

**CITY OF PORTAGE
FINANCIAL STATEMENTS
DECEMBER 31, 2015
(AUDITED)**

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

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PORTAGE, WISCONSIN**

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FINANCIAL SECTION

MILLER, BRUSSELL, EBBEN AND GLAESKE LLC

CERTIFIED PUBLIC ACCOUNTANTS

611 EAST WISCONSIN STREET

PORTAGE, WISCONSIN

53901

INDEPENDENT AUDITOR'S REPORT

Council Members
City of Portage
Portage, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Portage (the "City"), Wisconsin, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, each major fund and the aggregate remaining fund information of the City of Portage as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As describe in Note 6 to the financial statements, the District adopted new accounting guidance, GASB statement No. 68, *Accounting and Financial Reporting for Pensions*, for the year ended December 31, 2015. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 44 through 49 be presented to supplement the basic financial statements. Such information, 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 assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The financial information listed in the table of contents as other supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

These supplemental comparative statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Miller, Brussell, Ebben and Glaeske LLC

Portage, Wisconsin
July 8, 2016

BASIC FINANCIAL STATEMENTS

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and investments	\$ 6,828,387	\$ 3,191,473	\$ 10,019,860
Receivables			
Accounts	2,133,390	327,573	2,460,963
Special assessments	47,303		47,303
Other receivables	157,071		157,071
Due from other funds	7,148,323	1,026,746	8,175,069
Due from other governments	18,233		18,233
Prepaid expenses	127,008	85,135	212,143
Inventories		45,196	45,196
Advances to other funds	77,387		77,387
Total Current Assets	<u>16,537,102</u>	<u>4,676,123</u>	<u>21,213,225</u>
Restricted Assets			
Cash		989,955	989,955
Total Restricted Assets	<u>0</u>	<u>989,955</u>	<u>989,955</u>
Noncurrent Assets			
Other assets and deferred charges		20,229	20,229
Land	2,257,864	500,618	2,758,482
Site improvements	1,840,954		1,840,954
Buildings and building improvements	13,350,951	16,920,416	30,271,367
Furniture and equipment	8,287,445	28,379,299	36,666,744
Infrastructure	32,491,868		32,491,868
Less accumulated depreciation	<u>(28,570,988)</u>	<u>(24,707,579)</u>	<u>(53,278,567)</u>
Net Noncurrent Assets	<u>29,658,094</u>	<u>21,112,983</u>	<u>50,771,077</u>
Other Noncurrent Assets			
Net pension asset	786,277	89,310	875,587
DEFERRED OUTFLOWS OF RESOURCES			
Pension related outflows of resources	854,479	97,057	951,536
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 47,835,952	\$ 26,965,428	\$ 74,801,380
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 566,162	\$ 89,446	\$ 655,608
Accrued liabilities	383,827	462,822	846,649
Accrued interest payable	117,444		117,444
Accrued vacation and sick pay		181,770	181,770
Due to other funds	2,433,646	393,794	2,827,440
Due to other governments	143,731		143,731
Unearned revenue	1,931,014	10,692	1,941,706
Current portion of long-term liabilities	814,980	921,840	1,736,820
Total Current Liabilities	<u>6,390,804</u>	<u>2,060,364</u>	<u>8,451,168</u>
Long-Term Liabilities			
Advance from other funds		77,387	77,387
Long-term obligations	11,766,639	9,758,561	21,525,200
Less unamortized bond discounts/premiums	96,738	19,310	116,048
Less current portion	<u>(814,980)</u>	<u>(921,840)</u>	<u>(1,736,820)</u>
Net Long-Term Liabilities	<u>11,048,397</u>	<u>8,933,418</u>	<u>19,981,815</u>
Total Liabilities	<u>17,439,201</u>	<u>10,993,782</u>	<u>28,432,983</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes	5,311,702	18,922	5,330,624
NET POSITION			
Net investment in capital assets	18,946,588	11,400,016	30,346,604
Restricted	2,646,986	989,955	3,636,941
Unrestricted (deficit)	<u>3,491,475</u>	<u>3,562,753</u>	<u>7,054,228</u>
Total Net Position	<u>25,085,049</u>	<u>15,952,724</u>	<u>41,037,773</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ 47,835,952	\$ 26,965,428	\$ 74,801,380

See Accompanying Notes to the Basic Financial Statements

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
General government	\$ 2,381,111	\$ 93,064	\$ 238,689	\$ (2,049,358)	\$ 0	\$ (2,049,358)
Public safety	3,726,017	434,861	25,970	(3,265,186)		(3,265,186)
Public works	1,630,659	118,610	1,414,625	(97,424)		(97,424)
Parks and recreation	775,773	77,423	56,624	(641,726)		(641,726)
Conservation and development	308,442	479,503	416	171,477		171,477
Education	733,788	190,387		(543,401)		(543,401)
Capital outlay	938,273			(938,273)		(938,273)
Debt Service						
Interest	242,389			(242,389)		(242,389)
Total Governmental Activities	10,736,452	1,393,848	1,736,324	(7,606,280)	0	(7,606,280)
Business-Type Activities						
Water utilities	1,735,314	1,888,199			152,885	152,885
Sewer utilities	1,992,906	1,820,957			(171,949)	(171,949)
Total Business-Type Activities	3,728,220	3,709,156	0	0	(19,064)	(19,064)
TOTALS	\$ 14,464,672	\$ 5,103,004	\$ 1,736,324	(7,606,280)	(19,064)	(7,625,344)
General Revenues						
Property taxes						
General purpose				4,082,167		4,082,167
Debt services				683,238		683,238
Special revenue				719,070		719,070
State and federal aids not restricted to specific functions						
General				1,672,795		1,672,795
Other				149,458		149,458
Interest and investment earnings				63,500	39,902	103,402
Miscellaneous				252,338		252,338
Gain/loss on sale of fixed assets				1,757	1,146	2,903
Total General Revenues				7,624,323	41,048	7,665,371
Change in Net Position				18,043	21,984	40,027
NET POSITION - Beginning of Year (Restated)				25,067,006	15,930,740	40,997,746
NET POSITION - END OF YEAR				\$ 25,085,049	\$ 15,952,724	\$ 41,037,773

FUND FINANCIAL STATEMENTS

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2015

	General Fund	Capital Project Fund	Vehicle Equip. Replac. Fund	Debt Service Fund	CDBG Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	\$ 2,888,320	\$ 1,735,652	\$ 1,051,300	\$ 0	\$ 125,255	\$ 1,027,860	\$ 6,828,387
Receivables							
Accounts	136,010				1,649,258	348,122	2,133,390
Special assessments	157,071	20,671				26,632	47,303
Other receivables	4,975,661	26,582	237,042	1,036,081		872,957	157,071
Due from other funds	18,233						7,148,323
Due from other governments	41,829	68,364				16,815	18,233
Prepaid items	77,387						127,008
Advance to other funds							77,387
TOTAL ASSETS	\$ 8,294,511	\$ 1,851,269	\$ 1,288,342	\$ 1,036,081	\$ 1,774,513	\$ 2,292,386	\$ 16,537,102
LIABILITIES							
Accounts payable	\$ 143,242	\$ 122,927	\$ 0	\$ 0	\$ 38,324	\$ 261,669	\$ 566,162
Accrued liabilities	383,827						383,827
Unearned revenue	19,448	20,671		154,015	1,649,258	154,373	1,978,317
Due to other funds	1,276	1,156,404		106,116		1,151,678	2,433,646
Due to other governments	547,793	1,300,002	142,455	260,131	1,687,582	1,567,720	143,731
Total Liabilities	3,729,290	6,217	0	773,290	0	802,905	5,311,702
DEFERRED INFLOWS OF RESOURCES							
Property taxes							
FUND BALANCES							
Nonspendable	41,829	68,364				16,815	127,008
Restricted		476,686	1,145,887	2,660	86,931	1,052,266	2,764,430
Committed	16,900						16,900
Unassigned	3,958,699					(1,147,320)	2,811,379
Total Fund Balances	4,017,428	545,050	1,145,887	2,660	86,931	(78,239)	5,719,717
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 8,294,511	\$ 1,851,269	\$ 1,288,342	\$ 1,036,081	\$ 1,774,513	\$ 2,292,386	\$ 16,537,102

See Accompanying Notes to the Basic Financial Statements

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015

Total Fund Balance - Total Governmental Funds	\$ 5,719,717
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of \$58,229,082, net of accumulated depreciation of (\$28,570,988), are not financial resources and, therefore are not reported in the funds. See Note 3 for additional detail.	29,658,094
Unearned revenue from special assessments is reported in the funds.	47,303
Pension related assets and liabilities are not financial resources and therefore, are not reported in the fund statements.	1,640,756
Accrued interest payable is not due and payable in the current period and is not reported in the funds.	(117,444)
Bond premiums are not due and payable in the current period and are not reported in the funds.	(96,738)
Long-term liabilities are not due and payable in the current period and are not reported in the funds.	<u>(11,766,639)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 25,085,049</u>

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General Fund	Capital Project Fund	Vehicle Equip. Replac. Fund	Debt Service Fund	CDBG Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 4,082,167	\$ 0	\$ 0	\$ 683,238	\$ 166,463	\$ 719,070	\$ 5,484,475
Intergovernmental	2,502,728					1,082,602	3,751,793
Licenses and permits	261,096						261,096
Fines, forfeitures and penalties	177,647					180,481	177,647
Public charges for services	425,121	45,701				64,914	605,602
Special assessments		9,119	16,692		1,665	160,620	110,615
Commercial						95,167	188,096
Miscellaneous revenues	136,604						231,771
Total Revenues	7,585,363	54,820	16,692	683,238	168,128	2,302,854	10,811,095
EXPENDITURES							
Current							
General government	1,036,264					1,127,746	2,164,010
Public safety	3,774,067					602	3,774,669
Public works	1,757,593						1,757,593
Parks and recreation	605,611					74,242	679,853
Conservation and development					110,880	158,986	269,866
Education						643,142	643,142
Capital outlay		2,019,315	697,542			901,098	3,617,955
Debt service							
Principal				1,571,864			1,571,864
Interest				441,696			441,696
Total Expenditures	7,173,535	2,019,315	697,542	2,013,560	110,880	2,905,816	14,920,648
Excess (Deficiency) of Revenues Over Expenditures	411,828	(1,964,495)	(680,850)	(1,330,322)	57,248	(602,962)	(4,109,553)
OTHER FINANCING SOURCES (USES)							
Bond proceeds		2,069,464	237,042			615,000	2,921,506
Bond premiums		84,320				15,410	99,730
Operating transfers in		94,000	166,880	1,330,322		7,000	1,598,202
Operating transfers out	(173,880)					(421,387)	(595,267)
Net Other Financing Sources (Uses)	(173,880)	2,247,784	403,922	1,330,322	0	216,023	4,024,171
Net Change in Fund Balances	237,948	283,289	(276,928)	0	57,248	(386,939)	(85,382)
FUND BALANCES - Beginning of Year	3,779,480	261,761	1,422,815	2,660	29,683	308,700	5,805,099
FUND BALANCES - END OF YEAR	\$ 4,017,428	\$ 545,050	\$ 1,145,887	\$ 2,660	\$ 86,931	\$ (78,239)	\$ 5,719,717

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ (85,382)
Amounts reported for governmental activities in the statement of net activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. There was an adjustment to the fixed assets during the current period which increased the fixed assets from prior year.	(188)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$1,327,625) exceeded capital outlays \$3,715,818 in the current period.	2,388,193
Governmental funds report capital disposals as revenue for the amount received. However, in the statement of activities the gain or loss on the disposal of capital assets is recorded. This is the amount by which the cost exceeded the accumulated depreciation for the life of the assets.	(21,142)
Employer pension contributions are reported in the governmental funds when the amounts are paid but not reported in the statement of activities since they are included in the net pension asset and deferred outflows.	319,873
Pension expense is included in the statement of activities but not reported in the governmental funds since it is an actuarially determined amount for the pension plan.	(294,634)
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in government funds.	(41,764)
Bond proceeds is income in the governmental funds, but in the government-wide statements it is set up as a long-term liability.	(2,921,506)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of principal repayments of debt.	810,000
Bond premium is income in the governmental funds, but in the government-wide statements it is set up as a long-term liability.	(96,738)
Special assessments are recognized in the government funds when received, therefore this is the amount of difference recognizing the income when earned for the statement of net position.	(38,450)
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the net increase in compensated absences	(219)
Change in Net Position of Governmental Activities	\$ <u>18,043</u>

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF DECEMBER 31, 2015

	Sewer Utility	Water Utility	Total
ASSETS			
Current Assets			
Cash and investments	\$ 1,052,244	\$ 2,139,229	\$ 3,191,473
Accounts receivable customers	6,345	321,228	327,573
Due from other funds	891,512	135,234	1,026,746
Prepaid expenses	21,708	63,427	85,135
Inventories		45,196	45,196
Total Current Assets	1,971,809	2,704,314	4,676,123
Restricted Assets			
Cash	989,955		989,955
Total Restricted Assets	989,955	0	989,955
Noncurrent Assets			
Other assets and deferred charges	20,229		20,229
Utility plant in service	26,237,126	19,563,207	45,800,333
Less accumulated depreciation	(16,398,783)	(8,308,796)	(24,707,579)
Net Noncurrent Assets	9,858,572	11,254,411	21,112,983
Other Noncurrent Assets			
Net pension asset	47,282	42,028	89,310
DEFERRED OUTFLOWS OF RESOURCES			
Pension related outflows of resources	51,383	45,674	97,057
TOTAL ASSETS	\$ 12,919,001	\$ 14,046,427	\$ 26,965,428
LIABILITIES			
Current liabilities			
Accounts payable	\$ 56,086	\$ 33,360	\$ 89,446
Accrued liabilities	69,967	392,855	462,822
Accrued vacation and sick pay	108,919	72,851	181,770
Due to other funds	52,671	341,123	393,794
Unearned revenue	10,692		10,692
Current portion long-term liabilities	566,160	355,680	921,840
Total Current Liabilities	864,495	1,195,869	2,060,364
Long-Term Liabilities			
Advance from other funds		77,387	77,387
General obligation bonds	4,736,594	3,340,000	8,076,594
Clean water fund loans	1,616,144	65,823	1,681,967
Plus unamortized bond premium	14,889	4,421	19,310
Less current portion	(566,160)	(355,680)	(921,840)
Net Long-Term Liabilities	5,801,467	3,131,951	8,933,418
Total Liabilities	6,665,962	4,327,820	10,993,782
DEFERRED INFLOWS OF RESOURCES			
Property taxes		18,922	18,922
NET POSITION			
Net investment in capital assets	3,485,605	7,914,411	11,400,016
Restricted	989,955		989,955
Unrestricted	1,777,479	1,785,274	3,562,753
Total Net Position	6,253,039	9,699,685	15,952,724
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ 12,919,001	\$ 14,046,427	\$ 26,965,428

See Accompanying Notes to the Basic Financial Statements

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Sewer Utility	Water Utility	Total
REVENUES			
Charges for services	\$ 1,803,500	\$ 1,836,081	\$ 3,639,581
Miscellaneous	17,457	52,118	69,575
Total Revenues	<u>1,820,957</u>	<u>1,888,199</u>	<u>3,709,156</u>
OPERATING EXPENSES			
Salaries and wages	319,218	274,037	593,255
Operating supplies	7,210	16,232	23,442
Repairs and maintenance	91,896	62,354	154,250
Office supplies	598	34,193	34,791
Employee benefits and payroll taxes	142,605	123,758	266,363
Depreciation	834,237	368,391	1,202,628
Other general expenses	92,907	57,859	150,766
Insurance	39,583	33,121	72,704
Legal and accounting	31,754	9,625	41,379
Fuel	13,613	8,367	21,980
Transportation		727	727
Chemicals	62,270	133,180	195,450
Purchased power	124,480	127,686	252,166
Tax equivalent		352,421	352,421
Contracted services	56,369	18,649	75,018
Total Operating Expenses	<u>1,816,740</u>	<u>1,620,600</u>	<u>3,437,340</u>
Operating Income/(Loss)	<u>4,217</u>	<u>267,599</u>	<u>271,816</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	38,366	1,536	39,902
Interest expense	(176,166)	(75,340)	(251,506)
Bond maintenance fee		(39,374)	(39,374)
Disposal of fixed assets		1,146	1,146
Net Non-Operating Revenues (Expenses)	<u>(137,800)</u>	<u>(112,032)</u>	<u>(249,832)</u>
Change in Net Position	(133,583)	155,567	21,984
Contributions in Aid of Construction	0	0	0
NET POSITION - Beginning of Year (Restated)	<u>6,386,622</u>	<u>9,544,118</u>	<u>15,930,740</u>
NET POSITION - END OF YEAR	<u>\$ 6,253,039</u>	<u>\$ 9,699,685</u>	<u>\$ 15,952,724</u>

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Sewer Utility	Water Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from user charges	\$ 1,803,232	\$ 1,828,844	\$ 3,632,076
Cash payments to employees for services	(315,094)	(276,984)	(592,078)
Cash payments for other operating expenses	(1,560,256)	(807,151)	(2,367,407)
Other operating revenues/expenses	67,078	(8,888)	58,190
Net Cash Provided by (Used For) Operating Activities	<u>(5,040)</u>	<u>735,821</u>	<u>730,781</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash payments for acquisition of capital assets	(569,801)	(203,386)	(773,187)
Cash payments for long-term debt	(471,712)	(290,152)	(761,864)
Cash proceeds from long-term debt	698,494	855,000	1,553,494
Cash included in restricted assets	(137,178)		(137,178)
Cash proceeds from sale of assets		1,146	1,146
Cash payments for bond fees		(39,374)	(39,374)
Cash payments for interest expense on long-term debt	(172,929)	(75,340)	(248,269)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(653,126)</u>	<u>247,894</u>	<u>(405,232)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	38,366	1,536	39,902
Net Cash Provided by (Used For) Investing Activities	<u>38,366</u>	<u>1,536</u>	<u>39,902</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(619,800)	985,251	365,451
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,672,044</u>	<u>1,153,978</u>	<u>2,826,022</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,052,244</u>	<u>\$ 2,139,229</u>	<u>\$ 3,191,473</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income/(loss)	\$ 4,217	\$ 267,599	\$ 271,816
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	834,237	347,630	1,181,867
Add sewer portion of depreciation		20,761	20,761
Net change in pension related items	(1,518)	(1,349)	(2,867)
Changes in assets, liabilities, and deferred inflows			
Accounts receivable	(268)	(7,237)	(7,505)
Prepays and other assets	(4,459)	(63,427)	(67,886)
Inventories		(3,662)	(3,662)
Due from/to other funds	(840,648)	155,675	(684,973)
Accounts payable	(51,864)	19,008	(32,856)
Accrued liabilities	16,240	9,271	25,511
Accrued vacation and sick pay	5,642	(1,598)	4,044
Bond premium	22,689	4,421	27,110
Unearned revenue/Deferred property taxes	10,692	(11,271)	(579)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (5,040)</u>	<u>\$ 735,821</u>	<u>\$ 730,781</u>

See Accompanying Notes to the Basic Financial Statements

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

STATEMENT OF NET POSITION
FIDUCIARY FUNDS
AS OF DECEMBER 31, 2015

	<u>Agency Funds</u>
ASSETS	
Current Assets	
Cash	\$ 4,076,193
Taxes receivable	<u>10,204,337</u>
TOTAL ASSETS	<u>\$ 14,280,530</u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 0
Due to other funds	5,347,629
Due to other taxing districts	<u>8,932,901</u>
TOTAL LIABILITIES	<u>\$ 14,280,530</u>

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Portage (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below.

A. Reporting Entity

The City of Portage is a municipal corporation governed by an elected Mayor/Council form of government.

The City's major operations include public safety, fire protection, street maintenance, health services, parks and recreation, general administrative services, and water and sewer utility operations.

The reporting entity for the City is based upon criteria set forth by the Governmental Accounting Standards Board. All functions of the City for which it exercises oversight responsibility are included. The reporting entity for the City consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. This report does not contain any component units.

B. Basis of Presentation

Government-Wide Statements

The statement of net position and the statement of activities present financial information about the City's governmental and business-type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for business-type activities and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs and (b) grants

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Government-Wide Statements (Continued)

and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund statements provide information about the City's funds, including fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as other governmental funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

General fund is the City's primary operating fund. It accounts for all financial activity that is not required to be accounted for in another fund.

Capital project fund and vehicle equipment replacement fund are used to account for funds received and expended for purchases of land, construction, renovation, expansion, and major improvements of streets and other city facilities.

Debt service fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the debt service fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

Community development block grant fund is a program provided for ensuring the community's ability to conserve, rehabilitate and improve residential properties occupied by low-to-moderate income residents of the City.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets and liabilities are included on the statements of net position. The City has presented the following major proprietary fund:

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Water and Sewer Fund

Water and sewer fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

C. Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; 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.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided. In addition to property taxes for the municipality, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as deferred revenues and due to other taxing units on the accompanying balance sheet. Taxes are levied in December on the assessed value as of the prior January 1.

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Property tax calendar - 2015 tax roll:

Lien date and levy date	December 2015
Tax bills mailed	December 2015
Payment in full, or	January 31, 2016
First installment due	January 31, 2016
Second installment due	July 31, 2016
Personal property taxes in full	January 31, 2016
Tax sale - 2014 delinquent real estate taxes	October 2018

D. Cash and Cash Equivalents

The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the City's investments. For purposes of the combined statements of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

E. Receivables

General accounts receivable have been adjusted for all known uncollectible accounts. No allowance is necessary at year end. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made in the accompanying Proprietary Fund financial statements because the water and sewer utilities have the right by law to place delinquent bills on the tax roll.

F. Due To and Due From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

G. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased. Inventories were considered not material to the financial statements; therefore, no inventories are recorded at year end. Prepaid items represent payments made by the City for which benefits extend beyond year end.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized, not including infrastructure assets, have an original cost of \$1,000 or more and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20-50 years
Water and sewer system	30-50 years
Infrastructure	20-35 years
Furniture and equipment	5-20 years
Improvements	20 years
Library books	10 years
Computer and related hardware	5 years

I. Advances

Advances to and advances from governmental funds represent noncurrent portions of interfund receivables and payables. The governmental fund making the advance establishes a fund balance reserve equal to the amount of the advance.

J. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Compensated Absences

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation is attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees based on their contracts with more than one year of service.

Vacation - The City of Portage employees are granted vacation in varying amounts, based on length of service. Generally, three days of vacation leave earned in the preceding year may be carried over and must be used within one year of the employee's anniversary date. Police can carry over three vacation days but must be used within six months of the employee's anniversary date and the fire department is not allowed to carry over vacation days.

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Compensated Absences (Continued)

The City's policy allows employees to earn varying amounts of sick pay each year employed. Employees hired after December 10, 2015, may accrue up to a maximum of 150 sick days. The City does not have a limit on sick leave for police, fire department, and anyone hired before December 10, 2015.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the unpaid compensated absences are not expected to be paid using expendable available resources and, therefore, the liability is not reported.

Retirement Plans - City employees participate in the Wisconsin Retirement System. All contributions made by the City on behalf of its employees are reported as expenditures when paid.

L. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

M. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental fund types. If they are not to be liquidated with expendable available financial resources, a liability is recorded in the statement of net position. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the proprietary fund types as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

N. Deferred Outflows/Inflows

Deferred Outflows of Resources: The City reports decreases in net assets and fund balances that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statement of net position and governmental funds balance sheet. There were deferred outflows of resources reported in this year's government-wide and proprietary funds statement of net position for pension related items, which are detailed in Note 6.

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Deferred Outflows/Inflows (Continued)

Deferred Inflows of Resources: The City's government-wide and governmental funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets and fund balance that relates to a future period. The City has only one type of item that qualifies for reporting in this category. Accordingly, deferred property taxes are reported in the government-wide statement of net position and in the governmental funds balance sheet as a deferred inflow of resources since the property taxes are levied for use in the subsequent year.

O. Contributions in Aid of Construction - Proprietary Funds

Contributions in aid of construction represent amounts received from customers for construction and the value of property (plant) contributed to the utility. These amounts are not subject to repayment.

P. Economic Development and Housing Rehabilitation Loans Receivable

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The City records a loan receivable when the loan has been made and funds have been disbursed.

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

The City is limited by the Wisconsin Department of Administration to the amount of program income from economic development loans it may retain and loan to other businesses. Program income includes the principal and interest received from economic development loan repayments. Based upon its current population, the City may retain \$500,000.

At December 31, 2015, the City has not exceeded its maximum retention cap. When it does, a liability to the state will be recorded.

Q. Fund Balance Reporting

The City of Portage reports under provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Balance Reporting (Continued)

1. Nonspendable, such as fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),
2. Restricted fund balance classification includes amounts that can be spent only for the specific purposes stipulated by constitution, external resources providers, or through enabling legislation,
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Directors (the City's highest level of decision-making authority),
4. Assigned fund balance classification is intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund balance amounts are reported in conformance with generally accepted accounting principles and shall be reclassified not less than the end of each fiscal year for general purpose financial statements. The City will report inventories, prepaid expenses, long-term receivables, and amounts legally or contractually required to be maintained intact as nonspendable. The fund balance for the special revenue funds, debt service fund, and other funds established by regulatory authority will be classified as restricted.

The Board may, from time to time, commit additional amounts of fund balance to a specific purpose. Such action shall be taken in open meeting and require the approval of a majority of the Board. Commitments of fund balance, once made, can be modified only by majority vote of the Board.

The Board may authorize and direct an individual to assign fund balances for specific purposes; to the extent such assignment does not create a negative unassigned fund balance. As of December 31, 2015, the Board has not authorized any individual with the authority to assign funds.

NOTE 2 CASH AND INVESTMENTS

Investments of funds are restricted by state statutes. Available investments are limited to:

1. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association, maturing in three years or less.

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

2. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, or by the University of Wisconsin Hospitals and Clinics Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investing pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories with certain conditions.

No violations of these restrictions occurred during the year.

Deposits in banks are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 per official custodian. In addition, the state of Wisconsin has a State Guarantee Fund, which provides a maximum of \$400,000 per public depository above the amount provided by the FDIC. Due to the relatively small size of the Guarantee Fund in relation to the total coverage, total recovery of losses may not be available. However, since the risk that an economic event would occur of the magnitude that would deplete the funds has been assessed as minimal, this coverage has been included in computing the amounts in Category 1 below.

Investments: Wisconsin Statute 66.04(2) and 67.11(2) restrict investment of temporarily idle cash. The City has adopted an investment policy pursuant to these statutes, which allows the City to invest in time deposits, securities guaranteed by the U.S. Government, securities of the Wisconsin Local Government Pooled Investment Fund, the Wisconsin City Liquid Asset Fund and commercial paper if the security has the highest or second highest rating of a nationally recognized rating agency.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The City does not have an additional custodial credit policy.

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

The City's deposits and investments are categorized into three categories of custodial credit risk:

- Category 1 - Insured or registered which are collateralized with securities held by the City or by its agent in the City's name.
- Category 2 - Uninsured and unregistered deposits and investments, which are collateralized with securities, held by the counter party's trust department or agent in the City's name.
- Category 3 - Uncollateralized deposits and uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent but not in the City's name.

The City's cash and investment balances at December 31, 2015 were as follows:

	Category			Bank Balance	Carrying Amount
	1	2	3		
U.S. Bank	\$ 650,000	\$ 650,916	\$ 0	\$ 1,300,916	\$ 1,467,996
Bank of Wisconsin Dells	7,697,899*	4,500,000		12,197,899	11,836,544
Ehlers Investment Partners	331,173			331,173	331,173
Totals	<u>\$8,679,072</u>	<u>\$5,150,916</u>	<u>\$ 0</u>	<u>\$13,829,988</u>	13,635,713
Petty cash					1,597
Morgan Stanley					262,694
Local government investment pool					1,186,004
Less: Cash held by fiduciary fund					(4,076,193)
Cash and Investments Reported on Statement of Net Position					<u>\$11,009,815</u>

* The City uses ICS, the Insured Cash Sweep service, to safeguard large deposits by sending deposits to other banks in amounts under \$250,000.

The City had no significant type of investment during the year not included in the above schedule.

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

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2015, the fair value of the LGIP's assets was substantially equal to the City's share as reported below. The investment in the LGIP is insured against defaults in principal payments by Financial Security Assurance Incorporated.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The City's investments at December 31, 2015 include the following:

	<u>Credit Quality Rating</u>	<u>Credit Exposure As a Percentage of Total Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
Morgan Stanley	AAA	18%	2 years	\$ 262,694
Wisconsin Local Government Investment Pool	Unrated	<u>82%</u>	49 days average	<u>1,186,004</u>
Total		<u>100%</u>		<u>\$1,448,698</u>

Interest Rate Risk: The City does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Investment Credit Risk: The City places no limit on the amount it may invest in any one issuer. At December 31, 2015, the City had no concentration of credit risk.

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 3 CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2015 were as follows:

	Beginning Balance	Prior Years Adjustment	Increases	Decreases	Ending Balance
Governmental Activities					
Land	\$ 2,257,864	\$ 0	\$ 0	\$ 0	\$ 2,257,864
Capital assets being depreciated					
Site improvements	1,629,261		211,693		1,840,954
Buildings	12,754,032		596,919		13,350,951
Vehicles	4,346,635		1,020,308	(347,805)	5,019,138
Infrastructure	30,672,718		1,819,150		32,491,868
Furniture and equipment	3,259,535	(1,120)	67,748	(57,856)	3,268,307
Total Capital Assets Being Depreciated	<u>52,662,181</u>	<u>(1,120)</u>	<u>3,715,818</u>	<u>(405,661)</u>	<u>55,971,218</u>
Less accumulated depreciation for					
Site improvements	(1,171,111)		(32,004)		(1,203,115)
Buildings	(5,072,948)		(240,984)		(5,313,932)
Vehicles	(3,153,699)		(268,370)	326,989	(3,095,080)
Infrastructure	(15,825,079)		(619,330)		(16,444,409)
Furniture and equipment	(2,405,977)	932	(166,937)	57,530	(2,514,452)
Total Accumulated Depreciation	<u>(27,628,814)</u>	<u>932</u>	<u>(1,327,625)</u>	<u>384,519</u>	<u>(28,570,988)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>25,033,367</u>	<u>(188)</u>	<u>2,388,193</u>	<u>(21,142)</u>	<u>27,400,230</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 27,291,231</u>	<u>\$ (188)</u>	<u>\$ 2,388,193</u>	<u>\$ (21,142)</u>	<u>\$ 29,658,094</u>
Business-Type Activities					
Land	\$ 500,618	\$ 0	\$ 0	\$ 0	\$ 500,618
Capital assets being depreciated					
Buildings	16,920,416				16,920,416
Furniture and equipment	27,623,913		773,186	(17,800)	28,379,299
Less accumulated depreciation	(23,522,750)		(1,202,629)	17,800	(24,707,579)
Total Business Type Assets Being Depreciated, Net of Accumulated Depreciation	<u>21,021,579</u>	<u>0</u>	<u>(429,443)</u>	<u>0</u>	<u>20,592,136</u>
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 21,522,197</u>	<u>\$ 0</u>	<u>\$ (429,443)</u>	<u>\$ 0</u>	<u>\$ 21,092,754</u>

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 3 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General government	\$ 309,884
Public safety	538,719
Public works	250,843
Parks and recreation	97,028
Conservation and development	38,515
Education	<u>92,636</u>
Total Depreciation for Governmental Activities	<u>\$1,327,625</u>

NOTE 4 LONG-TERM OBLIGATIONS

Long-term obligations balances and activity for the year ended December 31, 2015 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds					
G.O. Bonds	\$ 5,450,000	\$2,921,506	\$ 440,000	\$ 7,931,506	\$345,000
G.O. Promissory Notes	3,150,000		370,000	2,780,000	459,980
Total Bonds	<u>8,600,000</u>	<u>2,921,506</u>	<u>810,000</u>	<u>10,711,506</u>	<u>804,980</u>
Other Liabilities					
Vested employee benefits	1,054,914	219		1,055,133	10,000
Total Other Liabilities	<u>1,054,914</u>	<u>219</u>	<u>0</u>	<u>1,055,133</u>	<u>10,000</u>
Total Governmental Activity					
Long-Term Obligations	<u>\$ 9,654,914</u>	<u>\$2,921,725</u>	<u>\$ 810,000</u>	<u>\$11,766,639</u>	<u>\$814,980</u>
Business-Type Activities					
G.O. Bonds	\$ 2,350,000	\$ 698,494	\$ 225,000	\$ 2,823,494	\$275,000
G.O. Promissory Notes	4,612,300		214,200	4,398,100	285,820
Clean Water Fund Loans	2,004,631		322,664	1,681,967	331,020
Revenue Bonds		855,000		855,000	30,000
Total Business Type					
Activities Long-term					
Obligations	<u>\$ 8,966,931</u>	<u>\$1,553,494</u>	<u>\$ 761,864</u>	<u>\$ 9,758,561</u>	<u>\$921,840</u>

Payments on bonds and loans are made by the debt service fund. Vested employee benefits will be liquidated by several of the governmental funds.

Total interest expense for the year was \$242,389 and interest and other fiscal charges paid during the year was \$200,625 for governmental activities.

The full faith, credit, and taxing powers of the City secure all general obligation debt, including business-type activities, if any. Bonds and notes payable are comprised of the following individual issues:

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Date of Maturity</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/15</u>
G.O. Refunding Bond	03/18/09	2.25-4.35%	04/01/22	810,000	\$ 610,000
G.O. Promissory Note	05/17/11	2.00-3.00%	04/01/21	1,890,000	1,255,000
G.O. Promissory Bond	04/01/12	0.55-3.50%	04/01/27	2,175,000	1,890,000
G.O. Promissory Note	08/02/12	0.50-2.00%	04/01/22	1,995,000	1,525,000
G.O. Promissory Bond	08/02/12	2.00-2.85%	04/01/29	3,130,000	2,510,000
G.O. Promissory Bond	08/16/15	2.00-3.50%	04/01/35	2,950,000	<u>2,921,506</u>
Total General Obligation Debt*					<u>\$10,711,506</u>
Proprietary Funds					
Clean Water Fund Loan	09/23/98	2.64%	05/01/18	4,341,108	\$ 825,344
Clean Water Fund Loan	04/25/07	2.475%	5//01/26	121,379	65,823
Clean Water Fund Loan	03/26/08	2.365%	05/01/27	1,159,443	790,800
USDA Note	10/06/10	3.00%	10/01/50	3,645,000	3,388,100
G.O. Promissory Note*	05/17/11	2.00-3.00%	04/01/21	600,000	360,000
G.O. Promissory Note*	05/17/11	2.00-3.00%	04/01/21	850,000	650,000
G.O. Promissory Bond*	08/02/12	2.00-2.25%	04/01/23	2,390,000	2,125,000
G.O. Promissory Bond*	08/16/15	2.00-3.00%	04/01/28	670,000	698,494
Revenue Bonds	04/16/15	1.00-3.50%	05/01/35	855,000	<u>855,000</u>
Total Proprietary Funds Debt					<u>\$ 9,758,561</u>

The legal debt limit and margin of indebtedness is set at 5% of equalized value by Wisconsin Statutes. The margin of indebtedness at December 31, 2015 is:

Equalized value certified by Wisconsin Department of Revenue for 2015	<u>\$562,196,700</u>
Margin of indebtedness at 5%	28,109,835
*Deduct long-term debt applicable to debt margin	<u>14,545,000</u>
Margin of Indebtedness	<u>\$ 13,564,835</u>

Aggregate cash flow requirements for retirement of long-term principal and interest on bonds and notes payable as of December 31, 2015 are as follows:

	<u>Governmental Activity Long-term Obligations</u>		<u>Business-Type Long-term Obligations</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2016	\$ 804,980	\$ 302,170	\$ 921,840	\$ 251,818	\$ 2,280,808
2017	811,680	247,798	910,410	222,393	2,192,281
2018	817,720	229,693	909,864	199,748	2,157,025
2019	823,100	210,770	600,538	181,233	1,815,641
2020	886,310	190,458	564,135	167,229	1,808,132
2021 and after	<u>6,567,716</u>	<u>1,028,121</u>	<u>5,851,774</u>	<u>1,942,840</u>	<u>15,390,451</u>
Totals	<u>\$10,711,506</u>	<u>\$2,209,010</u>	<u>\$9,758,561</u>	<u>\$2,965,261</u>	<u>\$25,644,338</u>

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 5 INTERFUND BALANCES AND ACTIVITY

Interfund receivable and payable balances in the fund financial statements on December 31, 2015 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Agency Fund	\$3,729,290
	Swimming Pool	\$ 60,142
	TIF 4	\$ 465,967
	TIF 5	\$ 273,803
	TIF 6	\$ 88,297
	TIF 8	\$ 15,445
	Library	\$ 36,657
	Debt Service	\$ 106,116
	School Liaison	\$ 9,932
	Mass Transit	\$ 155,783
	Capital Project	\$ 22,406
	Tourism Promotion	\$ 2,772
	Revolving Sidewalk Fund	\$ 4,007
	Canal Fund	\$ 5,044
Donation Fund	General Fund	\$ 3,953
Water Utility	Capital Project	\$ 64,470
	Sewer Utility	\$ 42,043
	Agency Fund	\$ 18,922
	General Fund	\$ 9,799
Library	Agency Fund	\$ 486,949
BID	Agency Fund	\$ 89,500
Business Incubator	TIF 4	\$ 834
	General Fund	\$ 15
Debt Service	Agency Fund	\$ 773,290
	Sewer Utility	\$ 10,628
	Water Utility	\$ 171,926
	TIF 8	\$ 11,873
	Capital Projects	\$ 68,364
Capital Project	Agency Fund	\$ 6,217
	TIF 8	\$ 20,365
Revolving Sidewalk	Agency Fund	\$ 16,489
	Capital Project	\$ 65,000
TIF 4	Agency Fund	\$ 14,521
TIF 5	Agency Fund	\$ 93,120
TIF 7	Agency Fund	\$ 25,760
TIF 8	Agency Fund	\$ 64,468
Swimming Pool	Library	\$ 250
Sewer Utility	Capital Project	\$ 699,122
	Water Utility	\$ 169,197
	Agency Fund	\$ 17,005
	General Fund	\$ 5,681
	Swimming Pool	\$ 27
	Business Incubator	\$ 48
	Library	\$ 432
Vehicle Equip Replacement	Capital Project	\$ 237,042
Revolving Alley	Agency Fund	\$ 12,098

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 6 EMPLOYEE RETIREMENT PLANS

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 6 EMPLOYEE RETIREMENT PLANS (CONTINUED)

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2005	2.6%	7%
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25

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

During the reporting period, the WRS recognized \$356,206 in contributions from the employer.

Contribution rates as of December 31, 2015 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

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

At December 31, 2015, the City of Portage reported a liability (asset) of \$(875,587) for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 6 EMPLOYEE RETIREMENT PLANS (CONTINUED)

measurement date. The City of Portage's proportion of the net pension liability (asset) was based on the City of Portage's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the City of Portage's proportion was 0.03564697%, which was an increase of 0.00007152% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the City of Portage recognized pension expense of \$344,543.

At December 31, 2015, the City of Portage reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 126,933	\$0
Changes in assumptions	0	0
Net differences between projected and actual earnings on pension plan investments	424,002	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,145	0
Employer contributions subsequent to the measurement date	396,456	0
Total	\$ 951,536	\$0

\$396,456 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflow of Resources	Deferred Inflows of Resources
2015	\$109,136	\$0
2016	\$109,136	\$0
2017	\$109,136	\$0
2018	\$109,136	\$0
2019	\$109,136	\$0
Thereafter	\$ 9,399	\$0

Actuarial assumptions. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 6 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 - 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

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

<u>Asset Class</u>	<u>Long-Term Real Rate of Return</u>	<u>Target Allocation</u>
US Equities	5.3%	21%
International Equities	5.7	23%
Fixed Income	1.7	36%
Inflation Sensitive Assets	2.3	20%
Real Estate	4.2	7%
Private Equity/Debt	6.9	7%
Multi-Asset	3.9	6%
Cash	0.9%	-20%

Single Discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the 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 PORTAGE
PORTAGE, WISCONSIN**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 6 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Sensitivity of the City of Portage's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the City of Portage's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the City of Portage's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
City of Portage's proportionate share of the net pension liability (asset)	2,470,182	(875,587)	(3,517,940)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

NOTE 7 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

In addition to providing retirement benefits, the City provides health care benefits for certain early retirement employees. The cost of providing these benefits for eligible participants aggregated \$63,586 for the year ended December 31, 2015. The balance for retired employees as of December 31, 2015 was \$116,900.

NOTE 8 RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City manages these risks through the purchase of various forms of commercial insurance. Certain of the commercial insurance policies have established deductible amounts whereby the district would be responsible for the portion of claims, losses, and damages under the deductible limits. All funds participate in the coverages provided by the commercial insurance carriers. Each fund would be responsible for its share of losses either below the deductible amounts or for losses exceeding the coverage limits of the commercial policies. There was no significant reduction in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage for the past three years.

NOTE 9 CONTINGENCIES AND COMMITMENTS

From time to time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management that the likelihood is remote that any such claims or proceedings will have a material effect on the City's financial position or results of operations.

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 9 CONTINGENCIES AND COMMITMENTS (CONTINUED)

The City participates in a number of state and federally assisted grant programs. These programs are subject to program compliance audits by grantors or their representatives. The audits of these programs for or including the year ended December 31, 2015 have not been conducted. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

NOTE 10 EXCESS OF ACTUAL EXPENDITURE OVER BUDGET

The following individual funds had an excess of actual expenditures over budget for the year ended December 31, 2015:

	Governmental Activities (Expenditures)
Vehicle Equipment Replacement Fund	\$ 355,042
Debt Service Fund	\$ 13,605
CDBG Fund	\$ 90,830
Special Revenue Funds	\$ 405,917

NOTE 11 FUND BALANCES

Portions of fund balances are nonspendable, restricted, committed, assigned, or unassigned and not available for current expenses or expenditures. Details of these fund classifications are as follows:

	Governmental Activities						Business - Type Activities
	General	Capital	Vehicle	Debt	CDBG	Other	Utility
	Fund	Project	Equip. Rep.	Service	Fund	Governmental	
	Fund	Fund	Fund	Fund	Fund	Funds	Funds
Nonspendable	\$ 41,829	\$ 68,364	\$ 0	\$ 0	\$ 0	\$ 16,815	\$ 0
Restricted for:							
Capital project		476,686					
Vehicle equip.			1,145,887				
Debt service				2,660			
CDBG					86,931		
Other						1,052,266	
Sewer							989,955
Committed	16,900						
Unassigned	3,958,699					(1,147,320)	
Total fund							
balances	<u>\$4,017,428</u>	<u>\$ 545,050</u>	<u>\$1,145,887</u>	<u>\$2,660</u>	<u>\$86,931</u>	<u>\$ (78,239)</u>	<u>\$989,955</u>

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 11 FUND BALANCES (CONTINUED)

Restricted net position balances in the government-wide statement of net position consist of the following:

Government activities:	
Capital project fund	\$ 476,686
Vehicle equip. replacement fund	1,145,887
Debt service fund	2,660
Less accrued interest	(117,444)
CDBG fund	86,931
Special revenue funds	789,699
Capital project funds	262,567
Total	<u>\$2,646,986</u>
Business-type activities:	
Sewer utility	\$ 989,955

NOTE 12 SEGMENTS OF ENTERPRISE ACTIVITIES

There are services provided by the City which are financed by user charges. The key financial data for the year ended December 31, 2015 for those services are as follows:

	Sewer	Water
Operating Revenues		
Sales	\$ 1,803,500	\$ 1,836,081
Other revenue	\$ 17,457	\$ 52,118
Operating Expenses		
Depreciation	\$ 834,237	\$ 368,391
Operating Income (Loss)	\$ 4,217	\$ 267,599
Change in net position	\$ (133,583)	\$ 155,567
Capital Contributions	\$ 0	\$ 0
Total Assets	\$12,919,001	\$14,046,427
Net Working Capital (Deficit)	\$ 1,107,314	\$ 1,508,445
Total Liabilities	\$ 6,665,962	\$ 4,327,820
Bonds and Notes Payable	\$ 6,367,627	\$ 3,487,631
Total Net Position	\$ 6,253,039	\$ 9,699,685
Property, Plant and Equipment Additions	\$ 569,800	\$ 203,386
Deletions	\$ 0	\$ 17,800

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 13 RESTRICTED ASSETS

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

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

Depreciation - Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.

Capital Improvement - Used to report proceeds of revenue bond issuances that are restricted for use in construction.

Equipment Replacement Account - The Sewer Utility established an equipment replacement account to be used for significant mechanical equipment as required by the Wisconsin Department of Natural Resources.

Following is a list of restricted assets at December 31, 2015:

Bond redemption account	\$712,677
Capital improvement	<u>277,278</u>
Total Restricted Assets	<u>\$989,955</u>

NOTE 14 FIRE PROTECTION AGREEMENT

The City has entered into an agreement with the Towns of Pacific, Caledonia, Lewiston, and Fort Winnebago to provide fire protection services. The towns are jointly responsible for the replacement of designated firefighting apparatus used by the City to provide fire/rescue services to the towns. The towns contribute a fixed sum annually to the vehicle and equipment replacement fund. In July 2015, the City turned over the towns' balance of the vehicle and equipment replacement fund to be managed by a designated agent assigned by the towns. The amount is based on the amortized replacement cost of firefighting apparatus owned by the towns. The towns contribute an additional amount annually to the Vehicle and Replacement Fund based on the amortized replacement cost of firefighting apparatus owned in common by the towns and the City. The towns' prorated contribution is 49% and the City is 51% of the established annual amortized replacement cost of said apparatus. Each of the four towns' annual contribution is determined on the basis of their respective percentage share of the aggregate equalized assessed valuation of the four towns and is payable to the designated agent.

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 15 AMBULANCE SERVICE AGREEMENT

During 1999, the City entered into an ambulance service agreement with Divine Savior Hospital and Nursing Home, Inc. The Towns of Caledonia, Fort Winnebago, Lewiston, and Pacific also have each separately entered into ambulance service agreements with the hospital. In the City's agreement with the hospital, the City is to purchase and then lease to the hospital, ambulances and related equipment necessary for the operation of the ambulance service. In order to lease the ambulances and related equipment to the hospital, the City issued General Obligation Promissory Notes in the amount of \$365,000. The City anticipates that the lease payments, should the lease run its full term, will be sufficient to pay all amounts due and owing under this borrowing.

The City is to fund the hospital for any shortfall (expenses, exceeding revenue) it experiences in providing ambulance service. The towns that have also entered into agreements have agreed to reimburse the City for their respective shares of any shortfall based on population percentages, to be adjusted annually on January 1 of each year. The City accounts for its share of the operation in the ambulance district special revenue fund.

NOTE 16 TAX INCREMENTAL DISTRICTS

This section contains the financial information of the City of Portage Tax Incremental Districts as recorded in the various funds of the City of Portage governmental activities.

The Districts were created under the provisions of Chapter 66.1105 of the Wisconsin State Statutes. The purpose of that chapter is to allow a municipality to recover development and improvement costs in a designated area from the property taxes generated on the increased valuation of the property after the creation of the district. The tax on the increased value is called a tax increment.

The statutes allow a municipality to collect tax increments until the net project costs have been fully recovered, or until 27 years after the creation date, whichever occurs first. Project costs uncollected at the dissolution date are absorbed by the City of Portage.

TAX INCREMENTAL DISTRICT NO. 4 (INDUSTRIAL PARK)

Tax Incremental District No. 4 was created on August 13, 2003. No amendments have been made. The project plan estimate of capital expenditures is as follows:

Land Acquisition	\$1,200,000
Water System Improvements	425,000
Sanitary Sewer System Improvements	385,000
Road Improvements	870,000
Storm Water Management and Mass Grading	400,000
Railroad Spur	200,000
Other Development Incentives	250,000
Administration/Organization	62,500
Total Capital Expenditures	<u>\$3,792,500</u>

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 16 TAX INCREMENTAL DISTRICTS (CONTINUED)

TAX INCREMENTAL DISTRICT NO. 4 (CONTINUED)

ASSETS	
Cash and investments	\$ 0
Due from other funds	14,521
TOTAL ASSETS	<u>\$ 14,521</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Due to other funds	\$466,801
Unearned revenue	14,521
Total Liabilities	<u>481,322</u>
Fund Balances Restricted	(466,801)
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 14,521</u>

	<u>Year Ended</u>	<u>From Date of Creation</u>
SOURCES OF FUNDS		
Tax increments	\$ 14,505	\$ 66,441
Intergovernmental		2,008,733
Proceeds from long-term debt		2,102,500
Miscellaneous		20,551
Total Sources of Funds	<u>14,505</u>	<u>4,198,225</u>
USES OF FUNDS		
Capital and administrative expenditures	2,443	3,310,233
Principal on long-term debt	85,000	570,000
Interest and fiscal charges	47,433	784,793
Total Uses of Funds	<u>134,876</u>	<u>4,665,026</u>
Excess (Deficiency) of Sources of Funds Over Uses of Funds	<u>(120,371)</u>	<u>(466,801)</u>
FUND BALANCE - Beginning of Year	<u>(346,430)</u>	<u>0</u>
FUND BALANCE - END OF YEAR	<u>\$ (466,801)</u>	<u>\$ (466,801)</u>

TAX INCREMENTAL DISTRICT NO. 5 (REDEVELOPMENT/BLIGHT ELIMINATION)

The creation date of Tax Incremental District No. 5 was January 12, 2004. The project plan estimate of capital expenditures is as follows:

Portage Highlands Demolition and Site Preparation	\$1,545,000
Construction of Condominium Units	404,000
Total Capital Expenditures	<u>\$1,949,000</u>

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 16 TAX INCREMENTAL DISTRICTS (CONTINUED)

TAX INCREMENTAL DISTRICT NO. 5 (CONTINUED)

ASSETS	
Cash and investments	\$ 0
Due from other funds	<u>93,120</u>
TOTAL ASSETS	<u>\$ 93,120</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Due to other funds	\$273,803
Unearned revenue	<u>93,120</u>
Total Liabilities	<u>366,923</u>
Fund Balances Restricted	<u>(273,803)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 93,120</u>

	<u>Year Ended</u>	<u>From Date of Creation</u>
SOURCES OF FUNDS		
Tax increments	\$ 87,246	\$1,096,606
Intergovernmental		9,363
Investment income		1,928
Proceeds from long-term debt		3,590,000
Miscellaneous		<u>2,372</u>
Total Sources of Funds	<u>87,246</u>	<u>4,700,269</u>
USES OF FUNDS		
Capital and administrative expenditures	2,072	1,912,984
Principal on long-term debt	130,000	2,367,206
Interest and fiscal charges	<u>29,862</u>	<u>693,882</u>
Total Uses of Funds	<u>161,934</u>	<u>4,974,072</u>
Excess (Deficiency) of Sources of Funds Over Uses of Funds	<u>(74,688)</u>	<u>(273,803)</u>
FUND BALANCE - Beginning of Year	<u>(199,115)</u>	<u>0</u>
FUND BALANCE - END OF YEAR	<u>\$ (273,803)</u>	<u>\$ (273,803)</u>

TAX INCREMENTAL DISTRICT NO. 6 (DOWNTOWN REDEVELOPMENT/BLIGHT ELIMINATION)

The creation date of Tax Incremental District No. 6 was April 28, 2008. In 2014, TID No. 6 was amended for a base value redetermination with a new termination date of April 2033. The project plan estimate of capital expenditures is as follows:

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 16 TAX INCREMENTAL DISTRICTS (CONTINUED)

TAX INCREMENTAL DISTRICT NO. 6 (CONTINUED)

Cook Street Reconstruction	\$ 750,000
Unspecified Development Assistance	2,300,000
Market Square Parking	200,000
Canal Rehabilitation	<u>750,000</u>
Total Capital Expenditures	<u>\$4,000,000</u>

ASSETS

Cash and investments	\$ 0
TOTAL ASSETS	<u>\$ 0</u>

LIABILITIES AND FUND BALANCES

Liabilities

Due to other funds	\$ 88,297
Total Liabilities	<u>88,297</u>

Fund Balances

Restricted	<u>(88,297)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 0</u>

	<u>Year Ended</u>	<u>From Date of Creation</u>
SOURCES OF FUNDS		
Intergovernmental	\$ 8,038	\$ 62,718
Total Sources of Funds	<u>8,038</u>	<u>62,718</u>
USES OF FUNDS		
Capital and administrative expenditures	<u>1,273</u>	<u>151,015</u>
Total Uses of Funds	<u>1,273</u>	<u>151,015</u>
Excess (Deficiency) of Sources of Funds Over Uses of Funds	<u>6,765</u>	<u>(88,297)</u>
FUND BALANCE - Beginning of Year	<u>(95,062)</u>	<u>0</u>
FUND BALANCE - END OF YEAR	<u>\$ (88,297)</u>	<u>\$ (88,297)</u>

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 16 TAX INCREMENTAL DISTRICTS (CONTINUED)

TAX INCREMENTAL DISTRICT NO. 7 (BLIGHT ELIMINATION)

Tax Incremental District No. 7 was created on September 23, 2010. In 2014, TID No. 7 was amended to include additional territory and has a termination date of 2036. The project plan estimate of capital expenditures is as follows:

East Wisconsin Improvements	\$1,000,000
Townsend-Brady Street Storm Sewer	200,000
Superior Street/Fairground Improvements	840,000
East Wisconsin Turning Lane to Ontario	25,000
East Wisconsin/Wauona Trail Signalization	150,000
East Wisconsin/Brooks Street Intersection Improvements	50,000
Townsend Street Wauona Trail Intersection Improvements	50,000
Revolving Loan Fund	<u>250,000</u>
Total Capital Expenditures	<u>\$2,565,000</u>

ASSETS

Cash and investments	\$ 164,778
Due from other funds	<u>25,760</u>
TOTAL ASSETS	<u>\$ 190,538</u>

LIABILITIES AND FUND BALANCES

Liabilities

Due to other funds	\$ 0
Unearned revenue	<u>25,760</u>
Total Liabilities	<u>25,760</u>

Fund Balances Restricted	<u>164,778</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 190,538</u>

	<u>Year Ended</u>	<u>From Date of Creation</u>
SOURCES OF FUNDS		
Tax increments	\$ 19,474	\$ 126,553
Intergovernmental	1,908	6,271
Miscellaneous	0	459
Proceeds from long-term debt	0	<u>510,000</u>
Total Sources of Funds	<u>21,382</u>	<u>643,283</u>

USES OF FUNDS

Capital and administrative expenditures	2,659	374,936
Principal on long-term debt	25,000	50,000
Interest and fiscal charges	<u>10,092</u>	<u>53,569</u>
Total Uses of Funds	<u>37,751</u>	<u>478,505</u>

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 16 TAX INCREMENTAL DISTRICTS (CONTINUED)

TAX INCREMENTAL DISTRICT NO. 7 (CONTINUED)

Excess (Deficiency) of Sources of Funds Over Uses of Funds	\$ (16,369)	\$ 164,778
FUND BALANCE - Beginning of Year	<u>181,147</u>	<u>0</u>
FUND BALANCE - END OF YEAR	<u>\$ 164,778</u>	<u>\$ 164,778</u>

TAX INCREMENTAL DISTRICT NO. 8 (MIXED USE DEVELOPMENT)

Tax Incremental District No. 8 was created on June 24, 2014. The project costs are expected to be recovered by 2025. The project plan estimate of expenditures is as follows:

Hamilton Street Improvements	\$450,000
Development Incentives	<u>250,000</u>
Total Capital Expenditures	<u>\$700,000</u>

ASSETS

Prepaid expenses	\$ 11,873	
Due from other funds	<u>64,468</u>	
TOTAL ASSETS	<u>\$ 76,341</u>	

LIABILITIES AND FUND BALANCES

Liabilities		
Due to other funds	\$ 47,683	
Unearned revenue	<u>64,468</u>	
Total Liabilities	<u>112,151</u>	
Fund Balances Restricted	<u>(35,810)</u>	
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 76,341</u>	

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 16 TAX INCREMENTAL DISTRICTS (CONTINUED)

TAX INCREMENTAL DISTRICT NO. 8 (CONTINUED)

	<u>Year Ended</u>	<u>From Date of Creation</u>
SOURCES OF FUNDS		
Miscellaneous	\$ 203	\$ 203
Bond premiums	15,410	15,410
Proceeds from long-term debt	<u>550,000</u>	<u>550,000</u>
Total Sources of Funds	<u>565,613</u>	<u>565,613</u>
USES OF FUNDS		
Capital and administrative expenditures	<u>586,157</u>	<u>601,423</u>
Total Uses of Funds	<u>586,157</u>	<u>601,423</u>
Excess (Deficiency) of Sources of Funds Over Uses of Funds	<u>(20,544)</u>	<u>(35,810)</u>
FUND BALANCE - Beginning of Year	<u>(15,266)</u>	<u>0</u>
FUND BALANCE - END OF YEAR	<u>\$ (35,810)</u>	<u>\$ (35,810)</u>

NOTE 17 SUBSEQUENT EVENTS

Subsequent events were evaluated through July 8, 2016, which is the date the financial statements were available to be issued. As of that date no material subsequent events were noted.

NOTE 18 PRIOR YEAR RESTATEMENT

Changes to the reporting requirements for pensions detailed in Note 6 require a restatement to the beginning net position as follows:

	<u>Governmental Activities</u>	<u>Sewer Utility</u>	<u>Water Utility</u>
Net Position-Beginning of Year	\$23,451,489	\$6,289,475	\$9,457,765
Prior Year Net Pension Liability	<u>1,615,517</u>	<u>97,147</u>	<u>86,353</u>
Net Position-Beginning of Year, As Restated	<u>\$25,067,006</u>	<u>\$6,386,622</u>	<u>\$9,544,118</u>

REQUIRED SUPPLEMENTAL INFORMATION

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Property taxes	\$ 4,079,523	\$ 4,079,523	\$ 4,082,167	\$ 2,644
Intergovernmental	2,487,193	2,487,193	2,502,728	15,535
Licenses and permits	207,555	207,555	261,096	53,541
Fines, forfeitures and penalties	171,800	171,800	177,647	5,847
Public charges for services	357,990	357,990	425,121	67,131
Other sources	79,702	79,702	136,604	56,902
Total Revenues	<u>7,383,763</u>	<u>7,383,763</u>	<u>7,585,363</u>	<u>201,600</u>
EXPENDITURES				
Current				
General government	1,079,336	1,080,090	1,036,264	43,826
Public safety	3,827,491	3,827,491	3,774,067	53,424
Public works	1,770,682	1,772,682	1,757,593	15,089
Parks and recreation	620,914	618,160	605,611	12,549
Total Expenditures	<u>7,298,423</u>	<u>7,298,423</u>	<u>7,173,535</u>	<u>124,888</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>85,340</u>	<u>85,340</u>	<u>411,828</u>	<u>326,488</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(173,880)	(173,880)	(173,880)	
Net Other Financing Sources (Uses)	<u>(173,880)</u>	<u>(173,880)</u>	<u>(173,880)</u>	<u>0</u>
Net Change in Fund Balances	(88,540)	(88,540)	237,948	326,488
FUND BALANCES - Beginning of Year	<u>3,779,480</u>	<u>3,779,480</u>	<u>3,779,480</u>	<u>0</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,690,940</u>	<u>\$ 3,690,940</u>	<u>\$ 4,017,428</u>	<u>\$ 326,488</u>

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

**BUDGETARY COMPARISON SCHEDULE FOR THE CAPITAL PROJECT FUND
BUDGET AND ACTUAL - CAPITAL PROJECT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budget Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Special assessments	\$ 0	\$ 0	\$ 45,701	\$ 45,701
Intergovernmental	890,450	890,450		(890,450)
Commercial revenue			9,119	9,119
Total Revenues	<u>890,450</u>	<u>890,450</u>	<u>54,820</u>	<u>(835,630)</u>
EXPENDITURES				
Capital outlay	<u>3,511,853</u>	<u>3,511,853</u>	<u>2,019,315</u>	<u>1,492,538</u>
Total Expenditures	<u>3,511,853</u>	<u>3,511,853</u>	<u>2,019,315</u>	<u>1,492,538</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,621,403)</u>	<u>(2,621,403)</u>	<u>(1,964,495)</u>	<u>656,908</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	1,827,903	1,827,903	2,069,464	241,561
Bond premiums			84,320	84,320
Operating transfers in (out)	<u>64,000</u>	<u>64,000</u>	<u>94,000</u>	<u>30,000</u>
Total Other Financing Sources (Uses)	<u>1,891,903</u>	<u>1,891,903</u>	<u>2,247,784</u>	<u>355,881</u>
Net Change in Fund Balance	(729,500)	(729,500)	283,289	1,012,789
FUND BALANCE - Beginning of Year	<u>261,761</u>	<u>261,761</u>	<u>261,761</u>	<u>0</u>
FUND BALANCE - END OF YEAR	<u>\$ (467,739)</u>	<u>\$ (467,739)</u>	<u>\$ 545,050</u>	<u>\$ 1,012,789</u>

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

BUDGETARY COMPARISON SCHEDULE FOR THE VEHICLE EQUIP. REPLAC. FUND
BUDGET AND ACTUAL - VEHICLE EQUIP. REPLAC. FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Commercial revenue	\$ 0	\$ 0	\$ 16,692	\$ 16,692
Total Revenues	<u>0</u>	<u>0</u>	<u>16,692</u>	<u>16,692</u>
EXPENDITURES				
Capital outlay	<u>342,500</u>	<u>342,500</u>	<u>697,542</u>	<u>(355,042)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(342,500)</u>	<u>(342,500)</u>	<u>(680,850)</u>	<u>(338,350)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	23,333	23,333	237,042	213,709
Operating transfers in/(out)	<u>166,880</u>	<u>166,880</u>	<u>166,880</u>	
Net Other Financing Sources (Uses)	<u>190,213</u>	<u>190,213</u>	<u>403,922</u>	<u>213,709</u>
Net Change in Fund Balance	(152,287)	(152,287)	(276,928)	(124,641)
FUND BALANCE - Beginning of Year	<u>1,422,815</u>	<u>1,422,815</u>	<u>1,422,815</u>	<u>0</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,270,528</u>	<u>\$ 1,270,528</u>	<u>\$ 1,145,887</u>	<u>\$ (124,641)</u>

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

BUDGETARY COMPARISON SCHEDULE FOR THE DEBT SERVICE FUND
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$ 683,238	\$ 683,238	\$ 683,238	\$ 0
Total Revenues	<u>683,238</u>	<u>683,238</u>	<u>683,238</u>	<u>0</u>
EXPENDITURES				
Principal	1,571,864	1,571,864	1,571,864	
Interest	428,091	428,091	441,696	(13,605)
Total Expenditures	<u>1,999,955</u>	<u>1,999,955</u>	<u>2,013,560</u>	<u>(13,605)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,316,717)</u>	<u>(1,316,717)</u>	<u>(1,330,322)</u>	<u>(13,605)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,316,717	1,316,717	1,330,322	13,605
Net Other Financing Sources (Uses)	<u>1,316,717</u>	<u>1,316,717</u>	<u>1,330,322</u>	<u>13,605</u>
Net Change in Fund Balance	0	0	0	0
FUND BALANCE - Beginning of Year (Restated)	<u>2,660</u>	<u>2,660</u>	<u>2,660</u>	<u>0</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,660</u>	<u>\$ 2,660</u>	<u>\$ 2,660</u>	<u>\$ 0</u>

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

BUDGETARY COMPARISON SCHEDULE FOR THE CDBG FUND
BUDGET AND ACTUAL - CDBG FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$ 20,000	\$ 20,000	\$ 166,463	\$ 146,463
Commercial revenue	50	50	1,665	1,615
Total Revenues	<u>20,050</u>	<u>20,050</u>	<u>168,128</u>	<u>148,078</u>
EXPENDITURES				
Conservation and development	<u>20,050</u>	<u>20,050</u>	<u>110,880</u>	<u>(90,830)</u>
Net Change in Fund Balance	0	0	57,248	57,248
FUND BALANCE - Beginning of Year	<u>29,683</u>	<u>29,683</u>	<u>29,683</u>	<u>0</u>
FUND BALANCE - END OF YEAR	<u>\$ 29,683</u>	<u>\$ 29,683</u>	<u>\$ 86,931</u>	<u>\$ 57,248</u>

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
FOR THE YEAR ENDED DECEMBER 31, 2015**

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

A budget has been adopted for the general fund, debt service fund, capital projects fund, and CDBG fund and comparisons of budget to actual are presented in the financial statements. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds. Budgetary comparisons are not required for proprietary funds.

The budgeted amounts presented include any amendments made. The City may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action. Supplemental appropriations during the year were not material. Appropriations lapse at year end unless specifically carried over. There is no carryover to the following year. Budgets are adopted at the function level of expenditure.

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
FOR PENSION RELATED ITEMS
FOR THE YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF CITY OF PORTAGE'S PROPORTIONATE SHARE OF THE PENSION LIABILITY (ASSET)
Wisconsin Retirement System
Last 10 Fiscal Years*

	2015
City of Portage's proportion of the net pension liability (asset)	.03564697%
City of Portage's proportionate share of the net pension liability (asset)	\$ (875,587)
City of Portage's covered-employee payroll	\$ 4,085,943
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year

SCHEDULE OF CITY OF PORTAGE'S CONTRIBUTIONS
Wisconsin Retirement System
Last 10 Fiscal Years*

Contractually required contributions	\$ 356,206
Contributions in relation to contractually required contributions	\$ (356,206)
City of Portage's covered-employee payroll	\$4,085,943
Contributions as a percentage of covered-employee payroll	8.72%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year

**Notes to Required Supplementary Information
For the Year Ended December 31, 2015**

Changes of benefit terms. There were no changes of benefit terms for any participating employer in WRS.

Changes of assumptions. There were no changes in the assumptions.

OTHER SUPPLEMENTAL INFORMATION

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

COMPARATIVE BALANCE SHEETS
GENERAL FUND
AS OF DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
Cash and investments	\$ 2,888,320	\$ 3,025,620
Receivables		
Accounts	136,010	136,714
Other receivables	157,071	144,196
Due from other funds	4,975,661	4,682,698
Due from other governments	18,233	16,491
Prepaid items	41,829	21,662
Advance to other funds	77,387	77,387
TOTAL ASSETS	\$ 8,294,511	\$ 8,104,768
LIABILITIES		
Accounts payable	\$ 143,242	\$ 195,477
Accrued liabilities	383,827	360,462
Due to other funds	19,448	64,319
Due to other governments	1,276	
Total Liabilities	547,793	620,258
DEFERRED INFLOWS OF RESOURCES		
Property taxes	3,729,290	3,705,030
FUND BALANCES		
Nonspendable	41,829	21,662
Committed	16,900	6,500
Unassigned	3,958,699	3,751,318
Total Fund Balances	4,017,428	3,779,480
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 8,294,511	\$ 8,104,768

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015		2014			
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Taxes	\$ 4,079,523	\$ 4,082,167	\$ 2,644	\$ 4,062,356	\$ 4,090,115	\$ 27,759
Intergovernmental	2,487,193	2,502,728	15,535	2,460,445	2,476,244	15,799
Licenses and permits	207,555	261,096	53,541	188,200	242,401	54,201
Fines, forfeitures and penalties	171,800	177,647	5,847	153,800	174,673	20,873
Public charges for services	357,990	425,121	67,131	353,171	418,610	65,439
Miscellaneous revenues	79,702	136,604	56,902	81,452	324,855	243,403
Total Revenues	<u>7,383,763</u>	<u>7,585,363</u>	<u>201,600</u>	<u>7,299,424</u>	<u>7,726,898</u>	<u>427,474</u>
EXPENDITURES						
Current						
General government	1,080,090	1,036,264	43,826	1,035,067	1,209,724	(174,657)
Public safety	3,827,491	3,774,067	53,424	3,785,912	3,779,392	6,520
Public works	1,772,682	1,757,593	15,089	1,787,390	1,859,255	(71,865)
Parks and recreation	618,160	605,611	12,549	604,109	597,390	6,719
Total Expenditures	<u>7,298,423</u>	<u>7,173,535</u>	<u>124,888</u>	<u>7,212,478</u>	<u>7,445,761</u>	<u>(233,283)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>85,340</u>	<u>411,828</u>	<u>326,488</u>	<u>86,946</u>	<u>281,137</u>	<u>194,191</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers out	(173,880)	(173,880)		(136,947)	(139,947)	(3,000)
Net Other Financing Sources (Uses)	<u>(173,880)</u>	<u>(173,880)</u>	<u>0</u>	<u>(136,947)</u>	<u>(139,947)</u>	<u>(3,000)</u>
Net Change in Fund Balance	(88,540)	237,948	326,488	(50,001)	141,190	191,191
FUND BALANCE - Beginning of Year	<u>3,779,480</u>	<u>3,779,480</u>	<u>0</u>	<u>3,638,290</u>	<u>3,638,290</u>	<u>0</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,690,940</u>	<u>\$ 4,017,428</u>	<u>\$ 326,488</u>	<u>\$ 3,588,289</u>	<u>\$ 3,779,480</u>	<u>\$ 191,191</u>

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

COMPARATIVE BALANCE SHEETS
CAPITAL PROJECT FUND
AS OF DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
Cash and investments	\$ 1,735,652	\$ 665,984
Accounts receivable		30,894
Special assessment receivable	20,671	26,936
Due from other funds	26,582	6,902
Prepaid expense	68,364	
TOTAL ASSETS	\$ 1,851,269	\$ 730,716
LIABILITIES		
Accounts payable	\$ 122,927	\$ 176,322
Unearned revenue	20,671	26,937
Due to other funds	1,156,404	259,434
Total Liabilities	1,300,002	462,693
DEFERRED INFLOWS OF RESOURCES		
Property taxes	6,217	6,262
FUND BALANCES		
Nonspendable	68,364	
Restricted	476,686	261,761
Total Fund Balances	545,050	261,761
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 1,851,269	\$ 730,716

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - CAPITAL PROJECT FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015		2014		Variance Favorable (Unfavorable)
	Final Budget	Actual	Final Budget	Actual	
REVENUES					
Special assessments	\$ 0	\$ 45,701	\$ 45,701	\$ 0	\$ 0
Intergovernmental	890,450		(890,450)	338,488	(14,734)
Commercial revenue		9,119	9,119	100,820	(81,517)
Total Revenues	<u>890,450</u>	<u>54,820</u>	<u>(835,630)</u>	<u>439,308</u>	<u>(96,251)</u>
EXPENDITURES					
Capital outlay	3,511,853	2,019,315	1,492,538	1,801,200	1,455,929
Total Expenditures	<u>3,511,853</u>	<u>2,019,315</u>	<u>1,492,538</u>	<u>1,801,200</u>	<u>345,271</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,621,403)</u>	<u>(1,964,495)</u>	<u>656,908</u>	<u>(1,361,892)</u>	<u>249,020</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds	1,827,903	2,069,464	241,561	267,000	(267,000)
Bond premiums		84,320	84,320		
Operating transfers in	64,000	94,000	30,000	52,000	(52,000)
Net Other Financing Sources (Uses)	<u>1,891,903</u>	<u>2,247,784</u>	<u>355,881</u>	<u>319,000</u>	<u>(319,000)</u>
Net Change in Fund Balance	(729,500)	283,289	1,012,789	(1,042,892)	(69,980)
FUND BALANCE - Beginning of Year	261,761	261,761	0	1,374,633	0
FUND BALANCE - END OF YEAR	<u>\$ (467,739)</u>	<u>\$ 545,050</u>	<u>\$ 1,012,789</u>	<u>\$ 331,741</u>	<u>\$ (69,980)</u>

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

COMPARATIVE BALANCE SHEETS
VEHICLE EQUIP. REPLAC. FUND
AS OF DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and investments	\$ 1,051,300	\$ 2,795,368
Due from other funds	<u>237,042</u>	<u></u>
TOTAL ASSETS	<u>\$ 1,288,342</u>	<u>\$ 2,795,368</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 0	\$ 36,231
Due to other governments	<u>142,455</u>	<u>1,336,322</u>
Total Liabilities	<u>142,455</u>	<u>1,372,553</u>
Fund Balances		
Restricted	<u>1,145,887</u>	<u>1,422,815</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,288,342</u>	<u>\$ 2,795,368</u>

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - VEHICLE EQUIP. REPLAC. FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			2014		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 246,470	\$ 0	\$ (246,470)
Commercial revenue		16,692	16,692	300	13,947	13,647
Total Revenues	0	16,692	16,692	246,770	13,947	(232,823)
EXPENDITURES						
Capital outlay	342,500	697,542	(355,042)	936,000	156,966	779,034
Total Expenditures	342,500	697,542	(355,042)	936,000	156,966	779,034
Excess (Deficiency) of Revenues Over Expenditures	(342,500)	(680,850)	(338,350)	(689,230)	(143,019)	546,211
OTHER FINANCING SOURCES (USES)						
Bond proceeds	23,333	237,042	213,709	171,020		(171,020)
Operating transfers in	166,880	166,880		186,800	136,947	(49,853)
Net Other Financing Sources (Uses)	190,213	403,922	213,709	357,820	136,947	(220,873)
Net Change in Fund Balance	(152,287)	(276,928)	(124,641)	(331,410)	(6,072)	325,338
FUND BALANCE - Beginning of Year	1,422,815	1,422,815	0	1,428,887	1,428,887	0
FUND BALANCE - END OF YEAR	\$ 1,270,528	\$ 1,145,887	\$ (124,641)	\$ 1,097,477	\$ 1,422,815	\$ 325,338

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

COMPARATIVE BALANCE SHEETS
DEBT SERVICE FUND
AS OF DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
Cash and investments	\$ 0	\$ 0
Due from other funds	1,036,081	792,893
TOTAL ASSETS	\$ 1,036,081	\$ 792,893
LIABILITIES		
Liabilities		
Unearned revenues	\$ 154,015	\$ 0
Due to other funds	106,116	106,995
Total Liabilities	260,131	106,995
DEFERRED INFLOWS OF RESOURCES		
Property taxes	773,290	683,238
FUND BALANCES		
Restricted	2,660	2,660
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 1,036,081	\$ 792,893

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - DEBT SERVICE FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015		2014		Variance Favorable (Unfavorable)
	Final Budget	Actual	Final Budget	Actual	
REVENUES					
Taxes	\$ 683,238	\$ 683,238	\$ 683,312	\$ 688,312	\$ 0
Total Revenues	<u>683,238</u>	<u>683,238</u>	<u>683,312</u>	<u>688,312</u>	<u>0</u>
EXPENDITURES					
Principal	1,571,864	1,571,864	1,512,121	1,512,121	
Interest and bond fees	428,091	441,696	465,194	465,194	
Total Expenditures	<u>1,999,955</u>	<u>2,013,560</u>	<u>1,977,315</u>	<u>1,977,315</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,316,717)</u>	<u>(1,330,322)</u>	<u>(1,309,003)</u>	<u>(1,309,003)</u>	<u>0</u>
NET OTHER FINANCING SOURCES (USES)					
Operating transfers in	1,316,717	1,330,322	1,309,003	1,309,003	
Net Other Financing Sources (Uses)	<u>1,316,717</u>	<u>1,330,322</u>	<u>1,309,003</u>	<u>1,309,003</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0	0
FUND BALANCE - Beginning of Year	2,660	2,660	2,660	2,660	0
FUND BALANCE - END OF YEAR	<u>\$ 2,660</u>	<u>\$ 2,660</u>	<u>\$ 2,660</u>	<u>\$ 2,660</u>	<u>\$ 0</u>

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

COMPARATIVE BALANCE SHEETS
CDBG FUND
AS OF DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
Cash and investments	\$ 125,255	\$ 31,835
Accounts receivable	1,649,258	1,758,269
TOTAL ASSETS	\$ 1,774,513	\$ 1,790,104
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 38,324	\$ 2,152
Unearned revenue	1,649,258	1,758,269
Total Liabilities	1,687,582	1,760,421
Fund Balances		
Restricted	86,931	29,683
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,774,513	\$ 1,790,104

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - CDBG FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015		2014		Variance Favorable (Unfavorable)
	Final Budget	Actual	Final Budget	Actual	
REVENUES					
Intergovernmental	\$ 20,000	\$ 166,463	\$ 376,902	\$ 421,853	\$ 44,951
Commercial	50	1,665	1,000	2,595	1,595
Total Revenues	<u>20,050</u>	<u>168,128</u>	<u>377,902</u>	<u>424,448</u>	<u>46,546</u>
EXPENDITURES					
Conservation and development	20,050	110,880	377,902	400,893	(22,991)
Total Expenditures	<u>20,050</u>	<u>110,880</u>	<u>377,902</u>	<u>400,893</u>	<u>(22,991)</u>
Net Change in Fund Balance	0	57,248	0	23,555	23,555
FUND BALANCE - Beginning of Year	<u>29,683</u>	<u>29,683</u>	<u>6,128</u>	<u>6,128</u>	<u>0</u>
FUND BALANCE - END OF YEAR	<u>\$ 29,683</u>	<u>\$ 86,931</u>	<u>\$ 6,128</u>	<u>\$ 29,683</u>	<u>\$ 23,555</u>

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2015

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 818,066	\$ 209,794	\$ 1,027,860
Accounts receivable	331,334	16,788	348,122
Special assessments receivable		26,632	26,632
Due from other funds	779,370	93,587	872,957
Prepaid expense	16,815		16,815
TOTAL ASSETS	\$ 1,945,585	\$ 346,801	\$ 2,292,386
LIABILITIES			
Accounts payable	\$ 258,190	\$ 3,479	\$ 261,669
Unearned revenue	111,256	43,117	154,373
Due to other funds	1,142,627	9,051	1,151,678
Total Liabilities	1,512,073	55,647	1,567,720
DEFERRED INFLOWS OF RESOURCES			
Property taxes	774,318	28,587	802,905
FUND BALANCES			
Nonspendable	16,815		16,815
Restricted	789,699	262,567	1,052,266
Unassigned	(1,147,320)		(1,147,320)
Total Fund Balances	(340,806)	262,567	(78,239)
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 1,945,585	\$ 346,801	\$ 2,292,386

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES			
Taxes	\$ 719,070	\$ 0	\$ 719,070
Intergovernmental	1,082,547	55	1,082,602
Public charges for services	180,481		180,481
Special assessments		64,914	64,914
Commercial	160,317	303	160,620
Miscellaneous	<u>95,167</u>		<u>95,167</u>
Total Revenues	<u>2,237,582</u>	<u>65,272</u>	<u>2,302,854</u>
EXPENDITURES			
General government	1,120,187	7,559	1,127,746
Public safety	602		602
Parks and recreation	74,242		74,242
Conservation and development	158,986		158,986
Education	643,142		643,142
Capital outlay	<u>835,515</u>	<u>65,583</u>	<u>901,098</u>
Total Expenditures	<u>2,832,674</u>	<u>73,142</u>	<u>2,905,816</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(595,092)</u>	<u>(7,870)</u>	<u>(602,962)</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	550,000	65,000	615,000
Bond premiums	15,410		15,410
Operating transfers in	7,000		7,000
Operating transfers out	<u>(421,387)</u>		<u>(421,387)</u>
Net Other Financing Sources (Uses)	<u>151,023</u>	<u>65,000</u>	<u>216,023</u>
Net Change in Fund Balance	(444,069)	57,130	(386,939)
FUND BALANCE - Beginning of Year	<u>103,263</u>	<u>205,437</u>	<u>308,700</u>
FUND BALANCE - END OF YEAR	<u>\$ (340,806)</u>	<u>\$ 262,567</u>	<u>\$ (78,239)</u>

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

COMPARATIVE BALANCE SHEETS
SPECIAL REVENUE FUNDS
AS OF DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
Cash and investments	\$ 818,066	\$ 637,659
Accounts receivable	331,334	246,864
Prepaid expense	16,815	4,932
Due from other funds	779,370	915,912
TOTAL ASSETS	\$ 1,945,585	\$ 1,805,367
LIABILITIES		
Accounts payable	\$ 258,190	\$ 90,194
Due to other funds	1,142,627	804,290
Unearned revenue	111,256	134,900
Total Liabilities	1,512,073	1,029,384
DEFERRED INFLOWS OF RESOURCES		
Property taxes	774,318	672,720
FUND BALANCES		
Nonspendable	16,815	4,932
Restricted	789,699	98,331
Unassigned	(1,147,320)	
Total Fund Balances	(340,806)	103,263
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 1,945,585	\$ 1,805,367

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - SPECIAL REVENUE FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015		2014		Variance Favorable (Unfavorable)
	Final Budget	Actual	Final Budget	Actual	
REVENUES					
Taxes	\$ 715,270	\$ 719,070	\$ 3,800	\$ 724,458	\$ 16,005
Intergovernmental	982,633	1,082,547	99,914	1,313,720	326,779
Public charges for services	187,823	180,481	(7,342)	180,296	3,094
Commercial	122,040	160,317	38,277	113,680	181,315
Miscellaneous	34,305	95,167	60,862	60,341	47,061
Total Revenues	<u>2,042,071</u>	<u>2,237,582</u>	<u>195,511</u>	<u>1,999,556</u>	<u>574,254</u>
EXPENDITURES					
General government	884,750	1,120,187	(235,437)	138,587	(112,648)
Public safety	1,000	602	398	3,500	2,118
Parks and recreation	72,326	74,242	(1,916)	73,699	6,145
Conservation and development	250,035	158,986	91,049	257,623	94,227
Education	587,138	643,142	(56,004)	627,669	16,371
Capital outlay	631,508	835,515	(204,007)	842,060	(347,108)
Total Expenditures	<u>2,426,757</u>	<u>2,832,674</u>	<u>(405,917)</u>	<u>1,943,138</u>	<u>(340,895)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(384,686)</u>	<u>(595,092)</u>	<u>(210,406)</u>	<u>56,418</u>	<u>233,359</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds	465,000	550,000	85,000		
Bond premiums		15,410	15,410		
Sale of equipment				16,278	(16,278)
Operating transfers in	243,733	7,000	(236,733)	45,991	(42,991)
Operating transfers out	(427,312)	(421,387)	5,925	(193,527)	(122,899)
Net Other Financing Sources (Uses)	<u>281,421</u>	<u>151,023</u>	<u>(130,398)</u>	<u>(131,258)</u>	<u>(182,168)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(103,265)</u>	<u>(444,069)</u>	<u>(340,804)</u>	<u>(74,840)</u>	<u>51,191</u>
FUND BALANCE - Beginning of Year	<u>103,263</u>	<u>103,263</u>	<u>0</u>	<u>126,912</u>	<u>0</u>
FUND BALANCE - END OF YEAR	<u>\$ (2)</u>	<u>\$ (340,806)</u>	<u>\$ (340,804)</u>	<u>\$ 52,072</u>	<u>\$ 51,191</u>

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

COMPARATIVE BALANCE SHEETS
CAPITAL PROJECT FUNDS
AS OF DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
Cash and investments	\$ 209,794	\$ 209,148
Accounts receivable	16,788	482
Special assessments receivable	26,632	58,817
Due from other funds	93,587	24,160
TOTAL ASSETS	\$ 346,801	\$ 292,607
LIABILITIES		
Accounts payable	\$ 3,479	\$ 4,662
Due to other funds	9,051	
Unearned revenue	43,117	58,817
Total Liabilities	55,647	63,479
DEFERRED INFLOWS OF RESOURCES		
Property taxes	28,587	23,691
FUND BALANCES		
Restricted	262,567	205,437
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 346,801	\$ 292,607

**CITY OF PORTAGE
PORTAGE, WISCONSIN**

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - CAPITAL PROJECT FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015		2014		Variance Favorable (Unfavorable)
	Final Budget	Actual	Final Budget	Actual	
REVENUES					
Special assessments	\$ 50,000	\$ 64,914	\$ 80,500	\$ 89,496	\$ 8,996
Intergovernmental		55		5	5
Commercial revenue	80,000	303	148,500	2,918	(145,582)
Total Revenues	<u>130,000</u>	<u>65,272</u>	<u>229,000</u>	<u>92,419</u>	<u>(136,581)</u>
EXPENDITURES					
Consulting and professional services	2,585	7,559	183,000	5,754	177,246
Capital outlay	200,000	65,583	101,888	100,499	1,389
Total Expenditures	<u>202,585</u>	<u>73,142</u>	<u>284,888</u>	<u>106,253</u>	<u>178,635</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(72,585)</u>	<u>(7,870)</u>	<u>(55,888)</u>	<u>(13,834)</u>	<u>42,054</u>
OTHER FINANCING SOURCES (USES)					
Bond Proceeds		65,000	36,600		(36,600)
Net Other Financing Sources (Uses)	<u>0</u>	<u>65,000</u>	<u>36,600</u>	<u>0</u>	<u>(36,600)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(72,585)</u>	<u>57,130</u>	<u>(19,288)</u>	<u>(13,834)</u>	<u>5,454</u>
FUND BALANCE - Beginning of Year	<u>205,437</u>	<u>205,437</u>	<u>219,271</u>	<u>219,271</u>	<u>0</u>
FUND BALANCE - END OF YEAR	<u>\$ 132,852</u>	<u>\$ 262,567</u>	<u>\$ 199,983</u>	<u>\$ 205,437</u>	<u>\$ 5,454</u>