159,886	\$ 32,792,962

* The 2024 numbers have not been updated for adjustments related to GASB 101.

Changes in Net Position for the Fiscal Year Ending June 30, 2024 and 2025

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 2024/2025 and 2023/2024.

	Governmental Activities		Business-type Activities		Total	
	2025	2024*	2025	2024*	2025	2024*
REVENUES						
Program Revenues						
Charges for Services	\$ 2,118,245	\$ 1,680,700	\$ 8,175,056	\$ 7,594,487	\$ 10,293,301	\$ 9,275,187
Grants and Contributions	837,801	721,257	792,806	2,607,260	1,630,607	3,328,517
General Revenues						
Property Taxes	1,526,588	1,458,802	-	-	1,526,588	1,458,802
State Shared Revenue	544,964	537,163	-	-	544,964	537,163
City Income Taxes	1,272,977	1,363,086	-	-	1,272,977	1,363,086
Local Community Stabilization	1,690	10,712	-	-	1,690	10,712
Investment Earnings	110,897	130,000	85,174	123,954	196,071	253,954
(Loss) on sale of capital assets	(28,052)	-	-	-	(28,052)	-
Miscellaneous	125,115	121,158	33,389	52,888	158,504	174,046
Transfers	170,502	(580,410)	(170,502)	580,410	-	-
TOTAL REVENUES	6,680,727	5,442,468	8,915,923	10,958,999	15,596,650	16,401,467
EXPENSES						
General Government	1,498,071	966,652	-	-	1,498,071	966,652
Public Safety	720,496	1,079,890	-	-	720,496	1,079,890
Public Works	1,716,287	1,987,355	-	-	1,716,287	1,987,355
Health and Welfare	1,580,413	1,119,818	-	-	1,580,413	1,119,818
Community and Economic Develop.	11,873	28,533	-	-	11,873	28,533
Recreation and Culture	556,009	425,284	-	-	556,009	425,284
Other	33,720	10,304	7,788,145	7,621,629	7,821,865	7,631,933
TOTAL EXPENSES	6,116,869	5,617,836	7,788,145	7,621,629	13,905,014	13,239,465
Increase (Decrease) in Net Position	\$ 563,858	\$ (175,368)	\$ 1,127,778	\$ 3,337,370	\$ 1,691,636	\$ 3,162,002

* The 2024 numbers have not been updated for adjustments related to GASB 101.

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

Governmental Activities

The result of 2024/2025 governmental activity was an increase of \$563,858 in net position to \$15,837,409. Of the total governmental activities’ net position, \$14,430,137 is invested in capital assets less related debt, \$1,004,352 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 \$402,920 is listed as unrestricted, having no legal commitment.

Revenues

The three largest revenue categories were property taxes at 22.7%, charges for services at 31.5%, and city income taxes at 19%. The City levied a property tax millage for the year ended June 30, 2025, for general government operations at 12.4831 mills, with an additional 0.9862 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

Public works is the largest governmental activity, expending approximately 28.1% of the governmental activities total and includes public works departments (e.g., major and local streets). Health and welfare is the second largest governmental activity, expending approximately 25.8% of the governmental activities total. General government and public safety are the next largest governmental activities expending 24.5% and 11.8% of the governmental activities total, respectively.

Business-type Activities

Net position in business-type activities was increased by a net of \$1,127,778 during fiscal year 2024/2025. Of the business-type activities’ net position, \$12,218,047 is invested in capital assets net of related debt, \$1,584,505 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 \$4,519,925 is listed as unrestricted, having no legal commitment.

FINANCIAL ANALYSIS OF THE CITY’S MAJOR AND NONMAJOR FUNDS

As the City completed 2024/2025, its governmental funds reported *combined* fund balances of \$6,164,307. The net changes are summarized in the following chart:

	General Fund	City Income Tax	Major Street Fund	Ambulance	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balance 6/30/2024	\$ 2,054,901	\$ 2,419,500	\$ 385,832	\$ 130,985	\$ 286,881	\$ 5,278,099
Fund Balance 6/30/2025	\$ 2,225,379	\$ 2,911,042	\$ 411,879	\$ 255,391	\$ 360,616	\$ 6,164,307
Net Change	\$ 170,478	\$ 491,542	\$ 26,047	\$ 124,406	\$ 73,735	\$ 886,208

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

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, 2025, the General Fund reported a fund balance of \$2,225,379. The 2024/2025 original budget was amended throughout the year as new information became available.

The General Fund 2024/2025 revenues and other financing sources were more than 2024/2025 expenditures and other financing uses by \$170,478 largely due to the decrease in capital outlay expenditures by \$224,351 compared to the prior year. Actual revenues and other financing sources were more than what was budgeted by approximately \$27,006. The final amended budget planned for a \$219,476 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 remained during 2024/2025. Actual General Fund revenues and other financing sources totaled \$3,054,037; \$26,985 more than the final amended budget.

The City's original General Fund expenditures and other financing uses budget was increased by \$200,936 during 2024/2025. The increase can be partly attributed to the Capital Outlay functions as expenditures exceeded initial projections.

Actual City expenditures and other financing uses for 2024/2025 were \$362,969 below the amended budget. The additions to the original budget were offset by the projects getting pushed into the 2025/2026 fiscal year primarily due to timing of grants, being down one police officer, and decrease in nonbusiness permits.

City Income Tax Fund

As of June 30, 2025, the City Income Tax Fund reported a fund balance of \$2,911,042, an increase of \$491,542 from the prior year due to overall increase in residents' income, and the delay in completing the Divine Hwy Bridge project. 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.

Major Street Fund

As of June 30, 2025, the Major Street Fund reported a fund balance of \$411,879, which is an increase of \$26,047 from the prior year fund balance primarily due to the City receiving an increase in Act 51 funds.

Ambulance Fund

As of June 30, 2025, the Ambulance Fund reported a fund balance of \$255,391, which is an increase of \$124,406 from the prior year fund balance primarily due to increase in receivables from rate increases and more ambulance runs in the current year.

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

Enterprise Funds

As the City completed 2024/2025, its enterprise funds reported *combined* net position of \$18,322,477. This is a net increase of \$1,127,778 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 6/30/2024, as restated	\$ 7,912,349	\$ 5,289,324	\$ 3,972,365	\$ 20,661	\$ 17,194,699
Net Position 6/30/2025	\$ 7,717,533	\$ 6,218,890	\$ 4,367,742	\$ 18,312	\$ 18,322,477
Net Change	\$ (194,816)	\$ 929,566	\$ 395,377	\$ (2,349)	\$ 1,127,778

Electric Light and Power System Fund

As of June 30, 2025, the Electric Light and Power System Fund reported a net position of \$7,717,533, a decrease of \$194,816 from the prior year. Of the entire net position amount, \$3,026,420 is invested in capital assets, net of related debt, \$453,086 is restricted for utility reserve, \$123,964 is restricted for debt service, and \$4,114,063 is unrestricted.

Sewage Disposal System Fund

As of June 30, 2025, the Sewer Fund reported a net position of \$6,218,890 an increase of \$929,566 from the prior year. Of the entire net position, \$5,606,585 is invested in capital assets, net of related debt, \$1,007,455 is restricted, and \$(395,150) is unrestricted.

Water System Fund

As of June 30, 2025, the Water System Fund reported a net position of \$4,367,742, an increase of \$395,377 from the prior year. Of the entire net position, \$3,585,042 is invested in capital assets, net of related debt and \$782,700 is unrestricted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - At the end of Fiscal Year 2024/2025 the City had invested \$45,112,852, and \$339,411 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.

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

Net book value of capital assets of the primary government at June 30, 2025, was as follows:

	Governmental Activities	Business-type Activities	Totals
Land	\$ 1,199,132	\$ 301,163	\$ 1,500,295
Construction in Progress	1,080,168	16,771,890	17,852,058
Land Improvements, net	237,647	-	237,647
Buildings, net	165,510	5,175,554	5,341,064
Equipment and Furniture, net	1,843,634	1,446,821	3,290,455
Electric System Transmissions and Disbursement, net	-	2,298,906	2,298,906
Sewer Disposal System, net	-	1,206,360	1,206,360
Water System, net	-	2,745,753	2,745,753
Infrastructure: Streets and Bridges, net	10,640,314	-	10,640,314
	<u>\$ 15,166,405</u>	<u>\$ 29,946,447</u>	<u>\$ 45,112,852</u>

Outstanding Long-Term Obligations as of June 30, 2025:

Long-term Obligations - As of June 30, 2025, the City had \$18,852,128, and \$14,707 for the component units in long-term obligations outstanding for the primary government. This level of net obligation is \$39,409 less for the primary government and \$2,314 more for component units compared to the obligation recorded as of June 30, 2024. A more detailed discussion of the City's long-term obligations is presented in Note 7 to the financial statements.

	Balance June 30, 2024	Change	Balance June 30, 2025
Primary Government			
Governmental Activities			
2020 Street Sweeper contract payable	\$ 100,274	\$ (32,661)	\$ 67,613
2022 Snow Plow contract payable	107,209	(34,944)	72,265
2023 John Deere Backhoe contract payable	115,411	(20,907)	94,504
2020 Heart Monitors contract payable	39,786	(19,894)	19,892
2024 Trailer Mounted Leaf Vacuum contract payable	-	100,052	100,052
2024 Ambulance contract payable	-	285,618	285,618
2024 Heart Monitors contract payable	-	96,324	96,324
Accumulated compensated absences	269,498	(1,661)	267,837
Business-type Activities			
2020 Refunding Bonds (\$1,105,000)	795,000	(80,000)	715,000
2023 General Obligation Bonds - Electric (\$3,470,000)	3,470,000	(65,000)	3,405,000
2004 Water System Bonds (\$1,344,872)	74,872	(74,872)	-
2010 Sanitary Sewer System (\$2,900,000) (Build America Bonds)	2,288,000	(57,000)	2,231,000
2011 Sanitary Sewer System (\$840,000)	664,000	(16,000)	648,000
2022 Sanitary Sewer System (\$11,050,000)	10,552,228	(115,080)	10,437,148
Bond premiums	202,371	(10,119)	192,252
Accumulated compensated absences	212,888	6,735	219,623
	<u>\$ 18,891,537</u>	<u>\$ (39,409)</u>	<u>\$ 18,852,128</u>
Total Primary Government			

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

CITY OF PORTLAND GOVERNMENT ECONOMIC OUTLOOK:

- State revenue sharing is expected to decrease 1.6% for the City's fiscal year 2025-2026 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 \$871,653 to \$993,134, which reflects a 12% increase.
- The City is requiring all employees enrolled in the Defined Benefit plan contribute to their own pension plan. All employees will contribute 3% for the fiscal year 2025-2026.
- In 2023, Income Tax revenues increased to \$1,229,958 (8% increase), and 2024 revenues decreased to \$1,181,136 (4% decrease). In 2025, revenues increased to \$1,229,958 (6% increase).
- The City's SEV 2022 to 2023 was \$130,111,336. From 2023 to 2024, the SEV increased to \$143,936,488. From 2023 to 2024, the SEV increased to \$157,218,145. The outlook for the 2025-2026 SEV is expected to increase around eight (8%) due to increased land economic conditions, and the inflation rate multiplier.

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, 2025

	Primary Government		Total	Component Unit (DDA)
	Governmental Activities	Business-type Activities		
ASSETS				
Current assets				
Cash and cash equivalents	\$ 4,667,773	\$ 5,472,928	\$ 10,140,701	\$ 599,398
Cash and cash equivalents - restricted	-	1,652,469	1,652,469	-
Receivables	536,868	906,243	1,443,111	-
Due from other governmental units	102,792	617,481	720,273	-
Internal balances	25,070	(25,070)	-	-
Inventories	-	645,658	645,658	-
Prepays	19,370	19,301	38,671	-
Total current assets	5,351,873	9,289,010	14,640,883	599,398
Noncurrent assets				
Investments	1,284,128	996,300	2,280,428	-
Capital assets not being depreciated	2,279,300	17,073,053	19,352,353	238,620
Capital assets being depreciated, net	12,887,105	12,873,394	25,760,499	100,791
Total noncurrent assets	16,450,533	30,942,747	47,393,280	339,411
TOTAL ASSETS	21,802,406	40,231,757	62,034,163	938,809
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	813,850	435,346	1,249,196	-
Deferred outflows related to OPEB	104,860	56,091	160,951	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	918,710	491,437	1,410,147	-
LIABILITIES				
Current liabilities				
Accounts payable	120,744	806,049	926,793	27,903
Deposits payable	-	219,308	219,308	-
Accrued liabilities	109,407	62,101	171,508	3,023
Accrued interest payable	27,359	106,700	134,059	-
Current portion of compensated absences	138,383	113,472	251,855	7,599
Current portion of long-term debt	189,823	550,000	739,823	-
Total current liabilities	585,716	1,857,630	2,443,346	38,525
Noncurrent liabilities				
Customer deposits payable from restricted assets	-	67,964	67,964	-
Noncurrent portion of compensated absences	129,454	106,151	235,605	7,108
Noncurrent portion of long-term debt	546,445	17,078,400	17,624,845	-
Net pension liability	4,810,155	2,697,469	7,507,624	-
Total OPEB Liability	501,995	427,308	929,303	-
Total noncurrent liabilities	5,988,049	20,377,292	26,365,341	7,108
TOTAL LIABILITIES	6,573,765	22,234,922	28,808,687	45,633
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	8,916	4,770	13,686	-
Deferred inflows related to OPEB	301,026	161,025	462,051	-
TOTAL DEFERRED INFLOWS OF RESOURCES	309,942	165,795	475,737	-
NET POSITION				
Net investment in capital assets	14,430,137	12,218,047	26,648,184	339,411
Restricted				
Utilities	-	611,247	611,247	-
Debt service	-	536,304	536,304	-
Equipment replacement	-	436,954	436,954	-
Other purposes	1,004,352	-	1,004,352	-
Unrestricted	402,920	4,519,925	4,922,845	553,765
TOTAL NET POSITION	\$ 15,837,409	\$ 18,322,477	\$ 34,159,886	\$ 893,176

See notes to financial statements.

**CITY OF PORTLAND
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

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	
Primary government								
Governmental activities								
General government	\$ 1,498,071	\$ 613,698	\$ 125	\$ -	\$ (884,248)	\$ -	\$ (884,248)	\$ -
Public safety	720,496	4,252	120,741	-	(595,503)	-	(595,503)	-
Public works	1,716,287	103,512	701,485	3,750	(907,540)	-	(907,540)	-
Health and welfare	1,580,413	1,304,955	-	-	(275,458)	-	(275,458)	-
Community and economic development	11,873	-	-	-	(11,873)	-	(11,873)	-
Recreation and culture	556,009	91,828	11,700	-	(452,481)	-	(452,481)	-
Interest on long-term debt	33,720	-	-	-	(33,720)	-	(33,720)	-
Total governmental activities	6,116,869	2,118,245	834,051	3,750	(3,160,823)	-	(3,160,823)	-
Business-type activities								
Electric Light and Power System	5,312,135	5,165,920	-	-	-	(146,215)	(146,215)	-
Sewage Disposal System	1,471,824	1,898,345	-	537,941	-	964,462	964,462	-
Water System	791,433	901,959	-	254,865	-	365,391	365,391	-
Refuse	212,753	208,832	-	-	-	(3,921)	(3,921)	-
Total business-type activities	7,788,145	8,175,056	-	792,806	-	1,179,717	1,179,717	-
Total primary government	\$ 13,905,014	\$ 10,293,301	\$ 834,051	\$ 796,556	(3,160,823)	1,179,717	(1,981,106)	-
Component unit								
Downtown Development Authority	\$ 236,181	\$ -	\$ 61,015	\$ 10,825	-	-	-	(164,341)
General revenues								
Property taxes					1,526,588	-	1,526,588	260,607
City income taxes					1,272,977	-	1,272,977	-
State shared revenue					544,964	-	544,964	-
Local community stabilization					1,690	-	1,690	-
Investment earnings					110,897	85,174	196,071	1,829
(Loss) on sale of capital assets					(28,052)	-	(28,052)	-
Miscellaneous					125,115	33,389	158,504	45,359
Transfers					170,502	(170,502)	-	-
Total general revenues and transfers					3,724,681	(51,939)	3,672,742	307,795
Change in net position					563,858	1,127,778	1,691,636	143,454
Net position, beginning of the year, as previously reported					15,833,762	17,351,919	33,185,681	762,115
Adjustment to beginning net position					(560,211)	(157,220)	(717,431)	(12,393)
Net position, beginning of the year, as restated					15,273,551	17,194,699	32,468,250	749,722
Net position, end of the year					\$ 15,837,409	\$ 18,322,477	\$ 34,159,886	\$ 893,176

See notes to financial statements.

**CITY OF PORTLAND
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025**

	General	City Income Tax	Major Street	Ambulance	Nonmajor Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 938,902	\$ 2,694,648	\$ 348,795	\$ 17,464	\$ 378,706	\$ 4,378,515
Investments	1,284,128	-	-	-	-	1,284,128
Receivables						
Taxes	462	233,743	-	-	-	234,205
Accounts	12,143	-	175	290,248	24	302,590
Due from other governmental units	-	-	76,311	-	26,481	102,792
Due from other funds	100,070	-	12,597	-	-	112,667
Prepays	7,670	95	2,664	5,169	3,329	18,927
TOTAL ASSETS	\$ 2,343,375	\$ 2,928,486	\$ 440,542	\$ 312,881	\$ 408,540	\$ 6,433,824
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 62,986	\$ 1,643	\$ 23,014	\$ 9,291	\$ 16,569	\$ 113,503
Accrued liabilities	55,010	3,204	5,649	33,199	11,355	108,417
Due to other funds	-	12,597	-	15,000	20,000	47,597
TOTAL LIABILITIES	117,996	17,444	28,663	57,490	47,924	269,517
FUND BALANCES						
Nonspendable						
Prepays	7,670	95	2,664	5,169	3,329	18,927
Perpetual care	-	-	-	-	203,115	203,115
Land held for resale	1,028,016	-	-	-	-	1,028,016
Restricted						
Streets	-	-	409,215	-	127,389	536,604
Ambulance	-	-	-	250,222	-	250,222
Public works	7,276	-	-	-	-	7,276
Committed						
Street improvements	-	2,910,947	-	-	-	2,910,947
Assigned						
Recreation	-	-	-	-	26,783	26,783
Subsequent year's expenditures	168,703	-	-	-	-	168,703
Unassigned	1,013,714	-	-	-	-	1,013,714
TOTAL FUND BALANCES	2,225,379	2,911,042	411,879	255,391	360,616	6,164,307
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,343,375	\$ 2,928,486	\$ 440,542	\$ 312,881	\$ 408,540	\$ 6,433,824

See notes to financial statements.

**CITY OF PORTLAND
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Total fund balances - governmental funds \$ 6,164,307

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	\$ 31,050,805	
Accumulated depreciation is	<u>(16,518,406)</u>	
Capital assets, net		14,532,399

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. 339,847

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	804,482	
Deferred outflows of resources related to OPEB	103,653	
Deferred inflows of resources related to pensions	(8,813)	
Deferred inflows of resources related to OPEB	<u>(297,561)</u>	
		601,761

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:

Accrued interest payable	(20,127)	
Compensated absences	(266,750)	
Direct obligations	(401,834)	
Net pension liability	(4,637,047)	
Total OPEB liability	<u>(475,147)</u>	
		<u>(5,800,905)</u>

Net position of governmental activities \$ 15,837,409

**CITY OF PORTLAND
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2025**

	General	City Income Tax	Major Street	Ambulance	Nonmajor Governmental Funds	Total
REVENUES						
Taxes	\$ 1,395,522	\$ 1,243,342	\$ -	\$ -	\$ 195,680	\$ 2,834,544
Special assessments	-	486	-	-	-	486
Licenses and permits	36,445	-	-	-	-	36,445
Intergovernmental	670,817	-	531,252	-	183,983	1,386,052
Charges for services	584,939	-	-	1,304,955	97,378	1,987,272
Fines and forfeits	12,576	29,635	-	-	-	42,211
Interest and rents	33,096	87,691	1,714	818	1,008	124,327
Other	72,737	24	24,569	363	29,247	126,940
TOTAL REVENUES	2,806,132	1,361,178	557,535	1,306,136	507,296	6,538,277
EXPENDITURES						
Current						
General government	1,013,757	279,812	-	-	-	1,293,569
Public safety	1,039,243	-	-	-	-	1,039,243
Public works	226,238	-	995,247	-	367,897	1,589,382
Health and welfare	113,880	-	-	1,585,063	-	1,698,943
Community and economic development	34,697	-	-	-	-	34,697
Recreation and culture	199,492	-	-	-	141,535	341,027
Capital outlay	226,252	-	-	-	10,000	236,252
Debt service	-	-	-	777	-	777
TOTAL EXPENDITURES	2,853,559	279,812	995,247	1,585,840	519,432	6,233,890
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(47,427)	1,081,366	(437,712)	(279,704)	(12,136)	304,387
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets	7,209	-	-	2,945	-	10,154
Debt proceeds	-	-	-	401,165	-	401,165
Transfers in	240,696	-	513,759	-	86,250	840,705
Transfers out	(30,000)	(589,824)	(50,000)	-	(379)	(670,203)
TOTAL OTHER FINANCING SOURCES (USES)	217,905	(589,824)	463,759	404,110	85,871	581,821
NET CHANGE IN FUND BALANCES	170,478	491,542	26,047	124,406	73,735	886,208
Fund balances, beginning of year	2,054,901	2,419,500	385,832	130,985	286,881	5,278,099
Fund balances, end of year	<u>\$ 2,225,379</u>	<u>\$ 2,911,042</u>	<u>\$ 411,879</u>	<u>\$ 255,391</u>	<u>\$ 360,616</u>	<u>\$ 6,164,307</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, 2025

Net change in fund balances - total governmental funds \$ 886,208

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	\$ 932,518	
Depreciation expense	<u>(782,192)</u>	
Excess of capital outlay over depreciation expense		150,326

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		(48,149)
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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:

Debt proceeds	(401,165)	
Long-term debt principal retirements	<u>39,117</u>	
		(362,048)

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 accrued interest payable	(20,127)	
Change in compensated absences	1,129	
Change in net pension liability	128,993	
Change in total OPEB liability	17,917	
Change in deferred outflows of resources related to pension	(181,547)	
Change in deferred inflows of resources related to pension	(8,813)	
Change in deferred outflows of resources related to OPEB	(5,374)	
Change in deferred inflows of resources related to OPEB	<u>5,343</u>	
		<u>(62,479)</u>

Change in net position of governmental activities		<u><u>\$ 563,858</u></u>
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**CITY OF PORTLAND
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2025**

	Business-type Activities				Total	Governmental
	Electric Light and Power System	Sewage Disposal System	Water System	Nonmajor Enterprise Fund (Refuse)		Internal Service Fund
ASSETS						
Current assets						
Cash and cash equivalents	\$ 3,786,846	\$ 537,489	\$ 1,132,024	\$ 16,569	\$ 5,472,928	\$ 289,258
Cash and cash equivalents - restricted	577,050	1,040,492	34,927	-	1,652,469	-
Accounts receivable	616,542	177,293	92,529	19,879	906,243	73
Due from other governmental units	-	604,985	12,496	-	617,481	-
Due from other funds	500,000	-	40,000	-	540,000	-
Inventories	594,911	-	50,747	-	645,658	-
Prepays	15,985	1,012	2,304	-	19,301	443
Total current assets	6,091,334	2,361,271	1,365,027	36,448	9,854,080	289,774
Noncurrent assets						
Investments	996,300	-	-	-	996,300	-
Capital assets not being depreciated	1,720,470	14,616,101	736,482	-	17,073,053	-
Capital assets being depreciated, net	5,618,202	4,406,632	2,848,560	-	12,873,394	634,006
Total noncurrent assets	8,334,972	19,022,733	3,585,042	-	30,942,747	634,006
TOTAL ASSETS	14,426,306	21,384,004	4,950,069	36,448	40,796,827	923,780
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pension	262,831	101,436	71,079	-	435,346	9,368
Deferred outflows related to OPEB	33,864	13,069	9,158	-	56,091	1,207
TOTAL DEFERRED OUTFLOWS OF RESOURCES	296,695	114,505	80,237	-	491,437	10,575
LIABILITIES						
Current liabilities						
Accounts payable	412,787	334,515	40,611	18,136	806,049	7,241
Deposits payable	219,308	-	-	-	219,308	-
Accrued liabilities	38,709	12,808	10,584	-	62,101	990
Accrued interest payable	42,301	64,399	-	-	106,700	7,232
Due to other funds	-	565,070	-	-	565,070	40,000
Current portion of compensated absences	64,596	11,111	37,765	-	113,472	562
Current portion of long-term debt	200,000	350,000	-	-	550,000	-
Total current liabilities	977,701	1,337,903	88,960	18,136	2,422,700	56,025
Noncurrent liabilities						
Customer deposits payable from restricted assets	-	33,037	34,927	-	67,964	-
Noncurrent portion of compensated absences	60,428	10,395	35,328	-	106,151	525
Noncurrent portion of long-term debt	4,112,252	12,966,148	-	-	17,078,400	334,434
Net pension liability	1,523,286	782,142	392,041	-	2,697,469	173,108
Total OPEB Liability	231,706	111,364	84,238	-	427,308	26,848
Total noncurrent liabilities	5,927,672	13,903,086	546,534	-	20,377,292	534,915
TOTAL LIABILITIES	6,905,373	15,240,989	635,494	18,136	22,799,992	590,940
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pension	2,880	1,111	779	-	4,770	103
Deferred inflows related to OPEB	97,215	37,519	26,291	-	161,025	3,465
TOTAL DEFERRED INFLOWS OF RESOURCES	100,095	38,630	27,070	-	165,795	3,568
NET POSITION						
Net investment in capital assets	3,026,420	5,606,585	3,585,042	-	12,218,047	299,572
Restricted for utility reserve	453,086	158,161	-	-	611,247	-
Restricted for debt service	123,964	412,340	-	-	536,304	-
Restricted for equipment replacement	-	436,954	-	-	436,954	-
Unrestricted	4,114,063	(395,150)	782,700	18,312	4,519,925	40,275
TOTAL NET POSITION	\$ 7,717,533	\$ 6,218,890	\$ 4,367,742	\$ 18,312	\$ 18,322,477	\$ 339,847

See notes to financial statements.

**CITY OF PORTLAND
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2025**

	Business-type Activities			Nonmajor Enterprise Fund (Refuse)	Total	Governmental Activities
	Electric Light and Power System	Sewage Disposal System	Water System			Internal Service Fund
OPERATING REVENUES						
Charges for services						
User charges	\$ 5,165,920	\$ 1,898,345	\$ 901,959	\$ 208,832	\$ 8,175,056	\$ 306,614
Other	24,857	4,606	2,472	1,454	33,389	1,849
TOTAL OPERATING REVENUES	5,190,777	1,902,951	904,431	210,286	8,208,445	308,463
OPERATING EXPENSES						
Salaries and wages	717,878	277,045	200,277	-	1,195,200	26,188
Fringe benefits	533,061	159,600	103,355	-	796,016	25,605
Contractual services	89,699	73,542	61,532	212,753	437,526	2,426
Supplies	119,561	99,678	23,050	-	242,289	33,038
Heat, light, and power	2,614,476	101,029	50,795	-	2,766,300	4,181
Communications	5,424	1,569	628	-	7,621	529
Insurance and bonds	27,823	8,262	4,472	-	40,557	17,047
Repairs and maintenance	154,310	59,950	80,847	-	295,107	49,880
Administrative services	178,609	80,721	18,998	-	278,328	7,279
Building and equipment rental	82,456	39,953	38,033	-	160,442	-
Other	189,890	4,236	2,793	-	196,919	888
Depreciation	414,399	257,860	206,185	-	878,444	142,552
TOTAL OPERATING EXPENSES	5,127,586	1,163,445	790,965	212,753	7,294,749	309,613
OPERATING INCOME (LOSS)	63,191	739,506	113,466	(2,467)	913,696	(1,150)
NONOPERATING INCOME (EXPENSES)						
Intergovernmental	-	537,941	254,865	-	792,806	-
Interest earned	59,933	12,513	12,610	118	85,174	3,279
(Loss) on disposal of assets	-	-	-	-	-	(38,206)
Amortization, net	10,119	-	-	-	10,119	-
Interest expense and fees	(194,668)	(308,379)	(468)	-	(503,515)	(12,072)
TOTAL NONOPERATING REVENUES (EXPENSES)	(124,616)	242,075	267,007	118	384,584	(46,999)
INCOME (LOSS) BEFORE TRANSFERS	(61,425)	981,581	380,473	(2,349)	1,298,280	(48,149)
Transfers in	-	15,655	60,410	-	76,065	-
Transfers out	(133,391)	(67,670)	(45,506)	-	(246,567)	-
CHANGE IN NET POSITION	(194,816)	929,566	395,377	(2,349)	1,127,778	(48,149)
Net position, beginning of year, as previously reported	7,997,105	5,301,216	4,032,937	20,661	17,351,919	387,996
Adjustment to beginning net position	(84,756)	(11,892)	(60,572)	-	(157,220)	-
Net position, beginning of year, as restated	7,912,349	5,289,324	3,972,365	20,661	17,194,699	387,996
Net position, end of year	\$ 7,717,533	\$ 6,218,890	\$ 4,367,742	\$ 18,312	\$ 18,322,477	\$ 339,847

See notes to financial statements.

**CITY OF PORTLAND
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025**

	Business-type Activities				Total	Governmental Activities
	Electric Light and Power System	Sewage Disposal System	Water System	Nonmajor Enterprise Fund (Refuse)		Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash receipts from customers	\$ 4,692,978	\$ 2,044,985	\$ 1,050,530	\$ 209,408	\$ 7,997,901	\$ 308,390
Cash paid to suppliers	(3,331,219)	(558,490)	(464,844)	(210,944)	(4,565,497)	(130,838)
Cash paid to employees	(1,230,318)	(418,891)	(283,645)	-	(1,932,854)	(51,684)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>131,441</u>	<u>1,067,604</u>	<u>302,041</u>	<u>(1,536)</u>	<u>1,499,550</u>	<u>125,868</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers out	(133,391)	(67,670)	(45,506)	-	(246,567)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Intergovernmental	-	537,941	254,865	-	792,806	-
Transfers in	-	15,655	60,410	-	76,065	-
Debt proceeds	-	149,920	-	-	149,920	100,052
Payments of borrowing	(145,000)	(338,000)	(74,872)	-	(557,872)	(88,512)
Interest paid	(217,569)	(302,853)	(936)	-	(521,358)	(10,451)
Purchase of capital assets	(1,252,639)	(1,832,268)	(309,975)	-	(3,394,882)	(134,570)
Proceed from sale of capital assets	-	-	-	-	-	4,589
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,615,208)</u>	<u>(1,769,605)</u>	<u>(70,508)</u>	<u>-</u>	<u>(3,455,321)</u>	<u>(128,892)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments	(18,636)	-	-	-	(18,636)	-
Interest received	59,933	12,513	12,610	118	85,174	3,279
NET CASH PROVIDED INVESTING ACTIVITIES	<u>41,297</u>	<u>12,513</u>	<u>12,610</u>	<u>118</u>	<u>66,538</u>	<u>3,279</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(1,575,861)</u>	<u>(757,158)</u>	<u>198,637</u>	<u>(1,418)</u>	<u>(2,135,800)</u>	<u>255</u>
Cash and cash equivalents, beginning of year	5,939,757	2,335,139	968,314	17,987	9,261,197	289,003
Cash and cash equivalents, end of year	<u>\$ 4,363,896</u>	<u>\$ 1,577,981</u>	<u>\$ 1,166,951</u>	<u>\$ 16,569</u>	<u>\$ 7,125,397</u>	<u>\$ 289,258</u>
Reconciliation to Statement of Net Position						
Cash and cash equivalents	\$ 3,786,846	\$ 537,489	\$ 1,132,024	\$ 16,569	\$ 5,472,928	\$ 289,258
Cash and cash equivalents - restricted	577,050	1,040,492	34,927	-	1,652,469	-
Total cash and cash equivalents, end of year	<u>\$ 4,363,896</u>	<u>\$ 1,577,981</u>	<u>\$ 1,166,951</u>	<u>\$ 16,569</u>	<u>\$ 7,125,397</u>	<u>\$ 289,258</u>

See notes to financial statements.

**CITY OF PORTLAND
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS (CONTINUED)
 YEAR ENDED JUNE 30, 2025**

	Business-type Activities				Total	Governmental Activities
	Electric Light and Power System	Sewage Disposal System	Water System	Nonmajor Enterprise Fund (Refuse)		Internal Service Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ 63,191	\$ 739,506	\$ 113,466	\$ (2,467)	\$ 913,696	\$ (1,150)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation	414,399	257,860	206,185	-	878,444	142,552
(Increase) decrease in:						
Accounts receivable	2,201	(12,687)	6,854	(878)	(4,510)	(73)
Due from other governments	-	149,336	(12,496)	-	136,840	-
Due from other funds	(500,000)	154,271	151,571	-	(194,158)	-
Inventories	(6,901)	-	(6,700)	-	(13,601)	-
Prepays	(939)	(48)	(956)	-	(1,943)	(42)
Deferred outflows of resources	78,302	42,006	30,758	-	151,066	2,555
Increase (decrease) in:						
Accounts payable	134,194	(738,838)	(176,040)	1,809	(778,875)	(5,528)
Deposits payable	4,675	-	-	-	4,675	-
Accrued liabilities	(6,053)	(1,067)	5,840	-	(1,280)	(671)
Due to other funds	-	500,000	-	-	500,000	(10,000)
Customer deposits	-	450	170	-	620	-
Net pension liability	(42,142)	(16,264)	(11,397)	-	(69,803)	(1,502)
Total OPEB liability	(5,852)	(2,258)	(1,582)	-	(9,692)	(209)
Deferred inflows of resources	(3,634)	(4,663)	(3,632)	-	(11,929)	(64)
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>\$ 131,441</u>	 <u>\$ 1,067,604</u>	 <u>\$ 302,041</u>	 <u>\$ (1,536)</u>	 <u>\$ 1,499,550</u>	 <u>\$ 125,868</u>

**CITY OF PORTLAND
 FIDUCIARY FUND
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2025**

	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, 2025**

	<u>Custodial Fund</u> Tax <u>Collection</u>
ADDITIONS	
Property tax collections for other governmental units	\$ 3,691,906
DEDUCTIONS	
Property tax distributions for other governmental units	<u>3,691,906</u>
Net change in fiduciary net position	-
NET POSITION	
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, 2024, are available at PAMA's administrative offices. As of December 31, 2024, PAMA had a net position of \$434,865.

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, 2024, are available at PAFA's administrative offices. As of June 30, 2024, the most recent financial statements available, PAFA had a net position of \$1,460,698.

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 *Major Street Fund* is used to account for restricted Act 51 resources that are used for repairs and maintenance of the City's major streets.
- d. The *Ambulance Fund* is used to account for restricted funds received and expended for health and welfare.

Additionally, 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. *Special Revenue Funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects that comprise or are expected to comprise a substantial portion of the fund's total reported inflows.
- b. *Capital Projects Funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENTS**

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

Basis of Presentation (continued)

- c. *Permanent Funds* are used to account for and report resources that are legally restricted such that only earnings, and not principal, may be used to support the reporting government's programs for the benefit of the government or its citizens.
- d. *Internal Service Funds* account for the management of motor vehicle pool provided to various departments of the City on cost reimbursement basis.
- e. *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.

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.

CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENTS

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

Basis of Accounting (continued)

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.

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.

**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)

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.
- 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.

**CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENTS**

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

Prepays

Prepaid expenditures, such as insurance premiums, which are expected to be written off within the next fiscal year, are included in net current assets. Reported prepaid expenditures in the governmental funds are equally offset by nonspendable fund balance, which indicates they do not constitute “available spendable resources” even though they are a component of fund balance.

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.

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. Land and construction in progress is not depreciated. 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

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. For proprietary funds, the cost is recorded as a fund liability when incurred.

CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENTS

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

Compensated Absences (continued)

Paid time off is earned in varying amounts depending on the number of years of service of an employee and is made available on the anniversary date of the employee. The liability for compensated absences includes salary-related benefits, where applicable.

Upon termination, an employee receives payment for the balance of unused vacation, which has been credited to an employee.

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.

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, 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.

**CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENTS**

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

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, 2025, the City levied 12.4831 mills per \$1,000 of taxable valuation for general governmental services, and 0.9862 mills for local streets. The total taxable value for the 2024 levy for property within the City was \$120,411,862.

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.

**CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENTS**

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

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.

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.

**CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENTS**

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

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 cash equivalents, 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, 2025.

	Primary Government	Component Unit	Reporting Entity
Cash and cash equivalents	\$ 10,140,701	\$ 599,398	\$ 10,740,099
Cash and cash equivalents - restricted	1,652,469	-	1,652,469
Investments - noncurrent	2,280,428	-	2,280,428
	\$ 14,073,598	\$ 599,398	\$ 14,672,996

As of June 30, 2025, the City had deposits and investments summarized by the following categorization:

Deposits	
Checking	\$ 11,591,892
Savings	2,237
Money Market	642,865
Certificates of Deposit	244,118
Petty cash	893
Investments	986,795
Deposits with Michigan Public Power Agency	176,180
Land held for resale	1,028,016
	\$ 14,672,996

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, 2025, \$11,200,847 of the City's bank balance of \$12,551,497 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.

**CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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.

Investment Type	Fair Value	Weighted Average Maturity (years)
U.S. Governmental Securities	\$ 986,795	0.81

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, 2025, 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.

**CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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.

	Fair Value Measurements			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
PRIMARY GOVERNMENT				
U.S. Governmental Securities	\$ 986,795	\$ -	\$ -	\$ 986,795
Land held for resale	-	-	1,028,016	1,028,016
	\$ 986,795	\$ -	\$ 1,028,016	\$ 2,014,811

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.

**CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - CASH AND CASH EQUIVALENTS - RESTRICTED

The following summarizes the restricted cash and cash equivalents as of June 30, 2025:

	<u>Customer Deposits</u>	<u>Debt Retirement</u>	<u>Repairs and Improvements</u>	<u>Restricted Utility Reserve</u>	<u>Total</u>
Enterprise Funds	\$ 67,964	\$ 536,304	\$ 436,954	\$ 611,247	\$ 1,652,469

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables at June 30, 2025, are as follows:

	<u>Due from Other Funds</u>				<u>Total</u>
	<u>Governmental Funds</u>		<u>Proprietary Funds</u>		
	<u>General Fund</u>	<u>Major Street Fund</u>	<u>Electric Light and Power System Fund</u>	<u>Water Fund</u>	
Due to Other Funds					
Governmental Funds					
City Income Tax Fund	\$ -	\$ 12,597	\$ -	\$ -	\$ 12,597
Ambulance Fund	15,000	-	-	-	15,000
Nonmajor Funds	20,000	-	-	-	20,000
Total Governmental Funds	<u>35,000</u>	<u>12,597</u>	<u>-</u>	<u>-</u>	<u>47,597</u>
Proprietary Funds					
Enterprise Funds					
Sewer Fund	65,070	-	500,000	-	565,070
Internal Service Fund	-	-	-	40,000	40,000
Total Proprietary Funds	<u>65,070</u>	<u>-</u>	<u>500,000</u>	<u>40,000</u>	<u>605,070</u>
Total	<u>\$ 100,070</u>	<u>\$ 12,597</u>	<u>\$ 500,000</u>	<u>\$ 40,000</u>	<u>\$ 652,667</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.

**CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENTS**

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 In					Total
	Governmental Funds			Proprietary Funds		
	General Fund	Major Street Fund	Nonmajor Funds	Sewage Disposal System Fund	Water Fund	
Transfer Out						
Governmental Funds						
General Fund	\$ -	\$ -	\$ 30,000	\$ -	\$ -	\$ 30,000
City Income Tax Fund	-	513,759	-	15,655	60,410	589,824
Major Street Fund	-	-	50,000	-	-	50,000
Nonmajor Funds	379	-	-	-	-	379
Total Governmental Funds	<u>379</u>	<u>513,759</u>	<u>80,000</u>	<u>15,655</u>	<u>60,410</u>	<u>670,203</u>
Proprietary Funds						
Enterprise Funds						
Electric Light and Power System Fund	133,391	-	-	-	-	133,391
Sewage Disposal System Fund	67,670	-	-	-	-	67,670
Water Fund	39,256	-	6,250	-	-	45,506
Total Proprietary Funds	<u>240,317</u>	<u>-</u>	<u>6,250</u>	<u>-</u>	<u>-</u>	<u>246,567</u>
Total	<u>\$ 240,696</u>	<u>\$ 513,759</u>	<u>\$ 86,250</u>	<u>\$ 15,655</u>	<u>\$ 60,410</u>	<u>\$ 916,770</u>

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

**CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, was as follows:

Primary Government

	Restated Balance <u>July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2025</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,199,132	\$ -	\$ -	\$ 1,199,132
Construction in progress	<u>575,443</u>	<u>504,725</u>	<u>-</u>	<u>1,080,168</u>
Subtotal	<u>1,774,575</u>	<u>504,725</u>	<u>-</u>	<u>2,279,300</u>
Capital assets being depreciated				
Land improvements	360,413	-	-	360,413
Buildings and additions	459,809	-	-	459,809
Equipment and furniture	3,803,430	562,363	(530,473)	3,835,320
Infrastructure - streets and bridges	<u>25,965,620</u>	<u>-</u>	<u>-</u>	<u>25,965,620</u>
Subtotal	30,589,272	562,363	(530,473)	30,621,162
Less accumulated depreciation for:				
Land improvements	(94,790)	(27,976)	-	(122,766)
Buildings and additions	(279,993)	(14,306)	-	(294,299)
Equipment and furniture	(2,195,544)	(283,820)	487,678	(1,991,686)
Infrastructure - streets and bridges	<u>(14,726,664)</u>	<u>(598,642)</u>	<u>-</u>	<u>(15,325,306)</u>
Subtotal	<u>(17,296,991)</u>	<u>(924,744)</u>	<u>487,678</u>	<u>(17,734,057)</u>
Net capital assets being depreciated	<u>13,292,281</u>	<u>(362,381)</u>	<u>(42,795)</u>	<u>12,887,105</u>
Capital assets, net	<u>\$ 15,066,856</u>	<u>\$ 142,344</u>	<u>\$ (42,795)</u>	<u>\$ 15,166,405</u>

Depreciation expense was charged to the following governmental activities:

General government	\$ 135,712
Public safety	105,546
Public works	640,061
Health and welfare	21,370
Recreation and culture	18,251
Community and economic development	<u>3,804</u>
Total depreciation expense	<u>\$ 924,744</u>

**CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - CAPITAL ASSETS (continued)

Primary Government (continued)

	Balance July 1, 2024	Additions	Deletions	Reclassification	Balance June 30, 2025
Business-type Activities (Electric Light and Power System)					
Capital assets not being depreciated					
Land	\$ 275,807	\$ -	\$ -	\$ -	\$ 275,807
Construction in progress	719,688	1,193,809	-	(468,834)	1,444,663
Subtotal	<u>995,495</u>	<u>1,193,809</u>	<u>-</u>	<u>(468,834)</u>	<u>1,720,470</u>
Capital assets being depreciated					
Buildings	5,049,077	-	-	-	5,049,077
Transmission and disbursement	7,187,052	-	-	-	7,187,052
Equipment	1,453,730	58,830	(20,495)	468,834	1,960,899
Subtotal	<u>13,689,859</u>	<u>58,830</u>	<u>(20,495)</u>	<u>468,834</u>	<u>14,197,028</u>
Less accumulated depreciation for:					
Buildings	(2,394,252)	(125,899)	-	-	(2,520,151)
Transmissions and disbursement	(4,693,598)	(194,548)	-	-	(4,888,146)
Equipment	(1,097,072)	(93,952)	20,495	-	(1,170,529)
Subtotal	<u>(8,184,922)</u>	<u>(414,399)</u>	<u>20,495</u>	<u>-</u>	<u>(8,578,826)</u>
Net capital assets being depreciated	<u>5,504,937</u>	<u>(355,569)</u>	<u>-</u>	<u>468,834</u>	<u>5,618,202</u>
Capital assets, net	<u>\$ 6,500,432</u>	<u>\$ 838,240</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,338,672</u>

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Business-type Activities (Sewage Disposal System)				
Capital assets not being depreciated				
Land	\$ 11,003	\$ -	\$ -	\$ 11,003
Construction in progress	12,782,570	1,822,528	-	14,605,098
Subtotal	<u>12,793,573</u>	<u>1,822,528</u>	<u>-</u>	<u>14,616,101</u>
Capital assets being depreciated				
Buildings	4,455,040	-	-	4,455,040
Sewage Disposal System	3,920,478	-	-	3,920,478
Equipment	689,448	9,740	-	699,188
Subtotal	<u>9,064,966</u>	<u>9,740</u>	<u>-</u>	<u>9,074,706</u>
Less accumulated depreciation for:				
Building	(1,712,171)	(96,241)	-	(1,808,412)
Sewage Disposal System	(2,587,318)	(126,800)	-	(2,714,118)
Equipment	(110,725)	(34,819)	-	(145,544)
Subtotal	<u>(4,410,214)</u>	<u>(257,860)</u>	<u>-</u>	<u>(4,668,074)</u>
Net capital assets being depreciated	<u>4,654,752</u>	<u>(248,120)</u>	<u>-</u>	<u>4,406,632</u>
Capital assets, net	<u>\$ 17,448,325</u>	<u>\$ 1,574,408</u>	<u>\$ -</u>	<u>\$ 19,022,733</u>

**CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - CAPITAL ASSETS (continued)

Primary Government (continued)

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Business-type Activities (Water System)				
Capital assets not being depreciated				
Land	\$ 14,353	\$ -	\$ -	\$ 14,353
Construction in progress	412,154	309,975	-	722,129
Subtotal	426,507	309,975	-	736,482
Capital assets being depreciated				
Water System	6,780,172	-	-	6,780,172
Equipment	313,740	-	-	313,740
Subtotal	7,093,912	-	-	7,093,912
Less accumulated depreciation for:				
Water System	(3,841,656)	(192,763)	-	(4,034,419)
Equipment	(197,511)	(13,422)	-	(210,933)
Subtotal	(4,039,167)	(206,185)	-	(4,245,352)
Net capital assets being depreciated	3,054,745	(206,185)	-	2,848,560
Capital assets, net	<u>\$ 3,481,252</u>	<u>\$ 103,790</u>	<u>\$ -</u>	<u>\$ 3,585,042</u>

Component Unit

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Component Unit (DDA)				
Capital assets not being depreciated				
Land	\$ 46,400	\$ -	\$ -	\$ 46,400
Construction in progress	-	192,220	-	192,220
Subtotal	46,400	192,220	-	238,620
Capital assets being depreciated				
Downtown improvements	703,381	-	-	703,381
City Hall building	2,601,000	-	-	2,601,000
Subtotal	3,304,381	-	-	3,304,381
Less accumulated depreciation for:				
Downtown improvements	(579,063)	(23,527)	-	(602,590)
City Hall building	(2,601,000)	-	-	(2,601,000)
Subtotal	(3,180,063)	(23,527)	-	(3,203,590)
Net capital assets being depreciated	124,318	(23,527)	-	100,791
Capital assets, net	<u>\$ 170,718</u>	<u>\$ 168,693</u>	<u>\$ -</u>	<u>\$ 339,411</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, 2025.

	Restated Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Due Within One Year
PRIMARY GOVERNMENT					
Governmental Activities					
Direct borrowings and direct placements					
2020 Street Sweeper contract payable	\$ 100,274	\$ -	\$ (32,661)	\$ 67,613	\$ 33,419
2022 Snow Plow contract payable	107,209	-	(34,944)	72,265	35,730
2023 John Deere Backhoe contract payable	115,411	-	(20,907)	94,504	21,942
2020 Heart Monitors contract payable	39,786	-	(19,894)	19,892	19,892
2024 Trailer Mounted Leaf Vacuum contract payable	-	100,052	-	100,052	32,310
2024 Ambulance contract payable	-	285,618	-	285,618	34,597
2024 Heart Monitors contract payable	-	115,547	(19,223)	96,324	11,933
Compensated absences*	269,498	-	(1,661)	267,837	138,383
Total governmental activities	632,178	501,217	(129,290)	1,004,105	328,206
Business-type Activities					
Other long-term obligations					
2020 Refunding Bonds - Electric	795,000	-	(80,000)	715,000	85,000
2023 General Obligation Bonds - Electric	3,470,000	-	(65,000)	3,405,000	115,000
2004 Water System Bonds	74,872	-	(74,872)	-	-
2011 Sanitary Sewer System Bonds	664,000	-	(16,000)	648,000	17,000
2010 Sanitary Sewer System Bonds	2,288,000	-	(57,000)	2,231,000	58,000
2022 Sanitary Sewer System Bonds	10,552,228	149,920	(265,000)	10,437,148	275,000
Bond premium	202,371	-	(10,119)	192,252	-
Compensated absences*	212,888	6,735	-	219,623	113,472
Total business-type activities	18,259,359	156,655	(567,991)	17,848,023	663,472
TOTAL PRIMARY GOVERNMENT	18,891,537	657,872	(697,281)	18,852,128	991,678
COMPONENT UNIT					
Downtown Development Authority					
Compensated absences*	12,393	2,314	-	14,707	7,599
TOTAL REPORTING ENTITY	\$ 18,903,930	\$ 660,186	\$ (697,281)	\$ 18,866,835	\$ 999,277

* The change in compensated absences is presented as a net change.

**CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - LONG-TERM OBLIGATIONS (continued)

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

Primary Government - Direct Borrowings and Direct Placements

Installment Purchase Agreements

<p>\$224,400 Installment Purchase Agreement dated July 10, 2020, due in annual installments ranging from \$33,419 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.</p>	<p>\$ 67,613</p>
<p>\$175,000 Installment Purchase Agreement dated November 15, 2021, due in annual installments ranging from \$35,730 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.</p>	<p>72,265</p>
<p>\$115,411 Installment Purchase Agreement dated September 18, 2023, due in annual installments ranging from \$21,942 to \$25,366 through November 1, 2028, with interest at 4.95%, payable annually. The purchase agreement is secured by the real property purchased.</p>	<p>94,504</p>
<p>\$19,468 Installment Purchase Agreement dated August 6, 2020, due in annual installment of \$19,892 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.</p>	<p>19,892</p>
<p>\$100,052 Installment Purchase Agreement dated November 5, 2024, due in annual installments ranging from \$32,310 to \$34,616, through October 1, 2027, with interest of 4.50% payable annually. The purchase agreement is secured by the real property purchased.</p>	<p>100,052</p>
<p>\$285,618 Installment Purchase Agreement dated July 9, 2024, due in annual installments ranging from \$34,597 to \$46,941, through August 1, 2031, with interest of 4.85% payable annually. The purchase agreement is secured by the real property purchased.</p>	<p>285,618</p>
<p>\$115,547 Installment Purchase Agreement dated July 18, 2024, due in annual installments ranging from \$11,933 to \$23,706, through September 1, 2029, with interest of 7.25% payable annually. The purchase agreement is secured by the real property purchased.</p>	<p>96,324</p>
	<hr style="border-top: 1px solid black;"/> <p>\$ 736,268</p> <hr style="border-top: 3px double black;"/>

**CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - LONG-TERM OBLIGATIONS (continued)

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 \$85,000 to \$100,000 through April 1, 2033, with interest of 2.35%, payable semi-annually.	\$ 715,000
\$3,470,000 General Obligation Limited Tax Bonds dated December 12, 2023, due in annual installments ranging from \$15,000 to \$255,000 through June 30, 2044, with interest ranging from 4.00% to 5.00%, payable annually.	3,405,000
\$840,000 Sanitary Sewer System Revenue Bonds dated March 9, 2011, due in annual installments ranging from \$17,000 to \$36,000 through December 1, 2050, with interest of 3.00%, payable semi-annually.	648,000
\$2,900,000 Sanitary Sewer System Revenue Bonds dated December 29, 2010, due in annual installments ranging from \$58,000 to \$121,000 through December 1, 2050, with interest of 3.00%, payable semi-annually.	2,231,000
\$11,050,000 Sanitary Sewer System Revenue Bonds dated September 20, 2022, due in annual installments ranging from \$275,000 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, 2025.	10,437,148
Plus bond premium on 2023 General Obligation Bonds.	192,252
	\$ 17,628,400

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, 2025, bonds due and payable April 1, 2024 through April 1, 2033, for the 2008 Capital Improvement Bonds - Electric debt in the amount of \$720,000 are considered defeased.

**CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - LONG-TERM OBLIGATIONS (continued)

Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, multiple types of leave qualify for recognition as a compensated absences liability. This liability, including salary related benefits, has been accrued on the government-wide financial statements.

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		Electric System Bonds		Sanitary Sewer System Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 189,823	\$ 34,426	\$ 200,000	\$ 169,203	\$ 350,000	\$ 199,836
2027	182,552	27,498	205,000	161,455	357,000	194,634
2028	117,810	19,896	210,000	153,458	365,000	189,304
2029	87,965	13,567	215,000	145,210	371,000	183,861
2030	66,406	8,505	230,000	136,713	379,000	178,304
2031-2035	91,712	6,725	1,090,000	541,380	2,049,000	1,266,770
2036-2040	-	-	1,010,000	318,450	2,287,000	1,016,770
2041-2045	-	-	960,000	98,000	2,570,000	735,932
2046-2050	-	-	-	-	2,879,000	441,636
2051-2054	-	-	-	-	1,709,148	104,355
	<u>\$ 736,268</u>	<u>\$ 110,617</u>	<u>\$ 4,120,000</u>	<u>\$ 1,723,869</u>	<u>\$ 13,316,148</u>	<u>\$ 4,511,402</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.

**CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - RETIREMENT PLANS (continued)

Defined Benefit Plan (continued)

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.

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, 2024, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	44
Inactive employees or beneficiaries entitled to but not yet receiving benefits	17
Active employees	<u>36</u>
	<u>97</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 5.16% to 5.88% based on annual payroll for open divisions. Three divisions closed to new employees had a total annual contribution of \$993,134.

Payable to the Pension Plan

At June 30, 2025, there were no amounts outstanding by the City for contributions to the pension plan required for the year ended June 30, 2025.

CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - RETIREMENT PLANS (continued)

Defined Benefit Plan (continued)

Net Pension Liability

The employer's net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2024 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: 7.18%, 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 2019-2023 Five-year Experience Study.

Changes in Assumptions

Adopted the results of an experience study covering the period of January 1, 2019 through December 31, 2023.

Changes in Benefits

There were no changes of benefit terms during plan year 2024.

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%	2.15%	0.43%
Private investments	<u>20.00%</u>	6.50%	<u>1.30%</u>
	<u>100.00%</u>		4.43%
Inflation			<u>2.50%</u>
Assumed investment rate of return			6.93%
Administrative expense netted above			<u>0.25%</u>
Investment Rate of Return			<u>7.18%</u>

Discount Rate

The discount rate used to measure the total pension liability is 7.18%. 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, 2023	\$ 18,375,323	\$ 10,667,401	\$ 7,707,922
Changes for the year			
Service cost	202,527	-	202,527
Interest on total pension liability	1,286,914	-	1,286,914
Difference between expected and actual experience	42,045	-	42,045
Changes in assumptions	(20,529)	-	(20,529)
Employer contributions	-	931,765	(931,765)
Employee contributions	-	33,034	(33,034)
Net investment income	-	770,018	(770,018)
Benefit payments, including employee refunds	(1,105,982)	(1,105,982)	-
Administrative expense	-	(23,562)	23,562
Net changes	404,975	605,273	(200,298)
Balances at December 31, 2024	\$ 18,780,298	\$ 11,272,674	\$ 7,507,624

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 7.18%, as well as what the employer's Net Position Liability would be using a discount rate that is 1% point lower or 1% point higher than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability	\$ 9,727,737	\$ 7,507,624	\$ 5,646,652

**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, 2025, the City recognized pension expenses of \$1,133,866. 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	\$ 327,645	\$ -
Changes in assumptions	69,724	13,686
Net difference between projected and actual earnings on pension plan investments	401,903	-
Contributions subsequent to the measurement date*	<u>449,924</u>	<u>-</u>
Total	<u>\$ 1,249,196</u>	<u>\$ 13,686</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, 2025.

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>
2026	\$ 369,316
2027	499,370
2028	(81,098)
2029	<u>(2,002)</u>
	<u>\$ 785,586</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, 2025, the City contributed \$99,050 for the defined benefit portion and \$27,697 for the defined contribution portion and the employees contributed \$54,657 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, 2025 valuation date, the following employees were covered by the benefit terms:

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

**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, 2025, the City’s only contribution was its portion of premium payments.

Total OPEB Liability

The total OPEB liability of the City was measured as of June 30, 2025, and determined by an actuarial valuation as of June 30, 2025.

Actuarial Assumptions

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount Rate	4.81%
Healthcare Cost Trend Rates	
Current Year Trend	7.50%
Ultimate Trend	4.50%
Year Ultimate Trend is Reached	2038
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 4.21% to 4.81%.

The annual claims costs were updated the most recent premiums in effect for 2025.

The annual healthcare trend was updated in accordance with the Uniform Assumptions for the 2025 fiscal year.

The assumptions used for annual wage increases, mortality, termination, withdrawal, disability, retirement, and percent married were all updated based on the experiment study conducted using actual MERS experience from 2019-2023.

Changes in Benefits

There were no changes of benefit terms during plan year 2025.

**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 total 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, 2025, the City had no fiduciary plan assets, so net position at June 30, 2025, was \$0.

Change in Total OPEB Liability

The change in the total OPEB liability for the year ended June 30, 2025 is as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2024	\$ 957,121	\$ -	\$ 957,121
Changes for the year			
Service cost	24,614	-	24,614
Interest on total OPEB liability	39,781	-	39,781
Difference between expected and actual experience	(55,129)	-	(55,129)
Changes in assumptions	11,920	-	11,920
Employer contributions	-	49,004	(49,004)
Benefit payments, including employee refunds	(49,004)	(49,004)	-
Net changes	(27,818)	-	(27,818)
Balances at June 30, 2025	\$ 929,303	\$ -	\$ 929,303

Change in Total OPEB Liability

The following presents the total OPEB liability of the City, as well as what the City's total 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
Total OPEB liability	\$ 1,010,636	\$ 929,303	\$ 854,655

**CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENTS**

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

Defined Benefits Plan (continued)

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

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

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB liability	\$ 842,598	\$ 929,303	\$ 1,027,517

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

For the year ended June 30, 2025, the City recognized OPEB expense of \$12,330. At June 30, 2025, 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	\$ 46,661	\$ 338,061
Changes in assumptions	114,290	123,990
Total	\$ 160,951	\$ 462,051

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
2026	\$ (52,065)
2027	(52,065)
2028	(52,065)
2029	(52,065)
2030	(52,065)
Thereafter	(40,775)
	\$ (301,100)

**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, 2025, the City contributed \$4,220. 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, 2025, employees contributed \$60,554.

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	\$ 15,166,405	\$ 29,946,447	\$ 339,411
Less:			
Outstanding principal of capital related debt	(736,268)	(17,628,400)	-
Retainage payable	-	(100,000)	-
Net investment in capital assets	<u>\$ 14,430,137</u>	<u>\$ 12,218,047</u>	<u>\$ 339,411</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, 2025:

PRIMARY GOVERNMENT

Governmental Activities

Other Purposes

Streets	\$ 538,570
Ambulance	255,391
Leik Grove property - Public Works	7,276
Cemetery Perpetual Care, nonexpendable	<u>203,115</u>
	<u>\$ 1,004,352</u>

Business-type Activities

Restricted for utilities

Electric Light and Power	\$ 453,086
Sewage Disposal System	<u>158,161</u>
	<u>\$ 611,247</u>

Restricted for debt service

Electric Light and Power	\$ 123,964
Sewage Disposal System	<u>412,340</u>
	<u>\$ 536,304</u>

Restricted for equipment replacement

Sewage Disposal System	<u>\$ 436,954</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 - CHANGES IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2025, the City implemented GASB Statement No. 101, *Compensated Absences* and GASB Statement No. 102, *Certain Risk Disclosures*. The following is a summary of the new pronouncements:

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.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact.

**CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENTS**

NOTE 15 - RESTATEMENT OF BEGINNING FUND BALANCE

The beginning net position of the governmental activities has been restated to correct an error related to the beginning capital assets balance. In addition, the beginning net positions of the governmental activities, business-type activities, component unit, Electric Light and Power System Fund, Sewage Disposal System Fund, and Water System Fund have been restated to correct the beginning compensated absences balances due to a change in accounting principle.

	Governmental Activities	Business-Type Activities	Electric Light and Power System	Sewage Disposal System	Water System	Component Unit
Net position, beginning of year, as previously reported	\$ 15,833,762	\$ 17,351,919	\$ 7,997,105	\$ 5,301,216	\$ 4,032,937	\$ 762,115
Change in accounting principle	(167,492)	(157,220)	(84,756)	(11,892)	(60,572)	(12,393)
Correction of error	(392,719)	-	-	-	-	-
Net position, beginning of year, as restated	<u>\$ 15,273,551</u>	<u>\$ 17,194,699</u>	<u>\$ 7,912,349</u>	<u>\$ 5,289,324</u>	<u>\$ 3,972,365</u>	<u>\$ 749,722</u>

NOTE 16 - CONTRACTUAL COMMITMENTS

The City has entered into contracts for a sewer related infrastructure project that was not completed at June 30, 2025. The total contractual commitments outstanding at June 30, 2025, totaled \$634,759. Future draws on bonds and user charges are expected to be sufficient to cover this commitment.

NOTE 17 - 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, 2025:

Revenues	
Licenses and Permits	
Permits	<u>\$ 28,026</u>
Expenditures	
Salaries and wages	589
Fringe benefits	9,731
Contractual services	9,017
Supplies	680
Other	<u>684</u>
TOTAL EXPENDITURES	<u>20,701</u>
EXCESS OF REVENUES OVER EXPENDITURES	7,325
Code Enforcement (Deficit) at June 30, 2024	<u>(834,596)</u>
Code Enforcement (Deficit) at June 30, 2025	<u>\$ (827,271)</u>

CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENTS

NOTE 18 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following:

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF PORTLAND
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
Property taxes	\$ 1,298,400	\$ 1,298,400	\$ 1,336,240	\$ 37,840
Penalties and interest	5,800	5,800	5,704	(96)
Tax collection	50,000	53,500	53,578	78
Total taxes	<u>1,354,200</u>	<u>1,357,700</u>	<u>1,395,522</u>	<u>37,822</u>
Licenses and permits				
Cable television license	11,000	9,000	8,419	(581)
City licenses and permits	85,000	85,000	28,026	(56,974)
Total licenses and permits	<u>96,000</u>	<u>94,000</u>	<u>36,445</u>	<u>(57,555)</u>
Intergovernmental				
State				
Sales tax	556,283	556,283	544,964	(11,319)
Local community stabilization	8,000	5,000	1,690	(3,310)
Act 302 training funds	1,200	2,200	2,241	41
State liquor license	4,000	3,000	3,422	422
Public safety	112,500	118,500	118,500	-
Total intergovernmental	<u>681,983</u>	<u>684,983</u>	<u>670,817</u>	<u>(14,166)</u>
Charges for services				
Cemetery fees and lot sales	41,000	69,000	103,026	34,026
Administrative charges	480,352	480,352	480,352	-
Other fees	800	1,600	1,561	(39)
Total charges for services	<u>522,152</u>	<u>550,952</u>	<u>584,939</u>	<u>33,987</u>
Fines and forfeits				
Parking	500	1,500	2,020	520
District court	9,500	9,500	6,533	(2,967)
Other	8,600	3,800	4,023	223
Total fines and forfeits	<u>18,600</u>	<u>14,800</u>	<u>12,576</u>	<u>(2,224)</u>
Interest and rents	<u>23,500</u>	<u>19,500</u>	<u>33,096</u>	<u>13,596</u>
Other				
Donations	-	-	225	225
Reimbursements	51,000	57,400	72,512	15,112
Total other	<u>51,000</u>	<u>57,400</u>	<u>72,737</u>	<u>15,337</u>
TOTAL REVENUES	<u>2,747,435</u>	<u>2,779,335</u>	<u>2,806,132</u>	<u>26,797</u>

**CITY OF PORTLAND
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
Current				
General government				
Council, boards, and commissions	\$ 4,860	\$ 4,860	\$ 4,150	\$ 710
Community promotions	115,615	128,010	120,338	7,672
City manager	228,076	242,006	226,743	15,263
Assessing services	66,620	67,120	66,189	931
Elections	14,280	15,280	9,980	5,300
City hall and grounds	82,235	104,435	93,432	11,003
General administrative	584,207	597,907	492,925	104,982
Total general government	<u>1,095,893</u>	<u>1,159,618</u>	<u>1,013,757</u>	<u>145,861</u>
Public safety				
Police department	1,000,491	1,009,276	871,585	137,691
Fire authority	146,100	147,000	146,957	43
Code enforcement	25,325	30,875	20,701	10,174
Total public safety	<u>1,171,916</u>	<u>1,187,151</u>	<u>1,039,243</u>	<u>147,908</u>
Public works				
Street lighting	31,000	31,000	29,967	1,033
Cemetery operations	207,322	210,377	196,271	14,106
Total public works	<u>238,322</u>	<u>241,377</u>	<u>226,238</u>	<u>15,139</u>
Health and welfare				
Ambulance service	113,880	113,880	113,880	-
Community and economic development				
Economic development	28,750	39,750	34,697	5,053
Recreation and culture				
Parks department	216,831	223,752	199,492	24,260
Capital outlay	<u>150,000</u>	<u>251,000</u>	<u>226,252</u>	<u>24,748</u>
TOTAL EXPENDITURES	<u>3,015,592</u>	<u>3,216,528</u>	<u>2,853,559</u>	<u>362,969</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(268,157)	(437,193)	(47,427)	389,766

**CITY OF PORTLAND
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	\$ 2,000	\$ 7,000	\$ 7,209	\$ 209
Transfers in	240,717	240,717	240,696	(21)
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>212,717</u>	<u>217,717</u>	<u>217,905</u>	<u>188</u>
NET CHANGE IN FUND BALANCE	(55,440)	(219,476)	170,478	389,954
Fund balance, beginning of year	<u>2,054,901</u>	<u>2,054,901</u>	<u>2,054,901</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,999,461</u></u>	<u><u>\$ 1,835,425</u></u>	<u><u>\$ 2,225,379</u></u>	<u><u>\$ 389,954</u></u>

**CITY OF PORTLAND
CITY INCOME TAX FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Taxes	\$ 1,026,100	\$ 1,026,100	\$ 1,243,342	\$ 217,242
Fines and forfeits	25,000	25,000	29,635	4,635
Interest	10,000	10,000	87,691	77,691
Special assessment	-	-	486	486
Other	-	-	24	24
	<u>1,061,100</u>	<u>1,061,100</u>	<u>1,361,178</u>	<u>300,078</u>
EXPENDITURES				
Current				
General government	319,401	321,201	279,812	41,389
	<u>741,699</u>	<u>739,899</u>	<u>1,081,366</u>	<u>341,467</u>
EXCESS OF REVENUES OVER EXPENDITURES				
	<u>741,699</u>	<u>739,899</u>	<u>1,081,366</u>	<u>341,467</u>
OTHER FINANCING (USES)				
Transfers out	<u>(1,842,000)</u>	<u>(2,010,000)</u>	<u>(589,824)</u>	<u>1,420,176</u>
NET CHANGE IN FUND BALANCE	<u>(1,100,301)</u>	<u>(1,270,101)</u>	<u>491,542</u>	<u>1,761,643</u>
Fund balance, beginning of year	<u>2,419,500</u>	<u>2,419,500</u>	<u>2,419,500</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,319,199</u></u>	<u><u>\$ 1,149,399</u></u>	<u><u>\$ 2,911,042</u></u>	<u><u>\$ 1,761,643</u></u>

**CITY OF PORTLAND
MAJOR STREET FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Intergovernmental	\$ 476,094	\$ 476,094	\$ 531,252	\$ 55,158
Interest	1,000	1,000	1,714	714
Other	2,000	2,000	24,569	22,569
TOTAL REVENUES	<u>479,094</u>	<u>479,094</u>	<u>557,535</u>	<u>78,441</u>
EXPENDITURES				
Current				
Public works	<u>2,138,814</u>	<u>2,292,114</u>	<u>995,247</u>	<u>1,296,867</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>(1,659,720)</u>	<u>(1,813,020)</u>	<u>(437,712)</u>	<u>1,375,308</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,562,000	1,710,000	513,759	(1,196,241)
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,512,000</u>	<u>1,660,000</u>	<u>463,759</u>	<u>(1,196,241)</u>
NET CHANGE IN FUND BALANCE	(147,720)	(153,020)	26,047	179,067
Fund balance, beginning of year	<u>385,832</u>	<u>385,832</u>	<u>385,832</u>	<u>-</u>
Fund balance, end of year	<u>\$ 238,112</u>	<u>\$ 232,812</u>	<u>\$ 411,879</u>	<u>\$ 179,067</u>

**CITY OF PORTLAND
AMBULANCE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Charges for services	\$ 1,147,970	\$ 1,121,310	\$ 1,304,955	\$ 183,645
Interest	-	-	818	818
Other	-	-	363	363
	<u>1,147,970</u>	<u>1,121,310</u>	<u>1,306,136</u>	<u>184,826</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
Health and welfare	1,167,193	1,616,508	1,585,063	31,445
Debt service	777	777	777	-
	<u>1,167,970</u>	<u>1,617,285</u>	<u>1,585,840</u>	<u>31,445</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>(20,000)</u>	<u>(495,975)</u>	<u>(279,704)</u>	<u>216,271</u>
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	2,945	2,945	-
Debt proceeds	-	401,165	401,165	-
	<u>-</u>	<u>404,110</u>	<u>404,110</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES				
NET CHANGE IN FUND BALANCE	(20,000)	(91,865)	124,406	216,271
Fund balance, beginning of year	<u>130,985</u>	<u>130,985</u>	<u>130,985</u>	<u>-</u>
Fund balance, end of year	<u>\$ 110,985</u>	<u>\$ 39,120</u>	<u>\$ 255,391</u>	<u>\$ 216,271</u>

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability										
Service cost	\$ 191,696	\$ 184,007	\$ 176,437	\$ 185,869	\$ 179,089	\$ 143,073	\$ 143,412	\$ 183,840	\$ 204,717	\$ 202,527
Interest	1,014,053	1,042,491	1,069,900	1,079,521	1,110,014	1,098,267	1,135,430	1,172,704	1,222,591	1,286,914
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	599,231	42,045
Changes of assumptions	650,689	-	-	-	463,664	422,387	614,696	-	139,448	(20,529)
Benefit payments including employee refunds	(667,741)	(732,278)	(802,498)	(861,043)	(893,118)	(892,299)	(1,023,655)	(1,089,944)	(1,103,276)	(1,105,982)
Administrative expense	(1)	-	-	-	-	-	-	-	-	-
Other changes	-	1	(2)	1	1	-	(1)	(1)	1	-
Net Change in Total Pension Liability	775,706	381,508	144,816	400,583	593,301	554,496	1,248,298	684,332	1,062,712	404,975
Total Pension Liability, beginning	12,529,571	13,305,277	13,686,785	13,831,601	14,232,184	14,825,485	15,379,981	16,628,279	17,312,611	18,375,323
Total Pension Liability, ending	<u>\$ 13,305,277</u>	<u>\$ 13,686,785</u>	<u>\$ 13,831,601</u>	<u>\$ 14,232,184</u>	<u>\$ 14,825,485</u>	<u>\$ 15,379,981</u>	<u>\$ 16,628,279</u>	<u>\$ 17,312,611</u>	<u>\$ 18,375,323</u>	<u>\$ 18,780,298</u>
Plan Fiduciary Net Position										
Contributions-employer	\$ 548,464	\$ 480,164	\$ 521,381	\$ 540,938	\$ 535,426	\$ 567,238	\$ 662,379	\$ 715,172	\$ 842,686	\$ 931,765
Contributions-employee	-	7,880	20,842	34,684	38,610	36,451	30,053	29,834	284,452	33,034
Net Investment income (loss)	(117,021)	861,635	1,082,559	(347,651)	1,127,693	1,160,296	1,400,557	(1,151,673)	1,083,547	770,018
Benefit payments including employee refunds	(667,741)	(732,278)	(802,498)	(861,043)	(893,118)	(892,299)	(1,023,655)	(1,089,944)	(1,103,276)	(1,105,982)
Administrative expense	(17,201)	(17,018)	(17,152)	(17,388)	(19,429)	(18,373)	(16,071)	(20,292)	(22,400)	(23,562)
Other changes	-	1	-	1	1	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	(253,499)	600,384	805,132	(650,459)	789,183	853,313	1,053,263	(1,516,903)	1,085,009	605,273
Plan Fiduciary Net Position, beginning	7,901,978	7,648,479	8,248,863	9,053,995	8,403,536	9,192,719	10,046,032	11,099,295	9,582,392	10,667,401
Plan Fiduciary Net Position, ending	<u>\$ 7,648,479</u>	<u>\$ 8,248,863</u>	<u>\$ 9,053,995</u>	<u>\$ 8,403,536</u>	<u>\$ 9,192,719</u>	<u>\$ 10,046,032</u>	<u>\$ 11,099,295</u>	<u>\$ 9,582,392</u>	<u>\$ 10,667,401</u>	<u>\$ 11,272,674</u>
Employer Net Pension Liability	<u>\$ 5,656,798</u>	<u>\$ 5,437,922</u>	<u>\$ 4,777,606</u>	<u>\$ 5,828,648</u>	<u>\$ 5,632,766</u>	<u>\$ 5,333,949</u>	<u>\$ 5,528,984</u>	<u>\$ 7,730,219</u>	<u>\$ 7,707,922</u>	<u>\$ 7,507,624</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	57%	60%	65%	59%	62%	65%	67%	55%	58%	60%
Covered payroll	\$ 2,002,154	\$ 1,964,499	\$ 1,968,154	\$ 2,119,458	\$ 2,090,582	\$ 1,799,468	\$ 2,018,237	\$ 2,459,090	\$ 2,794,949	\$ 2,784,884
Employer's Net Pension Liability as a percentage of covered payroll	283%	277%	243%	275%	269%	296%	274%	314%	276%	270%

CITY OF PORTLAND
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS
(AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Actuarial determined contributions ⁽¹⁾	\$ 447,697	\$ 512,810	\$ 532,687	\$ 544,766	\$ 526,780	\$ 611,971	\$ 713,468	\$ 715,664	\$ 771,653	\$ 893,134
Contributions in relation to the actuarially determined contribution	<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>	<u>871,653</u>	<u>993,134</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (100,000)</u>	<u>\$ (100,000)</u>
Covered payroll	\$ 2,171,832	\$ 2,218,598	\$ 2,058,415	\$ 2,136,352	\$ 2,388,980	\$ 2,073,423	\$ 2,245,001	\$ 2,422,191	\$ 2,832,687	\$ 2,939,747
Contributions as a percentage of covered payroll	21%	23%	26%	25%	22%	30%	32%	30%	31%	34%

⁽¹⁾ 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 TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST EIGHT 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	2024	2025
Total OPEB Liability								
Service cost	\$ 68,758	\$ 45,128	\$ 39,990	\$ 47,183	\$ 32,875	\$ 23,044	\$ 23,827	\$ 24,614
Interest	33,145	32,943	32,300	28,836	22,113	35,850	37,208	39,781
Difference between expected and actual experience	(381,164)	(180,034)	-	(89,930)	9,152	30,793	23,227	(55,129)
Changes in assumptions	143,037	(7,663)	70,510	(22,870)	(157,426)	(14,429)	11,574	11,920
Benefit payments including employee refunds	(55,913)	(35,346)	(28,583)	(19,373)	(32,146)	(47,099)	(55,437)	(49,004)
Net Change in Total OPEB Liability	(192,137)	(144,972)	114,217	(56,154)	(125,432)	28,159	40,399	(27,818)
Total OPEB Liability - beginning	1,293,041	1,100,904	955,932	1,070,149	1,013,995	888,563	916,722	957,121
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>	<u>\$ 957,121</u>	<u>\$ 929,303</u>
Plan Fiduciary Net Position								
Contributions-employer	\$ 55,913	\$ 35,346	\$ 28,583	\$ 19,373	\$ 32,146	\$ 47,099	\$ 55,437	\$ 49,004
Contributions-employee	-	-	6,258	-	-	-	-	-
Benefit payments including employee refunds	(55,913)	(35,346)	(34,841)	(19,373)	(32,146)	(47,099)	(55,437)	(49,004)
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>	<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>	<u>\$ 957,121</u>	<u>\$ 929,303</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	0%	0%	0%	0%	0%	0%	0%	0%
Covered payroll	\$ 1,120,572	\$ 916,624	\$ 1,157,807	\$ 854,037	\$ 853,008	\$ 897,888	\$ 1,107,953	\$ 1,145,783
Employer's Net OPEB Liability as a percentage of covered payroll	98%	104%	92%	119%	104%	102%	86%	81%

**CITY OF PORTLAND
 RETIRED EMPLOYEES' HEALTH CARE BENEFITS
 SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS
 LAST EIGHT 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>	<u>2024</u>	<u>2025</u>
Actuarially determined contributions	\$ 119,762	\$ 27,955	\$ 71,158	\$ 73,827	\$ 81,998	\$ 84,459	\$ 82,491	\$ 83,220
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>	<u>55,437</u>	<u>49,004</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>	<u>\$ 27,054</u>	<u>\$ 34,216</u>
Covered payroll	\$ 1,120,572	\$ 916,624	\$ 1,157,807	\$ 854,037	\$ 853,008	\$ 897,888	\$ 1,107,953	\$ 1,145,783
Contributions as a percentage of covered payroll	5%	7%	2%	2%	4%	5%	5%	4%

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, 2024
Measurement date	December 31, 2024

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	15 years
Investment rate of return	7.18%, net of investment and administrative expense including inflation
Discount rate	7.18%
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:

<u>Plan Year</u>	
2018	Changed participant contribution rate to 3% for certain employee groups.
2017	Changed participant contribution rate to 2% for certain employee groups.

Changes in Assumptions:

<u>Plan Year</u>	
2024	Adopted the results of an experience study covering the period of January 1, 2019 through December 31, 2023.
2023	Discount rate was lowered from 7.25% to 7.18%. Investment rate of return was lowered from 7.00% to 6.93%, net of administrative and investment expenses.
2021	Discount rate was lowered from 7.60% to 7.25%. Investment rate of return was lowered from 7.35% to 7.00%, net of administrative and investment expenses. Mortality rates were updated to be based on the Pub-2010 mortality tables.
2020	Increases in merit and longevity pay assumptions.
2019	Salary increase was decreased from 3.75% to 3.00%. Discount rate was lowered from 8.00% to 7.60%. Investment rate of return was lowered from 7.75% to 7.35%, net of administrative and investment expenses. Adopted the results of an experience study covering the period of January 1, 2014 through December 31, 2018.
2015	Mortality rates were updated to be based on the RP-2014 group mortality tables. Salary increase was decreased from 4.50% to 3.75%. Discount rate was lowered from 8.25% to 8.00%. Investment rate of return was lowered from 8.00% to 7.75%, net of administrative and investment expenses.

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

NOTE 2 - OTHER POST-EMPLOYMENT BENEFITS PLANS

Actuarial valuation information relative to the determination of contributions:

Valuation date	June 30, 2025
Measurement date	June 30, 2025

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	24 years
Long-term expected rate of return	Not applicable, the Plan does not have an irrevocable trust.
Discount rate	4.81%
Salary growth rate	3.00%
Inflation rate	2.50%
Healthcare cost trend rate	7.50% graded down to 4.50% by 0.25% per year
AA 20-year municipal bond rate	4.81%
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

Changes of Benefits Terms: There were no changes of benefit terms during plan years reported.

Changes in Assumptions:

<u>Plan Year</u>	
2025	The Municipal Bond Rate increased from 4.21% to 4.81%. The Annual Claims Costs were updated the most recent premiums in effect for 2025. The Annual Healthcare Trend was updated in accordance with the Uniform Assumptions for 2025. The assumptions used for annual wage increases, mortality, termination, withdrawal, disability, retirement, and percent married were all updated based on the experiment study conducted using actual MERS experience from 2019-2023.
2024	The Municipal Bond Rate increased from 4.13% to 4.21%. The Minimum Rate under PA 202 of 2017 increased from 3.54% to 3.61% in accordance with the Uniform Assumptions. The Annual Healthcare Trend was updated in accordance with the Uniform Assumptions for 2024.
2023	The Municipal Bond Rate increased from 4.09% to 4.13%. The Minimum Rate changed in accordance with the Uniform Assumptions. Memo increased from 2.16% to 3.64%. The mortality projection scale was updated from 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.

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

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

Changes in Assumptions (continued):

Plan Year

2022	The Municipal Bond Rate increased from 2.18% to 4.09%. The Discount Rate increased from 2.18% to 4.09% for GASB 75 purposes.
2021	The Municipal Bond Rate decreased from 2.66% to 2.18%. The Minimum Rate in accordance with the Uniform Assumptions Memo decreased from 3.50% to 2.20%. The Discount Rate decreased from 2.66% to 2.18% for GASB 75 purposes and from 3.50% to 2.20% for PA 202 of 2017 purposes. The Annual Wage Increases, Withdrawal Rates, and Retirement Rates were updated to coincide with the MERS experience analysis using 2014 - 2018 Plan Year data. Trend rates were updated in accordance with the Uniform Assumptions Memo. Annual Per Capita Claims Costs were updated to reflect current premiums. The Discount rate was changed from 3.36% to 2.66% since the last actuarial valuation.
2020	
2019	The Discount Rate was changed from 2.98% to 3.36% since the last actuarial valuation.
2018	The Discount Rate was changed from 3.00% to 2.98% since the last actuarial valuation. Age-based premiums were implemented since the last actuarial valuation.

OTHER SUPPLEMENTARY INFORMATION

**CITY OF PORTLAND
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025**

	Special Revenue		Capital Projects		Permanent Cemetery Perpetual Care	Total
	Local Street	Recreation	Capital Improvement	Wellhead Improvement		
ASSETS						
Cash and cash equivalents	\$ 116,993	\$ 51,486	\$ 3,362	\$ 3,750	\$ 203,115	\$ 378,706
Accounts receivable	24	-	-	-	-	24
Due from other governmental units	25,231	-	-	1,250	-	26,481
Prepays	2,664	665	-	-	-	3,329
TOTAL ASSETS	\$ 144,912	\$ 52,151	\$ 3,362	\$ 5,000	\$ 203,115	\$ 408,540
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 8,921	\$ 2,648	\$ -	\$ 5,000	\$ -	\$ 16,569
Accrued liabilities	9,300	2,055	-	-	-	11,355
Due to other funds	-	20,000	-	-	-	20,000
TOTAL LIABILITIES	18,221	24,703	-	5,000	-	47,924
FUND BALANCES						
Nonspendable						
Prepays	2,664	665	-	-	-	3,329
Perpetual care	-	-	-	-	203,115	203,115
Restricted						
Streets	124,027	-	3,362	-	-	127,389
Assigned						
Recreation	-	26,783	-	-	-	26,783
TOTAL FUND BALANCES	126,691	27,448	3,362	-	203,115	360,616
TOTAL LIABILITIES AND FUND BALANCES	\$ 144,912	\$ 52,151	\$ 3,362	\$ 5,000	\$ 203,115	\$ 408,540

**CITY OF PORTLAND
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2025**

	Special Revenue		Capital Project		Permanent	Total
	Local Street	Recreation	Capital Improvement	Wellhead Improvement	Cemetery Perpetual Care	
REVENUES						
Taxes	\$ 195,680	\$ -	\$ -	\$ -	\$ -	\$ 195,680
Intergovernmental	170,233	10,000	-	3,750	-	183,983
Charges for services	-	91,828	-	-	5,550	97,378
Interest	479	148	-	-	381	1,008
Other	27,639	1,608	-	-	-	29,247
TOTAL REVENUES	394,031	103,584	-	3,750	5,931	507,296
EXPENDITURES						
Current						
Public works	367,897	-	-	-	-	367,897
Recreation and culture	-	141,535	-	-	-	141,535
Capital outlay	-	-	-	10,000	-	10,000
TOTAL EXPENDITURES	367,897	141,535	-	10,000	-	519,432
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	26,134	(37,951)	-	(6,250)	5,931	(12,136)
OTHER FINANCING SOURCES (USES)						
Transfers in	50,000	30,000	-	6,250	-	86,250
Transfers out	-	-	-	-	(379)	(379)
TOTAL OTHER FINANCING SOURCES (USES)	50,000	30,000	-	6,250	(379)	85,871
NET CHANGE IN FUND BALANCES	76,134	(7,951)	-	-	5,552	73,735
Fund balances, beginning of year	50,557	35,399	3,362	-	197,563	286,881
Fund balances, end of year	\$ 126,691	\$ 27,448	\$ 3,362	\$ -	\$ 203,115	\$ 360,616

**CITY OF PORTLAND
COMPONENT UNIT FUND
BALANCE SHEET - DOWNTOWN DEVELOPMENT AUTHORITY
JUNE 30, 2025**

ASSETS	
Cash	<u>\$ 599,398</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	\$ 27,903
Accrued liabilities	<u>3,023</u>
TOTAL LIABILITIES	<u>30,926</u>
FUND BALANCE	
Unassigned	<u>568,472</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 599,398</u></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, 2025**

Total fund balance - governmental fund \$ 568,472

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	\$ 3,543,001	
Accumulated depreciation is	<u>(3,203,590)</u>	
Capital assets, net		339,411

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

Compensated absences		<u>(14,707)</u>
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Net position of governmental activities \$ 893,176

**CITY OF PORTLAND
 COMPONENT UNIT FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 DOWNTOWN DEVELOPMENT AUTHORITY
 YEAR ENDED JUNE 30, 2025**

REVENUES	
Taxes	\$ 260,607
Intergovernmental	61,015
Interest	1,829
Other	<u>56,184</u>
TOTAL REVENUES	<u>379,635</u>
EXPENDITURES	
Current	
Community and economic development	207,527
Capital outlay	<u>195,033</u>
TOTAL EXPENDITURES	<u>402,560</u>
NET CHANGE IN FUND BALANCE	(22,925)
Fund balance, beginning of year	<u>591,397</u>
Fund balance, end of year	<u><u>\$ 568,472</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, 2025

Net change in fund balance - governmental fund \$ (22,925)

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:

Capital outlay	\$ 192,220	
Depreciation expense	<u>(23,527)</u>	
Excess of capital outlay over depreciation expense		168,693

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		<u>(2,314)</u>
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Change in net position of governmental activities \$ 143,454

**CITY OF PORTLAND
MISCELLANEOUS STATISTICAL DATA (UNAUDITED)
JUNE 30, 2025**

**City of Portland
Total Taxable Value
Fiscal Years Ended or Ending June 30, 2022 Through 2026**

Assessed Value as of December 31	Year of State Equalization and Tax Levy	City's Fiscal Year Ended or Ending June 30	Ad Valorem Taxable Value (2)	Equivalent Taxable Value of Property Granted Under Act 198(1)	Total Taxable Value	Percent Increase Over Prior Year
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
2023	2024	2025	121,346,353	0	121,346,353	6.490
2024	2025	2026	125,946,176	0	125,946,176	3.600

Per Capita Total Taxable Value for the Fiscal Year Ending June 30, 2025 (3).....\$33,179.00

(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

**City of Portland
Total Taxable Value by Use and Class
Fiscal Years Ended or Ending June 30, 2022 Through 2026**

Use	Fiscal Year Ended or Ending June 30				
	2022	2023	2024	2025	2026
Residential	\$ 74,116,022	\$ 78,440,323	\$ 83,753,516	\$ 90,000,655	\$ 94,451,349
Commercial.....	25,716,291	26,251,148	26,987,967	26,541,861	27,044,628
Industrial	1,964,601	1,791,634	1,595,297	1,660,137	1,711,599
Utility	1,013,000	1,003,400	1,118,400	1,129,700	1,100,600
Development.....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>\$102,809,214</u>	<u>\$107,486,505</u>	<u>\$113,455,180</u>	<u>\$119,332,353</u>	<u>\$124,308,176</u>
Class	2022	2023	2024	2025	2026
Real Property	\$ 99,260,314	\$103,992,405	\$110,645,992	\$118,202,653	\$123,207,576
Personal Property	<u>3,549,900</u>	<u>3,494,100</u>	<u>2,809,188</u>	<u>3,143,700</u>	<u>2,738,600</u>
	<u>\$102,810,214</u>	<u>\$107,486,505</u>	<u>\$113,455,180</u>	<u>\$121,346,353</u>	<u>\$125,946,176</u>

Source: City of Portland

**CITY OF PORTLAND
MISCELLANEOUS STATISTICAL DATA (UNAUDITED)
JUNE 30, 2025**

**City of Portland
Total State Equalized Valuation
Fiscal Years Ended or Ending June 30, 2022 Through 2026**

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 Granted Tax Abatement Under Act 198 (1)	Total SEV	Percent Increase Over Prior Year
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
2023	2024	2025	157,239,145	0	157,239,145	8.400
2024	2025	2026	170,572,600	0	170,572,600	7.800

Per Capita Total SEV for the Fiscal Year Ending June 30, 2025 (3).....\$44,935.00

- (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

**City of Portland
Total SEV by Use and Class
Fiscal Years Ended or Ending June 30, 2022 Through 2026**

Use	Fiscal Year Ended or Ending June 30				
	2022	2023	2024	2025	2026
Residential	\$ 91,642,800	\$ 99,606,300	\$111,183,100	\$122,350,500	\$135,974,300
Commercial.....	27,024,100	27,519,800	29,834,788	31,983,345	31,646,900
Industrial.....	2,024,000	1,981,836	1,800,200	1,754,600	1,840,800
Utility.....	1,013,300	1,003,400	1,118,400	1,129,700	1,110,600
Development.....	0	0	0	0	0
	<u>\$ 121,704,200</u>	<u>\$ 130,111,336</u>	<u>\$143,936,488</u>	<u>\$157,218,145</u>	<u>\$170,572,600</u>

Class	Fiscal Year Ended or Ending June 30				
	2022	2023	2024	2025	2026
Real Property	\$118,154,300	\$126,617,236	\$141,127,300	\$154,074,445	\$167,834,000
Personal Property.....	3,549,900	3,494,100	2,809,188	3,143,700	2,738,600
	<u>\$121,704,200</u>	<u>\$130,111,336</u>	<u>\$143,936,488</u>	<u>\$157,218,145</u>	<u>\$170,572,600</u>

Source: City of Portland

**CITY OF PORTLAND
MISCELLANEOUS STATISTICAL DATA (UNAUDITED)
JUNE 30, 2025**

**City of Portland
Maximum Property Tax Rates
Fiscal Year Ending June 30, 2025**

<u>Millage Classification</u>	<u>Millage Authorized</u>	<u>Millage Reduction Fraction (1)</u>	<u>Maximum Allowable Millage</u>
Operating (5)	15.0000	1.6587	13.3413

- (1) Cumulative.
 (2) Includes 1.00 mill for local streets.
 (3) Includes .9910 mill for local streets.
 (4) Includes .9862 mill for local streets.
 (5) Includes .9768 mill for local streets
 Source: City of Portland

**City of Portland
Property Tax Rates (1)
Fiscal Years Ended or Ending June 30, 2022 Through 2026**

<u>Levy July 1</u>	<u>Fiscal Year Ended or Ending June 30</u>	<u>Total Operating</u>
2021	2022	13.6574 (2)
2022	2023	13.5344 (3)
2023	2024	13.5344 (3)
2024	2025	13.4693 (4)
2025	2026	13.3413 (5)

- (1) See “CITY TAXATION AND LIMITATIONS – Property Taxes” and “CITY TAXATION AND LIMITATIONS – State Limitations on Property Taxes,” herein.
 Source: City of Portland

**CITY OF PORTLAND
MISCELLANEOUS STATISTICAL DATA (UNAUDITED)
JUNE 30, 2025**

**City of Portland
Homestead (1) Property Tax Rates by Governmental Unit
Fiscal Years Ended June 30, 2022 Through 2026**

<u>Governmental Unit</u>	Fiscal Year Ended June 30				
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
City of Portland	13.6574	13.5344	13.5344	13.4693	13.3413
County of Ionia.....	4.59410	4.5711	4.5711	4.5537	4.5181
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.....	4.8527	4.8261	4.8261	4.7858	4.7455
Intermediate School District-Tech Ed....	.9921	.9875	.9875	.9774	.9687
Library	1.2308	1.8359	1.7859	1.2112	1.2017
Seniors .....	.4981	.4921	.4921	.4902	.4863
Roads.....	.9987	.9867	.9867	.9962	.9884
Veterans.....	.0000	.0000	.0000	.0000	.0992
Total.....	<u>40.1739</u>	<u>40.5838</u>	<u>40.5338</u>	<u>39.8338</u>	<u>39.6992</u>

**City of Portland
Non-Homestead (1) Property Tax Rates by Governmental Unit
Fiscal Years Ended June 30, 2022 Through 2026**

<u>Governmental Unit</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
City of Portland	13.6574	13.5344	13.5344	13.4693	13.3413
County of Ionia.....	4.59410	4.5711	4.5711	4.5537	4.5181
State of Michigan	6.0000	6.0000	6.0000	6.0000	6.0000
Portland Public Schools.....	25.3500	25.3500	25.3500	25.3500	25.3338
Intermediate School District.....	4.8527	4.8261	4.8261	4.7858	4.7455
Intermediate School District-Tech. Ed...	.9921	.9867	.9875	.9774	.9687
Library	1.2308	1.8359	1.7859	1.2112	1.2017
Seniors .....	.4981	.4921	.4921	.4902	.4863
Roads.....	.9987	.9867	.9867	.9962	.9884
Veterans.....	.0000	.0000	.0000	.0000	.0992
Total.....	<u>58.1739</u>	<u>58.5830</u>	<u>58.5338</u>	<u>57.8338</u>	<u>58.1015</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

**CITY OF PORTLAND
MISCELLANEOUS STATISTICAL DATA (UNAUDITED)
JUNE 30, 2025**

**City of Portland
Property Tax Collections
Fiscal Years Ended or Ending June 30, 2022 Through 2026**

July 1 <u>Levy</u>	Fiscal Year Ended or Ending <u>June 30</u>	City Tax Levy(1)	Collections to March 1 <u>Following Levy</u>	Percent <u>Collected</u>
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	1,343,123	97.90
2024	2025	1,439,815	1,403,695	97.40
2025	2026	1,474,459	(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
Ten Largest Taxpayers
Fiscal Year Ending June 30, 2026**

<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	\$2,934,688	.023
Parkers Landing (Portland Partners)	Apartments	2,664,271	.021
DFC of Portland (The Brook)	Senior Living	2,156,049	.017
Portland Apartments (LAWCO).....	Apartments	1,176,886	.009
Consumers Energy.....	Utility	1,090,000	.009
Park View MHC LLC	Mobile Home Park	917,900	.007
SMD Terrain LLC.....	Hinge Assemblings, Stampings,	674,480	.005
CLNB LLC.....	Retail- Family Farm and Home	632,902	.005
Autozone.....	Retail-car parts	575,375	.005
THK Rhythm Automotive	Tie Rods, Steering, Linkages.....	573,284	.005
		<u>\$ 13,395,835</u>	<u>10.60%</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 \$125,946,176, which is the City’s Total Taxable Value for the fiscal year ending June 30, 2025. Includes the Taxable Value of property granted tax abatement under Act 198. See “Property Valuations” and “Tax Abatement” herein.

Source: City of Portland

**CITY OF PORTLAND
MISCELLANEOUS STATISTICAL DATA (UNAUDITED)
JUNE 30, 2025**

**City of Portland
Income Tax Collections
Fiscal Years Ended June 30, 2022 Through 2025**

<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>
2022	1,117,835	1,022,246	8.50
2023	1,166,913	1,046,986	2.30
2024	1,181,136	950,612	(9.17)
2025	1,261,485	1,049,232	9.39

(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, 2020 through 2024**

	<u>Fiscal Years Ended or Ending June 30</u>				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Constitutional Revenue Sharing	\$358,027	\$409,222	\$417,118	\$410,122	\$409,146
CVTRS	93,265	113,784	119,862	124,051	135,212
Public Safety	0	0	0	2,990	606
Total Revenues From the State of Michigan.....	<u>\$451,292</u>	<u>\$523,006</u>	<u>\$536,980</u>	<u>\$537,163</u>	<u>\$544,964</u>

Source: City of Portland

**CITY OF PORTLAND
MISCELLANEOUS STATISTICAL DATA (UNAUDITED)
JUNE 30, 2025**

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.

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, 2024:

Debt Limit (1).....		\$ 17,057,260
Debt Outstanding	\$17,784,000	
Less: Exempt Debt (2).....	<u>(13,664,000)</u>	\$ 4,120,000
Legal Debt Margin		<u>\$12,937,260</u>

(1) 10% of \$170,572,600 which is the City’s Total SEV for the fiscal year ending June 30, 2025. 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.

**CITY OF PORTLAND
MISCELLANEOUS STATISTICAL DATA (UNAUDITED)
JUNE 30, 2025**

Debt Statement

The following table reflects a breakdown of the City’s direct and overlapping debt as of June 30, 2025, 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).....	\$ 648,000	\$ 648,000	\$ -0-
Dated December 29, 2010 (6)	\$ 2,231,000	\$ 2,231,000	\$ -0-
Dated September 25, 2003 (5)	\$ 0	\$ 0	\$ -0-
Dated September 20, 2022 (6)	\$ 10,785,000	\$ 10,785,000	\$ -0-
Subtotal	<u>\$ 13,664,000</u>	<u>\$ 13,664,000</u>	<u>\$ -0-</u>
Capital Improvement Bonds:			
Dated May 2020 (Limited Tax) (1).....	\$ 715,000	\$ 715,000	
Dated December 23,2023.....	\$ 3,405,000	\$ 3,405,000	
Subtotal	<u>\$ 4,120,000</u>	<u>\$ 4,120,000</u>	<u>\$ -0-</u>
Total City Direct Debt:	<u>\$ 17,784,000</u>	<u>\$ 17,784,000</u>	<u>\$ -0-</u>
Per Capita Net Direct Debt (3)			\$1,085,35
Percent of Net Direct Debt to Total SEV (4)			0%

**CITY OF PORTLAND
MISCELLANEOUS STATISTICAL DATA (UNAUDITED)
JUNE 30, 2025**

<u>Overlapping Debt (2)</u>	<u>Gross</u>	<u>City Share as a Percent of Gross</u>	<u>Net</u>
Ionia County.....	\$ 616,801	5.42%	\$ 33,431
Ionia County Intermediate School District.....	1,060,000	4.81	50,986
Portland District Library	0	0.00	0
Portland Public Schools	29,066,063	24.33	7,071,773
Total Overlapping Debt.....	<u>30,742,864</u>		<u>7,156,190</u>
Total City Direct and Overlapping Debt	<u>\$ 48,526,864</u>		<u>\$ 11,276,190</u>

Per Capita Net Overlapping Debt (3)	\$1,885.19
Percent of Net Overlapping Debt to Total SEV (4)	0.00%
Per Capita Net Direct and Overlapping Debt (3)	\$2,970.54
Percent of Net Direct and Overlapping Debt to Total SEV (4)	0.00%

- (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 \$170,572,600, which is the City's Total SEV for the fiscal year ending June 30, 2026. 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

CITY OF PORTLAND
MISCELLANEOUS STATISTICAL DATA (UNAUDITED)
JUNE 30, 2025

Retirement Plans

Change in Net Pension Liability
Fiscal Years Ended June 30, 2025

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2023	\$ 18,375,323	\$ 10,667,401	\$ 7,707,922
Changes for the year			
Service cost	202,527	-	202,527
Interest on total pension liability	1,286,914	-	1,286,914
Difference between expected and actual experience	42,045	-	42,045
Changes in assumptions	(20,529)	-	(20,529)
Employer contributions	-	931,765	(931,765)
Employee contributions	-	33,034	(33,034)
Net investment income	-	770,018	(770,018)
Benefit payments, including employee refunds	(1,105,982)	(1,105,982)	-
Administrative expense	-	(23,562)	23,562
Net changes	404,975	605,273	(200,298)
Balances at December 31, 2024	\$ 18,780,298	\$ 11,272,674	\$ 7,507,624

Change in Total OPEB Liability
Fiscal Years Ended June 30, 2025

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2024	\$ 957,121	\$ -	\$ 957,121
Changes for the year			
Service cost	24,614	-	24,614
Interest on total OPEB liability	39,781	-	39,781
Difference between expected and actual experience	(55,129)	-	(55,129)
Changes in assumptions	11,920	-	11,920
Employer contributions	-	49,004	(49,004)
Benefit payments, including employee refunds	(49,004)	(49,004)	-
Net changes	(27,818)	-	(27,818)
Balances at June 30, 2025	\$ 929,303	\$ -	\$ 929,303



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the City Council
of the City of Portland
Portland, Michigan

We have audited, in accordance with the 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, the 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 City of Portland, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City of Portland's basic financial statements, and have issued our report thereon dated November 21, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Portland's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Portland's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Portland's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Portland's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maney Costeiran PC

November 21, 2025