

CITY OF PORTAGE

Portage, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2016

CITY OF PORTAGE

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INDEPENDENT AUDITORS' REPORT

To the City Council
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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Portage, Wisconsin, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Portage'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.

Auditors' Responsibility

Our responsibility is to express opinions 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 auditors' 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 City of Portage'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 City of Portage'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.

To the City Council
City of Portage

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Portage, Wisconsin, as of December 31, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note III. H. to the financial statements, net position and fund balances as of December 31, 2015 have been restated to correct material misstatements. Our opinions are not modified with respect to this matter.

Other Matters

The financial statements of the City of Portage as of December 31, 2015, prior to restatement, were audited by other auditors whose report dated July 8, 2016, expressed an unmodified opinion on those statements.

As part of the audit of the December 31, 2016 financial statements, we also audited the adjustments described in Note III. H. that were applied to restate the December 31, 2015 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the December 31, 2015 financial statements of the City of Portage other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the December 31, 2015 financial statements as a whole.

Required Supplementary Information

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

To the City Council
City of Portage

Supplementary Information

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
June 22, 2017

CITY OF PORTAGE, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2016

As management of the City of Portage, Wisconsin we offer readers of the city's financial statement this narrative overview and analysis of the financial activities of the city for the fiscal year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with the city's financial statements.

FINANCIAL HIGHLIGHTS

- > The assets and deferred outflows of the City of Portage exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$41,910,266 (net position). Of this amount, \$8,064,984 (unrestricted net position) may be used to meet the government's obligations to citizens and creditors. The total net position includes all major infrastructure networks.
- > The City of Portage's total net position decreased by \$1,337,987 in 2016.
- > As of the close of the current fiscal year, the City of Portage's governmental funds reported combined ending fund balances of \$5,851,173 a decrease of \$343,981 in comparison with the prior year.
- > At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,522,621 or approximately 35% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE STATEMENTS

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

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

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

CITY OF PORTAGE, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
As of and for the Year Ended December 31, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

GOVERNMENT-WIDE STATEMENTS (cont.)

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

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

FUND FINANCIAL STATEMENTS

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

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

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

The city maintains 29 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, CDBG Fund, Mass Transit Fund, Debt Service Fund and Capital Project Fund, and the Vehicle Equipment Replacement Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. In future years, the Council may choose to designate other significant governmental funds.

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

CITY OF PORTAGE, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

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

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

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16 - 61 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, *required supplementary information* presents a detailed budgetary comparison schedule for the General Fund, the CDBG special revenue fund, and the Mass Transit special revenue fund to demonstrate compliance with the budget for these three funds, followed by the city's pension related information. This information can be found on pages 62 - 68 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining statements can be found on pages 70 - 77 of this report.

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City of Portage, assets exceeded liabilities by \$41,910,266 as of December 31, 2016.

CITY OF PORTAGE, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2016

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

The largest portion of the city's net position (approximately 73 %) reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The city uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the city's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the city's net position (approximately 7%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$8,064,984 may be used to meet the government's ongoing obligation to citizens and creditors.

CITY OF PORTAGE'S NET POSITION

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015*	2016	2015*	2016	2015*
Current and other assets	\$ 13,431,153	\$ 17,323,379	\$ 5,973,213	\$ 5,775,617	\$ 19,404,366	\$ 23,098,996
Capital assets	30,107,774	29,658,094	21,859,811	21,092,754	51,967,585	50,750,848
Total Assets	<u>43,538,927</u>	<u>46,981,473</u>	<u>27,833,024</u>	<u>26,868,371</u>	<u>71,371,951</u>	<u>73,849,844</u>
Pension related amounts	2,867,520	854,479	381,365	97,057	3,248,885	951,536
Total Deferred Outflows of Resources	<u>2,867,520</u>	<u>854,479</u>	<u>381,365</u>	<u>97,057</u>	<u>3,248,885</u>	<u>951,536</u>
Other liabilities	916,111	5,575,824	283,202	294,071	1,199,313	5,869,895
Long-term liabilities	13,111,299	11,863,377	11,836,083	10,699,711	24,947,382	22,563,088
Total Liabilities	<u>14,027,410</u>	<u>17,439,201</u>	<u>12,119,285</u>	<u>10,993,782</u>	<u>26,146,695</u>	<u>28,432,983</u>
Unearned revenues	5,328,704	5,311,702	-	18,922	5,328,704	5,330,624
Pension related amounts	1,090,300	-	144,871	-	1,235,171	-
Total Deferred Inflows of Resources	<u>6,419,004</u>	<u>5,311,702</u>	<u>144,871</u>	<u>18,922</u>	<u>6,563,875</u>	<u>5,330,624</u>
Net investment in capital assets	19,208,094	18,946,588	11,608,869	11,400,016	30,816,963	30,346,604
Restricted	1,892,978	2,646,986	1,135,341	989,955	3,028,319	3,636,941
Unrestricted	<u>4,858,961</u>	<u>3,491,475</u>	<u>3,206,023</u>	<u>3,562,753</u>	<u>8,064,984</u>	<u>7,054,228</u>
TOTAL NET POSITION	<u>\$ 25,960,033</u>	<u>\$ 25,085,049</u>	<u>\$ 15,950,233</u>	<u>\$ 15,952,724</u>	<u>\$ 41,910,266</u>	<u>\$ 41,037,773</u>

* These figures are prior to the restatements detailed on pages 50-52 of the financial statements.

Analysis of the City's Operations – The following table provides a summary of the city's operations for the year ended December 31, 2016. Net position for governmental activities decreased by \$1,377,449 to a total of \$25,960,033. Business-type activities increased by \$39,462 to a total of \$15,950,233.

CITY OF PORTAGE, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2016

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

CHANGES IN NET POSITION

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

CITY OF PORTAGE CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 965,883	\$ 1,393,848	\$ 3,774,948	\$ 3,709,156	\$ 4,740,831	\$ 5,103,004
Operating grants and contributions	1,592,543	1,736,324	33,021	-	1,625,564	1,736,324
Capital grants and contributions	730,348	-	138,766	-	869,114	-
General revenues:						
Property taxes	5,185,790	5,484,475	-	-	5,185,790	5,484,475
Other taxes	156,136	-	-	-	156,136	-
Intergovernmental	1,955,096	1,822,253	-	-	1,955,096	1,822,253
Investment income	38,958	63,500	25,694	39,902	64,652	103,402
Miscellaneous	83,011	254,095	22,064	1,146	105,075	255,241
Total Revenues	10,707,765	10,754,495	3,994,493	3,750,204	14,702,258	14,504,699
Expenses:						
General government	1,124,951	2,381,111	-	-	1,124,951	2,381,111
Public safety	4,451,363	3,726,017	-	-	4,451,363	3,726,017
Public works	4,057,327	2,568,932	-	-	4,057,327	2,568,932
Health and human services	56,000	-	-	-	56,000	-
Culture, education and recreation	1,691,527	1,509,561	-	-	1,691,527	1,509,561
Conservation and development	805,972	308,442	-	-	805,972	308,442
Interest and fiscal charges	295,788	242,389	-	-	295,788	242,389
Water utility	-	-	1,585,016	1,735,314	1,585,016	1,735,314
Sewer utility	-	-	1,972,301	1,992,906	1,972,301	1,992,906
Total Expenses	12,482,928	10,736,452	3,557,317	3,728,220	16,040,245	14,464,672
Income Before Transfers	(1,775,163)	18,043	437,176	21,984	(1,337,987)	40,027
Transfers	397,714	-	(397,714)	-	-	-
Increase (Decrease) in net position	(1,377,449)	18,043	39,462	21,984	(1,337,987)	40,027
Net Position – beginning - as restated	27,337,482	25,067,006	15,910,771	15,930,740	43,248,253	40,997,746
Net Position – Ending	\$ 25,960,033	\$ 25,085,049	\$ 15,950,233	\$ 15,952,724	\$ 41,910,266	\$ 41,037,773

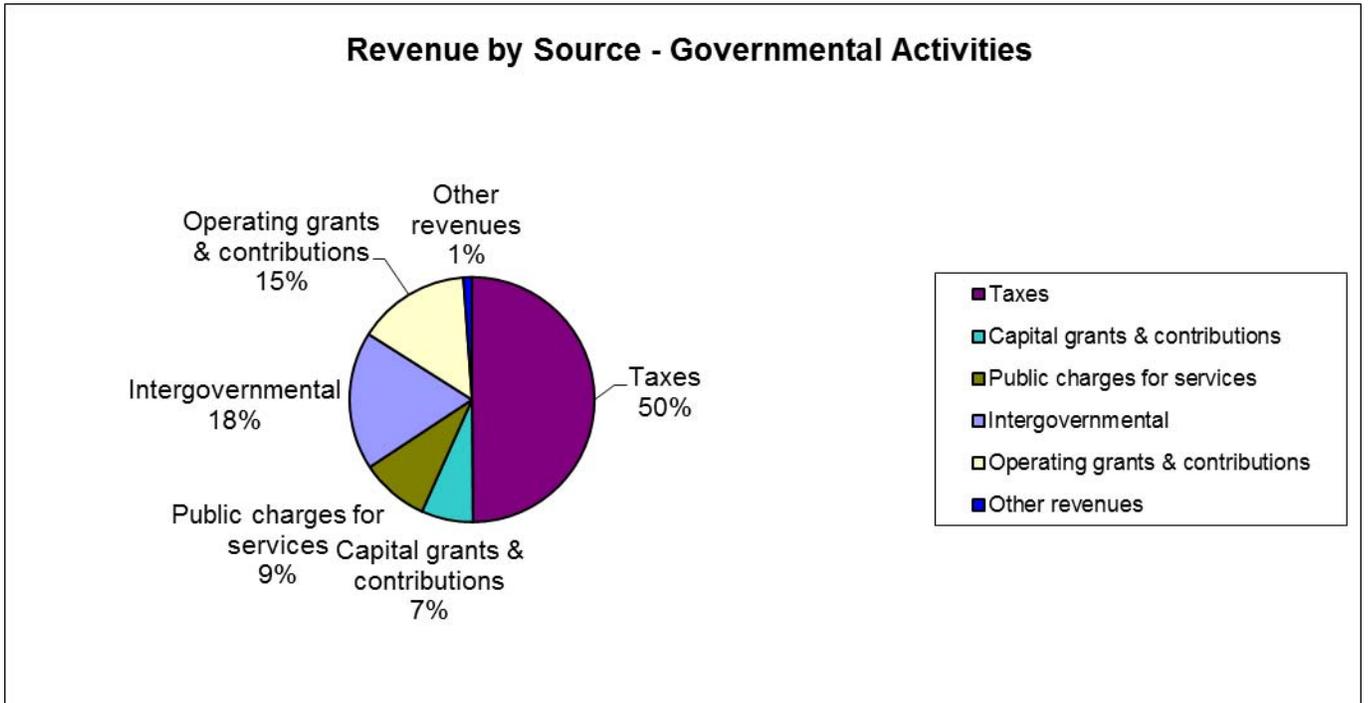
CITY OF PORTAGE, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
As of and for the Year Ended December 31, 2016

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

GOVERNMENTAL ACTIVITIES

The city received a total of \$10,707,765 in governmental activity revenues in 2016. As the following chart indicates, the largest revenue source is taxes followed by intergovernmental revenues.



Total governmental activities expenses were \$12,482,928 in 2016. Expenses exceeded revenues by \$1,775,163. After transfers in, there was a decrease in net position of \$1,377,449.

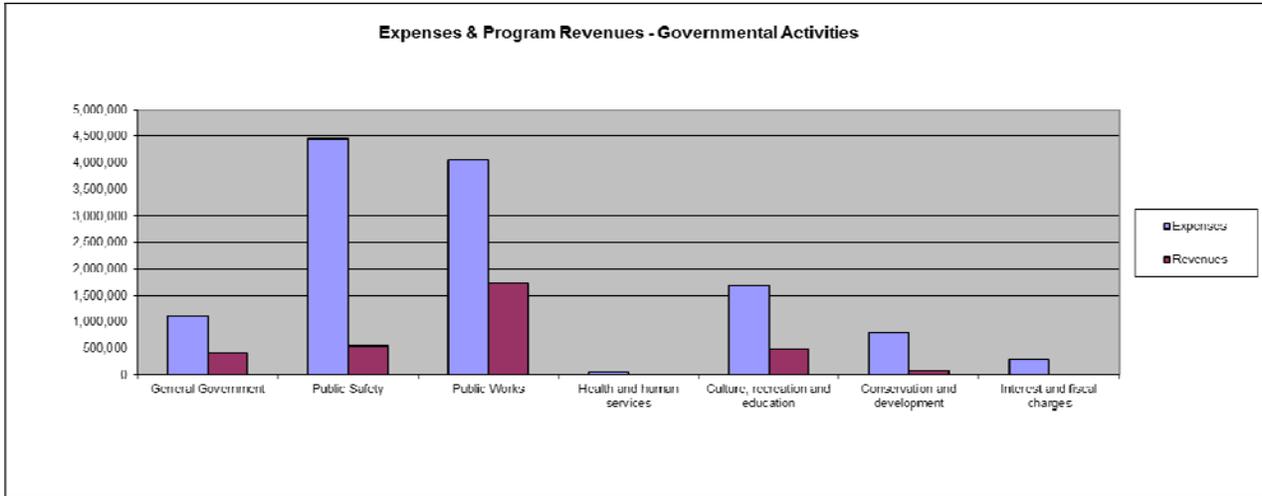
In 2016, Public Safety activities (police, fire, EMS, emergency government) accounted for the largest share of city expenditures at 36%. This was followed next by expenditures on Public Works at 33%. Other expenditure areas included General Government at 9; Culture, Education, and Recreation at 14%, Interest and Fiscal Charges at 2%, and Conservation and Development at 6%.

CITY OF PORTAGE, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
As of and for the Year Ended December 31, 2016

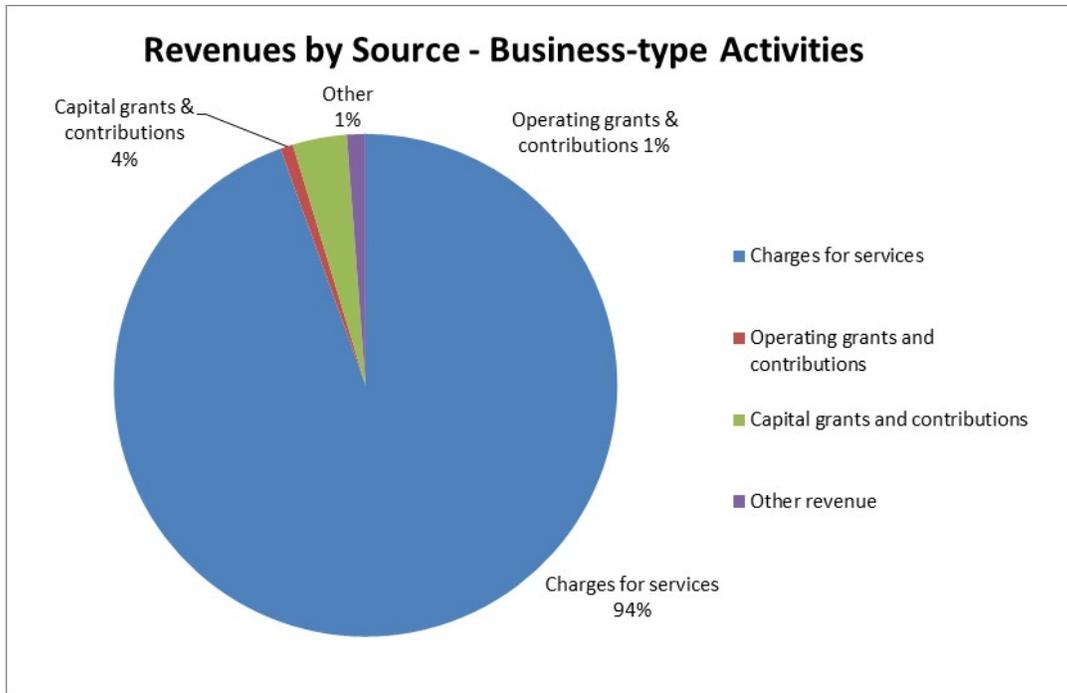
FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

GOVERNMENTAL ACTIVITIES (cont.)



BUSINESS-TYPE ACTIVITIES

The city generated \$3,994,493 in business-type activity revenue in 2016 from its Water and Sewer Utilities. Charges for services are by far the largest revenue source for these operations, representing 94% of revenues.



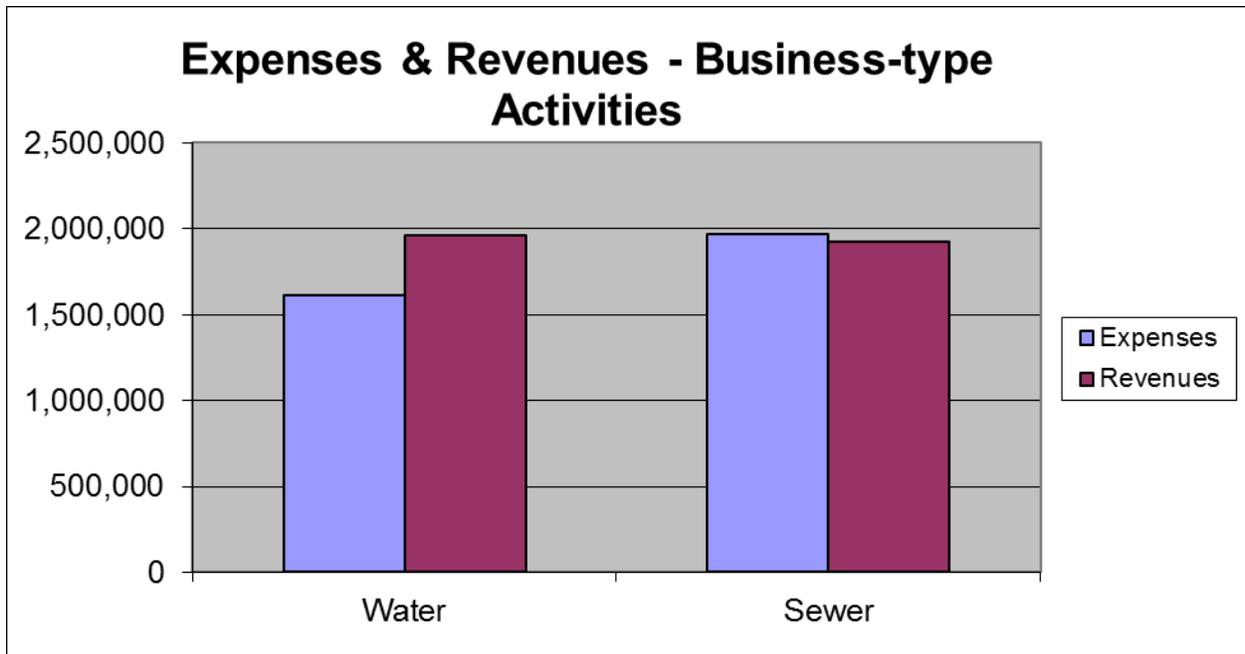
CITY OF PORTAGE, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
As of and for the Year Ended December 31, 2016

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

BUSINESS-TYPE ACTIVITIES (cont.)

Business-type activities increased the city's net position by \$39,462 in 2016, which represents an increase of less than 1% over the previous year. The net operating income of the Water and Sewer Utilities was \$585,096. The following graph compares the revenues to the expenses for each utility. The current water and sewer rates became effective January 2011 and May 2015 respectively.



CITY OF PORTAGE, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2016

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

GOVERNMENTAL FUNDS

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

At the end of current fiscal year, the City of Portage's governmental funds reported combined ending fund balances of \$5,851,173. Approximately 24% of this total amount, \$1,403,747 constitutes unassigned fund balance. The remainder of the fund balance is not available for new spending because it has already been committed, restricted, or assigned.

MAJOR FUNDS

General Fund – The General Fund is the main operating fund of the city. The general fund balance decreased from \$4,365,793 (as restated) to \$4,058,221, or \$307,572. Overall, expenditures in the General Fund were under budget by \$46,847, while total revenues were \$1,082 lower than budgeted. The General Fund's activities are funded by state aids, property taxes, charges for services and other minor miscellaneous revenues.

CDBG Fund – This fund accounts for grants and local revenues being loaned for community housing programs. During 2016, the loan portfolio of this fund was closely evaluated and written down to a net receivable balance of \$1,244,097.

Mass Transit Fund – This special revenue fund is used to report grants and local match amounts for the taxi program of the city. After transfers and other financing sources, the fund had a positive change in fund balance of \$107,584.

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources for, and the payment of general long-term principal, interest and related costs. There was a deficit of \$43,088 at year end as current year transfers out debt principal and interest payments were in excess of revenues.

Capital Projects Fund – This fund accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects. Fund balance decreased from \$646,509 (as restated) to \$431,854 a decrease of \$214,655. The issuance of bonds, in the amount of \$1,095,000 was reported in this fund during the current year and were used for various street and other capital projects.

Vehicle Replacement Fund – This fund is used to account for amounts assigned to vehicle acquisitions. For 2016, there was a loss in this fund of \$1,530 causing it to essentially break even.

NONMAJOR GOVERNMENTAL FUNDS

Fund balance of all other governmental funds is \$122,514 and is comprised of restricted and assigned amounts, in addition to some unassigned (deficit) balances.

CITY OF PORTAGE, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
As of and for the Year Ended December 31, 2016

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

PROPRIETARY FUNDS

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

Water Utility – The water utility net position decreased \$29,355 or less than 1%. Operating income was \$504,008, compared to \$267,599 in the prior year.

Sewer Utility – The Portage wastewater treatment plant provides sewer service for the City of Portage residents. The sewer utility net position increased \$68,817 or 1.1%. Operating income was \$81,088, compared to \$4,217 in the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The total original and final appropriations, including those for transfers out, were \$7,524,000, while the actual expenditures were \$7,772,412. Actual revenues and other financing sources were more than budgeted revenues in total by \$32,652. Most of the cost savings compared to budget were in the police (16,262), patrol (25,532), and fire suppression (28,809) departments. These were offset by \$43,259 more in expenditures when compared to budget, for highway and street maintenance for local roads. While variances existed for revenues, most variances were minimal as actuals approximated budgeted figures.

CITY OF PORTAGE, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2016

CAPITAL ASSETS

At the end of 2016, the city had invested a total of \$51,967,585 in capital assets (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, infrastructure and construction work in progress.

Major capital asset events during the current fiscal year included the following: Vets Field soccer fields, skateboard construction, remodeling at Lincoln park, upgrades to the city's computer server, a plow truck, skid loader, bob cat, an air conditioner at the library, several Dodge caravans, street improvements on River street, and ally and sidewalk improvements. However, the most significant project during the year was the nearly completed water building.

CAPITAL ASSETS AT YEAR-END NET OF ACCUMULATED DEPRECIATION

	Governmental Activities 2016	Business- type Activities 2016	Total
Land	\$ 2,257,864	\$ 500,618	\$ 2,758,482
Construction in progress	9,582	1,290,612	1,300,194
Buildings and improvement	15,897,464	-	15,897,464
Equipment	8,531,351	-	8,531,351
Infrastructure	33,195,566	-	33,195,566
Water plant	-	19,648,640	19,648,640
Sewer plant	-	26,364,371	26,364,371
	<u>(29,784,053)</u>	<u>(25,944,430)</u>	<u>(55,728,483)</u>
Totals	<u>\$ 30,107,774</u>	<u>\$ 21,859,811</u>	<u>\$ 51,967,585</u>

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

CITY OF PORTAGE, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2016

LONG-TERM DEBT

The city had \$22,788,249 in outstanding notes and bonds payable at the end of 2016. Of the bonded debt, \$11,291,506 is to be repaid with general property taxes (of which \$3,465,000 are TID obligations). \$11,496,742 are water and sewer utility obligations.

Under Wisconsin State Statutes, Chapter 67, the city's aggregate general obligation indebtedness may not exceed 5% of the equalized value of taxable property located in the city. The net amount of debt that is applicable to the statutory limit is \$15,090,000, which is considerably below the maximum of \$28,654,410.

CITY OF PORTAGE'S OUTSTANDING BONDS AND NOTES

	Governmental Activity 2016	Business-Type Activity 2016	Total
General obligation bonds and notes payable	\$ 11,291,506	\$ 3,798,494	\$ 15,090,000
Revenue bonds	-	7,698,249	7,698,249
Totals	<u>\$ 11,291,506</u>	<u>\$ 11,496,743</u>	<u>\$ 22,788,249</u>

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

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

The City of Portage is located approximately 45 miles north of Madison and it is also the county seat of Columbia County. The population as of 2010 was 10,662, making it the largest city within the county.

The property tax base posted a 1.95% increase in equalized value for 2016. Assessment data indicates that the rate of appreciation in value of all classes of property as 4.85% in 2016.

The City of Portage Council adopted the 2017 budget in November 2016. The budget authorizes General Fund expenditures of \$7.6 million, similar to the previous year. The combined property tax levy for all funds is \$5.1 million, a 2.77% increase from the previous year.

REQUESTS FOR INFORMATION

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

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

CITY OF PORTAGE

STATEMENT OF NET POSITION As of December 31, 2016

	Primary Government			Component Unit
	Governmental	Business-type	Totals	BID Fund
	Activities	Activities		
ASSETS				
Cash and investments	\$ 5,469,809	\$ 3,092,950	\$ 8,562,759	\$ 109,997
Receivables (net)				
Taxes receivable	5,328,704	31,816	5,360,520	89,500
Accounts	559,914	375,155	935,069	-
Delinquent personal property taxes	5,035	-	5,035	-
Loans	1,244,097	-	1,244,097	-
Special assessments	143,140	50,255	193,395	-
Other Receivables	1,618	3,101	4,719	-
Internal balances	455,706	(455,706)	-	-
Due from other governmental units	19,001	-	19,001	-
Inventories and prepaid items	142,418	52,030	194,448	1,243
Restricted assets				
Cash and investments	61,711	2,823,612	2,885,323	-
Capital Assets				
Land	2,257,864	500,618	2,758,482	-
Construction in progress	9,582	1,290,612	1,300,194	-
Capital assets, being depreciated	57,624,381	46,013,011	103,637,392	-
Less: Accumulated depreciation	(29,784,053)	(25,944,430)	(55,728,483)	-
Total Assets	<u>43,538,927</u>	<u>27,833,024</u>	<u>71,371,951</u>	<u>200,740</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	<u>2,867,520</u>	<u>381,365</u>	<u>3,248,885</u>	-
Total Deferred Outflows of Resources	<u>2,867,520</u>	<u>381,365</u>	<u>3,248,885</u>	-
LIABILITIES				
Accounts payable	409,814	187,930	597,744	9,897
Accrued liabilities and deposits	504,808	51,044	555,852	-
Due to other governmental units	1,489	-	1,489	-
Liabilities Payable from Restricted Assets				
Accrued interest	-	44,228	44,228	-
Revenue bonds	-	477,090	477,090	-
Noncurrent Liabilities				
Due within one year	1,232,851	523,769	1,756,620	-
Due in more than one year	11,878,448	10,835,224	22,713,672	-
Total Liabilities	<u>14,027,410</u>	<u>12,119,285</u>	<u>26,146,695</u>	<u>9,897</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for next period	5,328,704	-	5,328,704	89,500
Pension related amounts	<u>1,090,300</u>	<u>144,871</u>	<u>1,235,171</u>	-
Total Deferred Inflows of Resources	<u>6,419,004</u>	<u>144,871</u>	<u>6,563,875</u>	<u>89,500</u>
NET POSITION				
Net investment in capital assets	19,208,094	11,608,869	30,816,963	-
Restricted	1,892,978	1,135,341	3,028,319	-
Unrestricted	<u>4,858,961</u>	<u>3,206,023</u>	<u>8,064,984</u>	<u>101,343</u>
TOTAL NET POSITION	<u>\$ 25,960,033</u>	<u>\$ 15,950,233</u>	<u>\$ 41,910,266</u>	<u>\$ 101,343</u>

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Totals	BID Fund
\$ (716,576)	\$ -	\$ (716,576)	\$ -
(3,898,221)	-	(3,898,221)	-
(2,316,318)	-	(2,316,318)	-
(56,000)	-	(56,000)	-
(1,195,855)	-	(1,195,855)	-
(715,396)	-	(715,396)	-
(295,788)	-	(295,788)	-
<u>(9,194,154)</u>	<u>-</u>	<u>(9,194,154)</u>	<u>-</u>
-	349,456	349,456	-
-	<u>39,962</u>	<u>39,962</u>	-
-	<u>389,418</u>	<u>389,418</u>	-
<u>(9,194,154)</u>	<u>389,418</u>	<u>(8,804,736)</u>	<u>-</u>
-	-	-	<u>(113,713)</u>
5,185,790	-	5,185,790	89,500
156,136	-	156,136	-
1,955,096	-	1,955,096	-
38,958	25,694	64,652	477
14,132	3,104	17,236	-
<u>68,879</u>	<u>18,960</u>	<u>87,839</u>	<u>420</u>
<u>7,418,991</u>	<u>47,758</u>	<u>7,466,749</u>	<u>90,397</u>
<u>397,714</u>	<u>(397,714)</u>	<u>-</u>	<u>-</u>
(1,377,449)	39,462	(1,337,987)	(23,316)
<u>27,337,482</u>	<u>15,910,771</u>	<u>43,248,253</u>	<u>124,659</u>
<u>\$ 25,960,033</u>	<u>\$ 15,950,233</u>	<u>\$ 41,910,266</u>	<u>\$ 101,343</u>

See accompanying notes to financial statements.

CITY OF PORTAGE

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2016

	General	CDBG Fund	Mass Transit Fund	Debt Service
ASSETS				
Cash and investments	\$ 2,428,979	\$ 35,961	\$ -	\$ -
Receivables				
Taxes	3,850,558	-	-	795,174
Accounts	187,747	-	321,725	-
Special assessments	-	-	-	-
Delinquent personal property taxes	5,035	-	-	-
Loans	-	1,244,097	-	-
Other	-	-	-	-
Due from other governments	19,001	-	-	-
Due from other funds	652,833	-	-	-
Prepayments	126,333	-	-	-
Restricted cash and investments	-	-	-	-
Advances to other funds	<u>1,293,029</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 8,563,515</u></u>	<u><u>\$ 1,280,058</u></u>	<u><u>\$ 321,725</u></u>	<u><u>\$ 795,174</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 228,956	\$ 588	\$ 93,823	\$ -
Accrued liabilities	384,554	-	-	-
Deposits	-	-	-	-
Due to other governments	1,404	-	-	-
Due to other funds	39,822	-	-	43,088
Advances from other funds	<u>-</u>	<u>-</u>	<u>268,415</u>	<u>-</u>
Total Liabilities	<u>654,736</u>	<u>588</u>	<u>362,238</u>	<u>43,088</u>
Deferred Inflows of Resources				
Deferred revenues	3,850,558	-	-	795,174
Property taxes levied for next period	<u>-</u>	<u>1,244,097</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>3,850,558</u>	<u>1,244,097</u>	<u>-</u>	<u>795,174</u>
Fund Balances (Deficit)				
Nonspendable	1,424,397	-	-	-
Restricted	-	35,373	-	-
Assigned	111,203	-	-	-
Unassigned (deficit)	<u>2,522,621</u>	<u>-</u>	<u>(40,513)</u>	<u>(43,088)</u>
Total Fund Balances (Deficit)	<u>4,058,221</u>	<u>35,373</u>	<u>(40,513)</u>	<u>(43,088)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u><u>\$ 8,563,515</u></u>	<u><u>\$ 1,280,058</u></u>	<u><u>\$ 321,725</u></u>	<u><u>\$ 795,174</u></u>

See accompanying notes to financial statements.

Capital Projects Fund	Vehicle Equipment Replacement Fund	Nonmajor Governmental Funds	Totals
\$ 601,164	\$ 1,272,897	\$ 1,130,808	\$ 5,469,809
5,107	-	677,865	5,328,704
-	3,690	46,752	559,914
18,105	-	125,035	143,140
-	-	-	5,035
-	-	-	1,244,097
-	-	1,618	1,618
-	-	-	19,001
-	10,225	38,325	701,383
-	-	16,085	142,418
-	-	61,711	61,711
-	-	-	1,293,029
<u>\$ 624,376</u>	<u>\$ 1,286,812</u>	<u>\$ 2,098,199</u>	<u>\$ 14,969,859</u>
\$ 59,427	\$ -	\$ 27,020	\$ 409,814
-	-	32,232	416,786
-	-	7,245	7,245
-	-	85	1,489
109,883	-	130,271	323,064
-	-	947,227	1,215,642
<u>169,310</u>	<u>-</u>	<u>1,144,080</u>	<u>2,374,040</u>
5,107	-	677,865	5,328,704
18,105	-	153,740	1,415,942
23,212	-	831,605	6,744,646
-	-	-	1,424,397
101,459	153,463	358,586	648,881
330,395	1,133,349	799,201	2,374,148
-	-	(1,035,273)	1,403,747
<u>431,854</u>	<u>1,286,812</u>	<u>122,514</u>	<u>5,851,173</u>
<u>\$ 624,376</u>	<u>\$ 1,286,812</u>	<u>\$ 2,098,199</u>	<u>\$ 14,969,859</u>

See accompanying notes to financial statements.

CITY OF PORTAGE

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2016

Total Fund Balances - Governmental Funds	\$ 5,851,173
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Amounts reported for governmental activities in the statement of net position are different because:

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

Land	2,257,864
Construction in progress	9,582
Other capital assets	57,624,381
Less: Accumulated depreciation	(29,784,053)

Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	1,415,942
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The net pension liability does not relate to current financial resources and is not reported in the governmental funds.	(514,834)
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Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	2,867,520
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Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(1,090,300)
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Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and notes payable	(11,291,506)
Compensated absences	(1,213,747)
Accrued interest	(80,777)
Unamortized debt premium	(91,212)

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 25,960,033</u>
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CITY OF PORTAGE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2016

	General	CDBG Fund	Mass Transit Fund	Debt Service
REVENUES				
Taxes	\$ 3,756,950	\$ -	\$ -	\$ 773,290
Intergovernmental	2,483,391	-	861,169	-
Special assessments	-	-	-	-
Licenses and permits	182,968	-	-	-
Fines, forfeitures and penalties	161,819	-	-	-
Public charges for services	116,135	34,068	3,583	-
Intergovernmental charges for services	258,442	-	-	-
Investment income	18,232	1,133	-	-
Miscellaneous	86,797	-	27,749	-
Total Revenues	7,064,734	35,201	892,501	773,290
EXPENDITURES				
Current				
General government	916,802	-	-	-
Public safety	3,824,132	-	-	-
Public works	1,768,800	-	948,528	-
Health and human services	56,000	-	-	-
Culture, recreation and education	627,600	-	-	-
Conservation and development	74,939	86,759	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	870,000
Interest and fiscal charges	-	-	-	303,046
Total Expenditures	7,268,273	86,759	948,528	1,173,046
Excess (deficiency) of revenues over expenditures	(203,539)	(51,558)	(56,027)	(399,756)
OTHER FINANCING SOURCES (USES)				
General obligation debt issued	-	-	-	-
Transfers in	397,714	-	155,561	435,917
Proceeds from sale of capital assets	2,392	-	8,050	-
Transfers out	(504,139)	-	-	(81,909)
Total Other Financing Sources (Uses)	(104,033)	-	163,611	354,008
Net Change in Fund Balances	(307,572)	(51,558)	107,584	(45,748)
FUND BALANCES (DEFICIT) - Beginning of Year (as restated)	4,365,793	86,931	(148,097)	2,660
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 4,058,221	\$ 35,373	\$ (40,513)	\$ (43,088)

See accompanying notes to financial statements.

Capital Projects Fund	Vehicle Equipment Replacement Fund	Nonmajor Governmental Funds	Totals
\$ -	\$ -	\$ 811,686	\$ 5,341,926
47,250	-	219,686	3,611,496
-	-	94,411	94,411
-	-	115,269	298,237
-	-	-	161,819
11,223	-	89,791	254,800
-	-	-	258,442
6,504	6,296	6,793	38,958
<u>61,027</u>	<u>11,008</u>	<u>351,126</u>	<u>537,707</u>
<u>126,004</u>	<u>17,304</u>	<u>1,688,762</u>	<u>10,597,796</u>
-	-	5,596	922,398
-	-	169,108	3,993,240
-	-	127,311	2,844,639
-	-	-	56,000
-	-	883,839	1,511,439
-	-	138,048	299,746
1,456,944	189,404	321,832	1,968,180
-	-	-	870,000
<u>32,044</u>	<u>-</u>	<u>2,891</u>	<u>337,981</u>
<u>1,488,988</u>	<u>189,404</u>	<u>1,648,625</u>	<u>12,803,623</u>
<u>(1,362,984)</u>	<u>(172,100)</u>	<u>40,137</u>	<u>(2,205,827)</u>
1,095,000	-	355,000	1,450,000
117,150	166,880	171,457	1,444,679
-	3,690	-	14,132
<u>(63,821)</u>	<u>-</u>	<u>(397,096)</u>	<u>(1,046,965)</u>
<u>1,148,329</u>	<u>170,570</u>	<u>129,361</u>	<u>1,861,846</u>
(214,655)	(1,530)	169,498	(343,981)
<u>646,509</u>	<u>1,288,342</u>	<u>(46,984)</u>	<u>6,195,154</u>
<u>\$ 431,854</u>	<u>\$ 1,286,812</u>	<u>\$ 122,514</u>	<u>\$ 5,851,173</u>

See accompanying notes to financial statements.

CITY OF PORTAGE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2016

Net change in fund balances - total governmental funds	\$	(343,981)
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		1,968,180
Some items reported as capital outlay were not capitalized		(98,882)
Depreciation is reported in the government-wide financial statements		(1,397,596)
Net book value of assets retired		(22,022)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.		(408,360)
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Debt issued		(1,450,000)
Principal repaid		870,000

Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.		
Amortization of debt premium		5,526

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences		(158,614)
Accrued interest on debt		36,667
Net pension asset/liability		(1,301,111)
Deferred outflows of resources related to pensions		(1,090,300)
Deferred inflows of resources related to pensions		2,013,044

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>(1,377,449)</u>
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CITY OF PORTAGE

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2016

ASSETS	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
	Fund	Fund	
Current Assets			
Cash and investments	\$ 1,436,799	\$ 1,656,151	\$ 3,092,950
Receivables			
Tax roll receivable	16,251	15,565	31,816
Accounts	368,123	7,032	375,155
Due from other funds	-	219,960	219,960
Special assessments	-	50,255	50,255
Other	-	3,101	3,101
Inventories and prepayments	40,414	11,616	52,030
Restricted Cash and Investments			
Redemption account	150,668	30,519	181,187
Total Current Assets	2,012,255	1,994,199	4,006,454
Noncurrent Assets			
Restricted Cash and Investments			
Construction account	1,279,163	-	1,279,163
Reserve account	253,308	111,572	364,880
Equipment replacement	-	998,382	998,382
Capital Assets			
Land and land rights	118,723	381,895	500,618
Construction in progress	1,280,752	9,860	1,290,612
Property and equipment	19,648,640	26,364,371	46,013,011
Less: Accumulated depreciation	(8,812,299)	(17,132,131)	(25,944,430)
Total Noncurrent Assets	13,768,287	10,733,949	24,502,236
Total Assets	15,780,542	12,728,148	28,508,690
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	204,108	177,257	381,365
Total Deferred Outflows of Resources	204,108	177,257	381,365

See accompanying notes to financial statements.

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>
	<u>Fund</u>	<u>Fund</u>	
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 147,927	\$ 40,003	\$ 187,930
Accrued interest	11,963	11,822	23,785
Accrued wages	-	22,485	22,485
Accrued taxes	-	4,774	4,774
Compensated absences	30,720	19,555	50,275
Current portion of general obligation debt	285,000	188,494	473,494
Due to other funds	594,302	3,977	598,279
Current liability from restricted assets			
Accrued interest payable	13,894	30,334	44,228
Revenue bonds payable	85,410	391,680	477,090
Total Current Liabilities	<u>1,169,216</u>	<u>713,124</u>	<u>1,882,340</u>
Noncurrent Liabilities			
Long-Term Debt			
Advances from other funds	77,387	-	77,387
Compensated absences	48,464	94,335	142,799
General obligation debt payable	1,915,000	1,410,000	3,325,000
Revenue debt payable	2,990,134	4,231,025	7,221,159
Unamortized premium	64,242	13,617	77,859
Net pension liability	36,642	31,765	68,407
Total Noncurrent Liabilities	<u>5,131,869</u>	<u>5,780,742</u>	<u>10,912,611</u>
Total Liabilities	<u>6,301,085</u>	<u>6,493,866</u>	<u>12,794,951</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related amounts	<u>77,599</u>	<u>67,272</u>	<u>144,871</u>
Total Deferred Inflows of Resources	<u>77,599</u>	<u>67,272</u>	<u>144,871</u>
NET POSITION			
Net investment in capital assets	8,219,690	3,389,179	11,608,869
Restricted for			
Debt service	136,774	185	136,959
Equipment replacement	-	998,382	998,382
Unrestricted	<u>1,249,502</u>	<u>1,956,521</u>	<u>3,206,023</u>
TOTAL NET POSITION	<u>\$ 9,605,966</u>	<u>\$ 6,344,267</u>	<u>\$ 15,950,233</u>

See accompanying notes to financial statements.

CITY OF PORTAGE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Year Ended December 31, 2016

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Utility Fund</u>	<u>Sewer Utility Fund</u>	<u>Totals</u>
OPERATING REVENUES			
Public charges for services	\$ 1,909,472	\$ 1,865,476	\$ 3,774,948
Miscellaneous	10,303	8,657	18,960
Total Operating Revenues	<u>1,919,775</u>	<u>1,874,133</u>	<u>3,793,908</u>
OPERATING EXPENSES			
Operation and maintenance	910,782	959,624	1,870,406
Depreciation	504,985	833,421	1,338,406
Total Operating Expenses	<u>1,415,767</u>	<u>1,793,045</u>	<u>3,208,812</u>
Operating Income (Loss)	<u>504,008</u>	<u>81,088</u>	<u>585,096</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	8,600	17,094	25,694
Interest and fiscal charges	(199,987)	(179,256)	(379,243)
Rebate on Build America bonds	-	33,021	33,021
Gain on sale of capital assets	-	3,104	3,104
Interest charged to construction	30,738	-	30,738
Total Nonoperating Revenues (Expenses)	<u>(160,649)</u>	<u>(126,037)</u>	<u>(286,686)</u>
Income (Loss) Before Contributions and Transfers	<u>343,359</u>	<u>(44,949)</u>	<u>298,410</u>
CONTRIBUTIONS AND TRANSFERS			
Contributed capital	25,000	113,766	138,766
Transfers out	(397,714)	-	(397,714)
Total Contributions and Transfers	<u>(372,714)</u>	<u>113,766</u>	<u>(258,948)</u>
Change in Net Position	(29,355)	68,817	39,462
NET POSITION - Beginning of Year (as restated)	<u>9,635,321</u>	<u>6,275,450</u>	<u>15,910,771</u>
NET POSITION - END OF YEAR	<u>\$ 9,605,966</u>	<u>\$ 6,344,267</u>	<u>\$ 15,950,233</u>

See accompanying notes to financial statements.

CITY OF PORTAGE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

For the Year Ended December 31, 2016

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Sewer Utility</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 2,012,766	\$ 2,548,743	\$ 4,561,509
Paid to suppliers for goods and services	(549,588)	(641,648)	(1,191,236)
Paid to employees for services	(301,963)	(353,189)	(655,152)
Net Cash Flows From Operating Activities	<u>1,161,215</u>	<u>1,553,906</u>	<u>2,715,121</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>8,600</u>	<u>17,094</u>	<u>25,694</u>
Net Cash Flows From Investing Activities	<u>8,600</u>	<u>17,094</u>	<u>25,694</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Paid to municipality for tax equivalent	<u>(397,714)</u>	<u>-</u>	<u>(397,714)</u>
Net Cash Flows From Noncapital Financing Activities	<u>(397,714)</u>	<u>-</u>	<u>(397,714)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt issued	2,190,000	405,000	2,595,000
Debt retired	(320,279)	(536,539)	(856,818)
Interest paid	(67,336)	(185,828)	(253,164)
Debt issuance costs	(90,338)	-	(90,338)
Special assessments received	-	83,740	83,740
Premium on debt issuance	62,140	-	62,140
Acquisition and construction of capital assets	(1,590,579)	(615,969)	(2,206,548)
Contribution received for construction	25,000	-	25,000
Build America Bonds interest subsidy	-	33,021	33,021
Net Cash Flows From Capital and Related Financing Activities	<u>208,608</u>	<u>(816,575)</u>	<u>(607,967)</u>
Net Change in Cash and Cash Equivalents	980,709	754,425	1,735,134
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>2,139,229</u>	<u>2,042,199</u>	<u>4,181,428</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 3,119,938</u></u>	<u><u>\$ 2,796,624</u></u>	<u><u>\$ 5,916,562</u></u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Totals
	Fund	Fund	
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income	\$ 504,008	\$ 81,088	\$ 585,096
Adjustments to Reconcile Operating Income to Net Cash			
Flows From Operating Activities			
Depreciation	504,985	833,421	1,338,406
Depreciation charged to other funds	22,900	-	22,900
Changes in assets and liabilities			
Customer accounts receivable	(29,970)	21,724	(8,246)
Receivable from municipality	118,983	655,987	774,970
Other accounts receivable	-	(3,101)	(3,101)
Material and supplies	5,058	-	5,058
Prepayments	63,150	10,092	73,242
Accounts payable	114,567	(16,083)	98,484
Payable to municipality	70,275	(48,694)	21,581
Payable to sewer utility	182,905	-	182,905
Other current liabilities	(380,892)	(973)	(381,865)
Accrued sick leave	6,333	-	6,333
Pension related deferrals and liabilities	(2,165)	20,445	18,280
Deferred inflow of resources	(18,922)	-	(18,922)
	<u> </u>	<u> </u>	<u> </u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,161,215</u>	<u>\$ 1,553,906</u>	<u>\$ 2,715,121</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS			
Cash and investments	\$ 1,436,799	\$ 1,656,151	\$ 3,092,950
Restricted cash and investments			
Redemption account	150,668	30,519	181,187
Reserve account	253,308	111,572	364,880
Equipment replacement account	-	998,382	998,382
Construction account	1,279,163	-	1,279,163
	<u> </u>	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS	<u>\$ 3,119,938</u>	<u>\$ 2,796,624</u>	<u>\$ 5,916,562</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Amortization of debt premium	<u>\$ 2,319</u>	<u>\$ 1,272</u>	
Interest charged to construction	<u>\$ 30,738</u>	<u>\$ -</u>	

See accompanying notes to financial statements.

CITY OF PORTAGE

STATEMENT OF ASSETS AND LIABILITIES AGENCY FUND As of December 31, 2016

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 4,014,124
Property taxes receivable	<u>4,786,372</u>
TOTAL ASSETS	<u>\$ 8,800,496</u>
LIABILITIES	
Due to other governments	<u>\$ 8,800,496</u>
TOTAL LIABILITIES	<u>\$ 8,800,496</u>

See accompanying notes to financial statements.

CITY OF PORTAGE

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CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. REPORTING ENTITY (cont.)

Discretely Presented Component Unit

Business Improvement District

The government-wide financial statements include the Business Improvement District ("BID") as a component unit. The BID is a legally separate organization. The board of the BID is appointed by the mayor and confirmed by the local legislative body. Wisconsin Statutes provide for circumstances whereby the city can impose its will on the BID, and also create a potential financial benefit to or burden on the city. See Note III.I. As a component unit, the BID's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2016. The BID does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

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

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

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

The city reports the following major governmental funds:

- General Fund - accounts for the city's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- CDBG Special revenue fund - used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for the community development program.
- Mass Transit Special revenue fund - used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for the mass transit program.
- Debt service fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.
- Capital projects fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for the city. .
- Vehicle Equipment Replacement Capital Project Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for vehicle acquisitions.

The city reports the following major enterprise funds:

- Water Utility - accounts for operations of the water system
- Sewer Utility - accounts for operations of the sewer system

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The city reports the following nonmajor governmental funds:

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

Park Land Dedication Fund	Swimming Pool Fund
Inspection Fund	Library Fund
Library - Restricted Fund	Criminal Investigation Fund
Tourism Promotion Fund	School Liaison Fund
Donation Fund	Economic Development Fund
Economic Development Business Incubator Fund	Ambulance Fund
Post Retirement Benefits Fund	

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

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

In addition, the city reports the following fund types:

Agency Fund - used to account for and report assets held by the city in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Roll Fund

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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

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

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

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

All Financial Statements

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

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

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

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

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

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

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

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

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 methods and inputs as outlined in Note III. A. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2016, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III. A. for further information.

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the city, taxes are collected for and remitted to the 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 receivables and due to other taxing units on the accompanying statement of net position - fiduciary fund.

Property tax calendar - 2016 tax roll:

Lien date and levy date	December 2016
Tax bills mailed	December 2016
Payment in full, or	January 31, 2017
First installment due	January 31, 2017
Second installment due	July 31, 2017
Personal property taxes in full	January 31, 2017
Tax sale - 2016 delinquent real estate taxes	October 2019

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

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

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

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

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

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

3. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

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

5. Capital Assets

Government-Wide Statements

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

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. \$30,738 of net interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

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

Fund Financial Statements

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

6. Deferred Outflows of Resources

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

7. Compensated Absences

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

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

7. Compensated Absences (cont.)

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2016, are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations/Conduit Debt

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

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

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

9. Deferred Inflows of Resources

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

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications

Government-Wide Statements

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

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

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications (cont.)

Fund Statements (cont.)

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The City Council has, by resolution, adopted a financial policy authorizing the Finance Committee to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

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

See Note III. G. for further information.

11. Pension

For purposes of measuring the net pension asset (liability), 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.

12. Basis for Existing Rates

Water Utility Fund

Current water rates were approved by the Public Service Commission of Wisconsin on January 10, 2011.

Sewer Utility Fund

Current sewer rates were approved by the Common Council on May 28, 2015.

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Park Land Dedication	\$ 25,000	\$ 52,815	\$ 27,815
Inspection	74,700	100,133	25,433
School Liaison	2,000	9,268	7,268
Donation	-	19,914	19,914
Revolving Sidewalk	102,585	233,457	130,872
Revolving Alley	100,070	104,330	4,260
TIF District No. 5	164,792	166,023	1,231

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

B. DEFICIT BALANCES

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

As of December 31, 2016, the following individual funds held a deficit balance:

Fund	Amount	Reason
TIF District No. 4	\$ 519,262	Costs exceed accumulated increments
TIF District No. 5	346,706	Costs exceed accumulated increments
TIF District No. 6	75,147	Costs exceed accumulated increments
Swimming pool fund	79,792	Costs exceed accumulated revenues
Library fund	14,366	Costs exceed accumulated revenues

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

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

C. LIMITATIONS ON THE CITY'S TAX LEVY

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

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 14,270,102	\$ 14,583,762	Custodial credit risk
LGIP	1,190,962	1,190,962	Credit
Petty cash	1,142	-	N/A
 Total Deposits and Investments	 \$ 15,462,206	 \$ 15,774,724	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 8,562,759		
Restricted cash and investments	2,885,323		
Per statement of assets and liabilities -			
agency fund			
Agency Fund	4,014,124		
 Total Deposits and Investments	 \$ 15,462,206		

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

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

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

The city maintains collateral agreements with its banks. At December 31, 2016, the banks had pledged various government securities in the amount of \$8,486,193 to secure the city's deposits.

Custodial Credit Risk

Deposits

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

As of December 31, 2016, \$774,520 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 774,520</u>
Total	<u><u>\$ 774,520</u></u>

Credit Risk

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

The city had investments in the external Wisconsin Local Government Investment Pool which is not rated.

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

B. RECEIVABLES

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

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES (cont.)

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

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 5,328,704	\$ -
Loans	-	1,244,097
Special assessments not yet due	-	118,247
Urban development	-	3,638
Alley improvements	-	21,255
Economic development	-	28,705
 Total Unearned/Unavailable Revenue for Governmental Funds	 <u>\$ 5,328,704</u>	 <u>\$ 1,415,942</u>

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

At December 31, 2016, the city has not exceeded the maximum amount of program income that it may retain or the amount of time for which funds may be held without use. When it does, a liability to the state will be recorded.

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

- Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Construction - Used to report proceeds of revenue bond issuances that are restricted for use in construction.

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. RESTRICTED ASSETS (cont.)

Equipment Replacement Account

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

Library Restricted Account

Used to report amounts donated for library purposes.

Following is a list of restricted assets at December 31, 2016:

Restricted Assets	
Redemption account	\$ 181,187
Reserve account	364,880
Replacement account	998,382
Construction account	<u>1,279,163</u>
Total Restricted Assets	<u>2,823,612</u>
Less: Restricted assets not funded by revenues	
Reserve from borrowing	(364,880)
Construction account	<u>(1,279,163)</u>
Total Restricted Assets Not Funded by Revenues	<u>(1,644,043)</u>
Current Liabilities Payable From Restricted Assets	<u>(44,228)</u>
Total Restricted Net Position	<u><u>\$ 1,135,341</u></u>

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 2,257,864	\$ -	\$ -	\$ 2,257,864
Construction in progress	-	9,582	-	9,582
Total Capital Assets Not Being Depreciated	<u>2,257,864</u>	<u>9,582</u>	<u>-</u>	<u>2,267,446</u>
Capital assets being depreciated				
Buildings	13,350,951	85,460	-	13,436,411
Land improvements	1,840,954	620,099	-	2,461,053
Equipment	3,268,307	76,273	15,121	3,329,459
Vehicles	5,019,138	374,186	191,432	5,201,892
Infrastructure	<u>32,491,868</u>	<u>703,698</u>	<u>-</u>	<u>33,195,566</u>
Total Capital Assets Being Depreciated	<u>55,971,218</u>	<u>1,859,716</u>	<u>206,553</u>	<u>57,624,381</u>
Total Capital Assets	<u>58,229,082</u>	<u>1,869,298</u>	<u>206,553</u>	<u>59,891,827</u>
Less: Accumulated depreciation for				
Buildings	(5,313,932)	(253,920)	-	(5,567,852)
Land improvements	(1,203,115)	(53,951)	-	(1,257,066)
Equipment	(2,514,452)	(135,637)	13,294	(2,636,795)
Vehicles	(3,095,080)	(297,240)	171,237	(3,221,083)
Infrastructure	<u>(16,444,409)</u>	<u>(656,848)</u>	<u>-</u>	<u>(17,101,257)</u>
Total Accumulated Depreciation	<u>(28,570,988)</u>	<u>(1,397,596)</u>	<u>184,531</u>	<u>(29,784,053)</u>
Net Capital Assets Being Depreciated	<u>27,400,230</u>	<u>462,120</u>	<u>22,022</u>	<u>27,840,328</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 29,658,094</u>	<u>\$ 471,702</u>	<u>\$ 22,022</u>	<u>\$ 30,107,774</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 98,469
Public safety	179,353
Public works	833,086
Culture, education, and recreation	<u>286,688</u>
Total Governmental Activities Depreciation Expense	<u>\$ 1,397,596</u>

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities

	Beginning Balance	Adjustments*	Additions	Deletions	Ending Balance
<u>Water</u>					
Capital assets not being depreciated					
Land	\$ 118,723	\$ -	\$ -	\$ -	\$ 118,723
Construction in progress	-	-	1,280,752	-	1,280,752
Total Capital Assets Not Being Depreciated	118,723	-	1,280,752	-	1,399,475
Capital assets being depreciated					
Source of supply	5,617,641	(88,135)	-	-	5,529,506
Pumping	793,668	-	-	-	793,668
Water treatment	2,817,109	-	-	-	2,817,109
Transmission and distribution	8,904,238	(850)	304,993	16,688	9,191,693
General	1,311,829	-	4,835	-	1,316,664
Total Capital Assets Being Depreciated	19,444,485	(88,985)	309,828	16,688	19,648,640
Total Capital Assets	19,563,208	(88,985)	1,590,580	16,688	21,048,115
Less: Accumulated depreciation for					
Source of supply	(2,045,392)	-	(151,321)	-	(2,196,713)
Pumping	(624,317)	-	(12,928)	-	(637,245)
Water treatment	(1,694,013)	-	(91,280)	-	(1,785,293)
Transmission and distribution	(2,792,482)	850	(199,917)	16,688	(2,974,861)
General	(1,152,592)	-	(65,595)	-	(1,218,187)
Total Accumulated Depreciation	(8,308,796)	850	(521,041)	16,688	(8,812,299)
Net Capital Assets Being Depreciated	11,135,689	(88,135)	(211,213)	-	10,836,341
Net Water Capital Assets	\$ 11,254,412	\$ (88,135)	\$ 1,069,539	\$ -	\$ 12,235,816

* - See Note III. H. \$81,289 of this adjustment is for the restatement described in this note.

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Adjustments	Additions	Deletions	Ending Balance
<u>Sewer</u>					
Capital assets not being depreciated					
Land	\$ 381,895	\$ -	\$ -	\$ -	\$ 381,895
Construction in progress	-	-	9,860	-	9,860
Total Capital Assets Not Being Depreciated	<u>381,895</u>	<u>-</u>	<u>9,860</u>	<u>-</u>	<u>391,755</u>
Capital assets being depreciated					
Buildings and structures	7,973,370	-	21,545	-	7,994,915
Collecting system	6,627,265	-	226,987	39,562	6,814,690
Pumping	1,760,640	-	-	-	1,760,640
Treatment and disposal	8,580,705	-	327,904	35,000	8,873,609
General	913,251	-	32,776	25,510	920,517
Total Capital Assets Being Depreciated	<u>25,855,231</u>	<u>-</u>	<u>609,212</u>	<u>100,072</u>	<u>26,364,371</u>
Total Capital Assets	<u>26,237,126</u>	<u>-</u>	<u>619,072</u>	<u>100,072</u>	<u>26,756,126</u>
Less: Accumulated depreciation for					
Buildings and structures	(5,396,080)	-	(239,524)	-	(5,635,604)
Collecting system	(5,635,282)	-	(191,574)	39,562	(5,787,294)
Pumping	(1,095,671)	-	(52,819)	-	(1,148,490)
Treatment and disposal	(3,476,697)	-	(261,815)	35,000	(3,703,512)
General	(795,052)	-	(87,689)	25,510	(857,231)
Total Accumulated Depreciation	<u>(16,398,782)</u>	<u>-</u>	<u>(833,421)</u>	<u>100,072</u>	<u>(17,132,131)</u>
Net Capital Assets Being Depreciated	<u>9,456,449</u>	<u>-</u>	<u>(224,209)</u>	<u>-</u>	<u>9,232,240</u>
Net Sewer Capital Assets	<u>\$ 9,838,344</u>	<u>\$ -</u>	<u>\$ (214,349)</u>	<u>\$ -</u>	<u>\$ 9,623,995</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 21,092,756</u>	<u>\$ (88,135)</u>	<u>\$ 855,190</u>	<u>\$ -</u>	<u>\$ 21,859,811</u>

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 504,985
Sewer	<u>833,421</u>
Total Business-type Activities Depreciation Expense	<u>\$ 1,338,406</u>

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
General fund	Nonmajor governmental funds	\$ 123,410
General fund	Capital projects fund	70,961
General fund	Water utility fund	411,397
General fund	Sewer utility fund	3,977
General fund	Debt service fund	43,088
Nonmajor governmental funds	General fund	1,594
Vehicle equipment replacement fund	General fund	10,225
Nonmajor governmental funds	Nonmajor governmental funds	6,861
Nonmajor governmental funds	Capital projects fund	29,870
Sewer utility fund	General fund	28,003
Sewer utility fund	Capital projects fund	9,052
Sewer utility fund	Water utility fund	<u>182,905</u>
Total - Fund Financial Statements		921,343
Less: Fund eliminations		(464,414)
Less: Government-wide eliminations		(78,610)
Add: Interfund advances		<u>77,387</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ 455,706</u>

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Interfund Receivables/Payables (cont.)

Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 492,761
Business-type Activities	Governmental Activities	<u>(37,055)</u>
Total Government-Wide Financial Statements		<u><u>\$ 455,706</u></u>

All amounts are due within one year.

The principal purpose of these interfunds is the PILOT due from the water utility to the general fund in the amount of \$355,859. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances

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

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General fund	Mass transit fund	\$ 268,415	\$ 268,415
General fund	Tax Increment District No. 4	519,262	519,262
General fund	Tax Increment District No. 5	346,706	346,706
General fund	Tax Increment District No. 6	81,259	81,259
General fund	Water utility fund	<u>77,387</u>	<u>77,387</u>
Total - Fund Financial Statements		1,293,029	
Less: Fund eliminations		<u>(1,215,642)</u>	
Total - Interfund Advances		<u><u>\$ 77,387</u></u>	

The principal purpose of these interfunds is cash deficits. The interfund from the general fund to the water fund was established in 1958 from rental payments and an original loan in the amount of \$22,000.

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General fund	Water utility fund	\$ 397,714	PILOT
Mass transit fund	General fund	155,561	Subsidy
Debt service fund	TIF no. 4	144,984	Debt service
Debt service fund	TIF no. 5	162,981	Debt service
Debt service fund	TIF no. 7	44,493	Debt service
Debt service	TIF no. 8	44,638	Debt service
Vehicle equipment replacement fund	General fund	166,880	Capital outlay
Capital projects fund	General fund	117,150	Capital outlay
Post retirement fund	General fund	64,548	Retirement funding
TIF no. 8	Capital projects fund	25,000	Move proceeds
TIF no. 4	Debt service fund	81,909	Move proceeds
Debt service fund	Capital projects fund	<u>38,821</u>	Move special assessment revenue for debt payments
Total - Fund Financial Statements		1,444,679	
Less: Fund eliminations		<u>(1,046,965)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 397,714</u>	

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Governmental Activities	Business-type Activities	\$ 397,714
Business-type Activities	Governmental Activities	<u>-</u>
Total Government-wide Financial Statements		<u>\$ 397,714</u>

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

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 10,711,506	\$ 1,450,000	\$ 870,000	\$ 11,291,506	\$ 921,506
(Discounts)/Premiums	<u>96,738</u>	<u>-</u>	<u>5,526</u>	<u>91,212</u>	<u>-</u>
Sub-totals	<u>10,808,244</u>	<u>1,450,000</u>	<u>875,526</u>	<u>11,382,718</u>	<u>921,506</u>
Other Liabilities					
Vested compensated absences	1,054,914	168,833	10,000	1,213,747	311,345
Net pension liability	<u>-</u>	<u>514,834</u>	<u>-</u>	<u>514,834</u>	<u>-</u>
Total Other Liabilities	<u>1,054,914</u>	<u>683,667</u>	<u>10,000</u>	<u>1,728,581</u>	<u>311,345</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 11,863,158</u>	<u>\$ 2,133,667</u>	<u>\$ 885,526</u>	<u>\$ 13,111,299</u>	<u>\$ 1,232,851</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 3,833,494	\$ 405,000	\$ 440,000	\$ 3,798,494	\$ 473,494
Revenue bonds	5,925,067	2,190,000	416,818	7,698,249	477,090
(Discounts)/Premiums	<u>19,310</u>	<u>62,140</u>	<u>3,591</u>	<u>77,859</u>	<u>-</u>
Sub-totals	<u>9,777,871</u>	<u>2,657,140</u>	<u>860,409</u>	<u>11,574,602</u>	<u>950,584</u>
Other Liabilities					
Vested compensated absences	181,770	193,074	181,770	193,074	50,275
Net pension liability	<u>-</u>	<u>68,407</u>	<u>-</u>	<u>68,407</u>	<u>-</u>
Total Other Liabilities	<u>181,770</u>	<u>261,481</u>	<u>181,770</u>	<u>261,481</u>	<u>50,275</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 9,959,641</u>	<u>\$ 2,918,621</u>	<u>\$ 1,042,179</u>	<u>\$ 11,836,083</u>	<u>\$ 1,000,859</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2016, was \$28,654,410. Total general obligation debt outstanding at year end was \$15,090,000.

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

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

Governmental Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2016</u>
General obligation refunding bonds	3/18/09	4/01/22	2.25 - 4.35%	\$ 810,000	\$ 535,000
General obligation promissory notes	5/17/11	4/01/21	2.00 - 3.00%	1,890,000	890,000
General obligation promissory bonds	8/02/12	4/01/27	.55 - 3.50%	2,175,000	1,760,000
General obligation promissory notes	8/02/12	4/01/22	.50 - 2.00%	1,995,000	1,365,000
General obligation promissory bonds	8/02/12	4/01/29	2.00 - 2.85%	3,130,000	2,445,000
General obligation promissory bonds	8/16/15	4/01/35	2.00 - 3.50%	2,950,000	2,846,506
General obligation promissory bonds	5/19/16	5/01/36	.75 - 3.20%	1,450,000	<u>1,450,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 11,291,506</u>

Business-type Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2016</u>
General obligation promissory notes	5/17/11	4/01/21	2.00 - 3.00%	\$ 1,450,000	\$ 845,000
General obligation corporate purpose bonds	8/02/12	4/01/24	2.00 - 2.25%	2,390,000	1,900,000
General obligation promissory bonds	8/16/15	4/01/35	2.00 - 3.50%	670,000	648,494
General obligation promissory bonds	5/19/16	5/01/30	.75 - 3.20%	405,000	<u>405,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 3,798,494</u>

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2017	\$ 921,506	\$ 284,782	\$ 473,494	\$ 82,708
2018	900,000	253,015	485,000	68,286
2019	880,000	233,601	495,000	57,090
2020	895,000	213,791	500,000	45,657
2021	815,000	194,474	480,000	34,430
2022-2026	3,715,000	698,475	1,150,000	72,111
2027-2031	2,070,000	303,634	215,000	8,062
2032-2035	1,095,000	72,488	-	-
Totals	<u>\$ 11,291,506</u>	<u>\$ 2,254,260</u>	<u>\$ 3,798,494</u>	<u>\$ 368,344</u>

Revenue Debt

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

The water utility fund has pledged future water revenues, net of specified operating expenses, to repay revenue bonds issued in 2007 -2016. Proceeds from the bonds provided financing for the water system. The bonds are payable solely from water revenues and are payable through 2036. Annual principal and interest payments on the bonds are expected to require 11.00% of net revenues. The total principal and interest remaining to be paid on the bonds is \$4,067,060. Principal and interest paid for the current year and total customer net revenues were \$82,204 and \$1,017,593, respectively.

The sewer utility fund has pledged future sewer revenues, net of specified operating expenses, to repay revenue bonds issued in 1998 - 2010. Proceeds from the bonds provided financing for the sewer system. The bonds are payable solely from sewer revenues and are payable through 2050. Annual principal and interest payments on the bonds are expected to require 10% of net revenues. The total principal and interest remaining to be paid on the bonds is \$6,742,251. Principal and interest paid for the current year and total customer net revenues were \$519,038 and \$964,624, respectively.

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2016, consists of the following:

Business-type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2016</u>
<u>Water Utility</u>					
Water system revenue bonds	4/25/07	5/01/26	2.475%	\$ 121,379	\$ 60,544
Water system revenue bonds	4/16/15	5/01/35	1.00 - 3.50%	855,000	825,000
Water system revenue bonds	5/19/16	5/01/36	2.00 - 3.00%	2,190,000	<u>2,190,000</u>
				Total Water Utility	<u>3,075,544</u>
<u>Sewer Utility</u>					
Sewer system revenue bonds	9/23/98	5/01/18	2.64%	4,341,108	557,366
Sewer system revenue bonds	3/26/08	5/01/27	2.365%	1,159,443	733,039
USDA Build America Bonds	10/06/10	10/01/50	3%	3,645,000	<u>3,332,300</u>
				Total Sewer Utility	<u>4,622,705</u>
Total Business-type Activities - Revenue Debt					<u><u>\$ 7,698,249</u></u>

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2017	\$ 477,090	\$ 209,875
2018	492,584	197,691
2019	213,638	188,888
2020	217,145	183,718
2021	235,589	178,244
2022-2026	1,524,806	789,004
2027-2031	1,395,897	584,850
2032-2036	1,357,200	364,844
2037-2041	553,700	231,299
2042-2046	642,800	142,379
2047-2050	587,800	40,270
Totals	<u>\$ 7,698,249</u>	<u>\$ 3,111,062</u>

Other Debt Information

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

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

Bond Covenant Disclosures

Insurance

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

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Debt Coverage Water

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.25 times the annual debt service. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2016 as follows:

Operating revenues	\$ 1,919,775
Investment income	8,600
Less: Operation and maintenance expenses	<u>(910,782)</u>
Net Defined Earnings	<u>\$ 1,017,593</u>
Minimum Required Earnings per Resolution:	
Annual debt service	\$ 168,022
Coverage factor	<u>1.25</u>
Minimum Required Earnings	<u>\$ 210,028</u>
Annual Debt Coverage	<u>6.06</u>

Debt Coverage Sewer

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.1 times the annual debt service. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met as follows:

Operating revenues	\$ 1,874,133
Investment income	17,094
Less: Operation and maintenance expenses	<u>(959,624)</u>
Net Defined Earnings	<u>\$ 931,603</u>
Minimum Required Earnings per Resolution:	
Annual debt service	\$ 518,943
Coverage factor	<u>1.10</u>
Minimum Required Earnings	<u>\$ 570,837</u>
Actual Debt Coverage	<u>1.80</u>

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2016, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 2,257,864
Construction in progress	9,582
Other capital assets, net of accumulated depreciation	27,840,328
Less: Long-term debt outstanding	(11,291,506)
Plus: Unspent capital related debt proceeds	483,038
Less: Unamortized debt premium	<u>(91,212)</u>
Total Net Investment in Capital Assets	<u>19,208,094</u>
Restricted	
Library	75,951
TIF activity	202,062
Home improvement loans	1,279,470
Hazmat	153,463
Stormwater	101,459
Donations	<u>80,573</u>
Total Restricted	<u>1,892,978</u>
Unrestricted	<u>4,858,961</u>
Total Governmental Activities Net Position	<u>\$ 25,960,033</u>

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2016, include the following:

	General Fund	CDBG Fund	Mass Transit Fund	Debt Service	Capital Projects Fund	Vehicle Equipment Replacement Fund	Nonmajor Funds	Totals
Fund Balances								
Nonspendable:								
Prepaid items	\$ 126,333	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126,333
Delinquent personal property taxes	5,035	-	-	-	-	-	-	5,035
Long-term receivables	1,293,029	-	-	-	-	-	-	1,293,029
Restricted for:								
Stormwater	-	-	-	-	101,459	-	-	101,459
Hazmat	-	-	-	-	-	153,463	-	153,463
Library	-	-	-	-	-	-	75,951	75,951
Donations	-	-	-	-	-	-	80,573	80,573
TIF activities	-	-	-	-	-	-	202,062	202,062
Home improvement loans	-	35,373	-	-	-	-	-	35,373
Assigned to:								
Subsequent year's budget	111,203	-	-	-	-	-	-	111,203
Capital projects	-	-	-	-	330,395	1,133,349	265,968	1,729,712
Park land	-	-	-	-	-	-	195,047	195,047
Inspections	-	-	-	-	-	-	15,322	15,322
Criminal investigations	-	-	-	-	-	-	4,609	4,609
Tourism	-	-	-	-	-	-	94,209	94,209
School liaison	-	-	-	-	-	-	3,603	3,603
Economic development	-	-	-	-	-	-	169,695	169,695
Ambulance	-	-	-	-	-	-	50,701	50,701
Industrial development	-	-	-	-	-	-	47	47
Unassigned (deficit):	<u>2,522,621</u>	<u>-</u>	<u>(40,513)</u>	<u>(43,088)</u>	<u>-</u>	<u>-</u>	<u>(1,035,273)</u>	<u>1,403,747</u>
Total Fund Balances (Deficit)	<u>\$ 4,058,221</u>	<u>\$ 35,373</u>	<u>\$ (40,513)</u>	<u>\$ (43,088)</u>	<u>\$ 431,854</u>	<u>\$ 1,286,812</u>	<u>\$ 122,514</u>	<u>\$ 5,851,173</u>

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 468,078
Construction in progress	1,290,612
Other capital assets, net of accumulated depreciation	20,101,121
Less: Long-term debt outstanding	(11,496,743)
Plus: Unspent capital related debt proceeds	1,323,660
Less: Unamortized debt premium	(77,859)
Total Net Investment in Capital Assets	<u>11,608,869</u>
Restricted	
Debt service	136,959
Equipment replacement	<u>998,382</u>
Total Restricted	<u>1,135,341</u>
Unrestricted	<u>3,206,023</u>
Total Business-type Activities Net Position	<u>\$ 15,950,233</u>

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. RESTATEMENT OF FUND BALANCES/NET POSITION

Net position and fund balance have been restated to correct errors as described below. The impact on the prior year is noted below when known.

Governmental Activities

Net position - December 31, 2015 (as reported)	\$ 25,085,049
Add: Correct prior year Hazmat vehicle revenue that should have been recognized as earned	142,455
Correct prior year stormwater revenue that should have been recognized as earned	101,459
Correct prior year payment in lieu of taxes from water fund that should have been accrued and recognized as earned	352,421
Correct prior year housing loans that should have been recognized under full accrual	1,776,999
Correct for prior year compensated absences accrued in the governmental funds	144,584
Less: Correct prior year municipal court receivables that should not have been recognized	(140,826)
Reclassify the Business Improvement District activity to a discretely presented component unit	<u>(124,659)</u>
Net Position - December 31, 2015 (as restated)	<u>\$ 27,337,482</u>

Business-type Activities

Net position - December 31, 2015 (as reported)	\$ 15,952,724
Add: Accounts receivable adjustment related to prior years	39,336
Less: Costs that were capitalized that should have been expensed in prior years	<u>(81,289)</u>
Net Position - December 31, 2015 (as restated)	<u>\$ 15,910,771</u>

Discretely Presented Component Unit

Net position - December 31, 2015 (as reported)	\$ -
Add: Reclassification from the nonmajor governmental funds	<u>124,659</u>
Net Position - December 31, 2015 (as restated)	<u>\$ 124,659</u>

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. RESTATEMENT OF FUND BALANCES/NET POSITION (cont.)

General Fund

General Fund balance - December 31, 2015 (as reported)	\$ 4,017,428
Add: Correct for prior year compensated absences accrued in the governmental funds	136,770
Correct prior year payment in lieu of taxes from water fund that should have been accrued and recognized as earned	352,421
Correct prior year municipal court receivables recognized as revenues that should not have been recognized because they are still outstanding	<u>(140,826)</u>
Fund Balance - December 31, 2015 (as restated)	<u>\$ 4,365,793</u>

Capital Projects Fund

Capital Projects Fund balance - December 31, 2015 (as reported)	\$ 545,050
Add: Correct prior year stormwater revenue that should have been recognized as earned	<u>101,459</u>
Fund Balance - December 31, 2015 (as restated)	<u>\$ 646,509</u>

Vehicle Equipment Replacement Fund

Vehicle Equipment Replacement Fund balance - December 31, 2015 (as reported)	\$ 1,145,887
Add: Correct prior year Hazmat vehicle revenue that should have been recognized as earned	<u>142,455</u>
Fund Balance - December 31, 2015 (as restated)	<u>\$ 1,288,342</u>

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. RESTATEMENT OF FUND BALANCES/NET POSITION (cont.)

Aggregate Remaining Funds

Nonmajor Governmental Funds fund balance - December 31, 2015 (as reported)	\$	(78,239)
Add: Correct for prior year compensated absences accrued in the governmental funds		7,817
Designate the presentation of the Mass Transit special revenue fund to a major fund		148,097
Less: Reclassify the Business Improvement District activity to a discretely presented component unit		<u>(124,659)</u>
Fund Balance - December 31, 2015 (as restated)	\$	<u><u>(46,984)</u></u>

Water Utility Fund

Net position - December 31, 2015 (as reported)	\$	9,699,685
Add: Accounts receivable adjustment related to prior years		16,925
Less: Costs that were capitalized that should have been expensed in prior years		<u>(81,289)</u>
Net Position - December 31, 2015 (as restated)	\$	<u><u>9,635,321</u></u>

Sewer Utility Fund

Net Position - December 31, 2015 (as reported)	\$	6,253,039
Add: Accounts receivable adjustment related to prior years		<u>22,411</u>
Net Position - December 31, 2015 (as restated)	\$	<u><u>6,275,450</u></u>

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNIT

BUSINESS IMPROVEMENT DISTRICT

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

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

a. Basis of Accounting/Measurement Focus

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

b. Deposits and Investments

At year end, the carrying amount of the BID's deposits was \$109,997 and is part of the city's commingled cash. See Note III. A.

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 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:

Year	Core Fund Adjustment	Variable Fund Adjustment
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
2015	2.9	2

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 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 \$347,529 in contributions from the city.

Contribution rates as of December 31, 2016 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

Pension Liability/(Asset), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the city reported a liability/(asset) of \$583,241 for its proportionate share of the net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension liability/(asset) was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the city's proportion was 0.03589219%, which was an increase of 0.00024522% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the city recognized pension expense of \$703,573.

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2016, the city 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	\$ 98,668	\$ 1,227,421
Changes in assumptions	408,061	-
Net differences between projected and actual earnings on pension plan investments	2,387,956	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,200	7,750
Employer contributions subsequent to the measurement date	351,000	-
Totals	\$ 3,248,885	\$ 1,235,171

\$351,000 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, 2017. 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 December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 752,519	\$ 298,914
2018	752,519	298,914
2019	752,519	298,914
2020	627,275	298,914
2021	13,053	39,515

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
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, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Destination Target Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
U.S. Equities	27%	23%	7.6%	4.7%
International Equities	24.5	22	8.5	5.6
Fixed Income	27.5	37	4.4	1.6
Inflation Sensitive Assets	10	20	4.2	1.4
Real Estate	7	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.7	3.8
Total Core Fund	107	120	7.4	4.5
 <u>Variable Fund Asset Class</u>				
U.S Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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.

Sensitivity of the city's proportionate share of the net pension liability/(asset) to changes in the discount rate. The following presents the city's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.20 percent, as well as what the city's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (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's proportionate share of the net pension liability/(asset)	\$4,090,864	\$583,241	\$(2,156,275)

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://etf.wi.gov/publications/cafr.htm>.

At December 31, 2016, the city reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

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

C. COMMITMENTS AND CONTINGENCIES

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

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

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

The city has active construction projects as of December 31, 2016. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

D. JOINT VENTURES

Fire Protection Agreement

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

E. SUBSEQUENT EVENTS

On April 3, 2017 the city issued general obligation corporate purpose bonds, Series 2017A in the amount of \$3,730,000 with an interest rate of 3.00 to 3.50%. This amount will be used for police, streets, parks, stormwater, library, water, and TIF activities.

On April 3, 2017 the city issued sewerage system revenue bonds, Series 2017B in the amount of \$2,180,000 with an interest rate of 3.00 to 3.75%. This amount will be used for sewer projects.

CITY OF PORTAGE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

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

- > *Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- > *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > *Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > *Statement No. 80, Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*
- > *Statement No. 81, Irrevocable Split-Interest Agreements*
- > *Statement No. 82, Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 73*
- > *Statement No. 83, Certain Asset Retirement Obligations*
- > *Statement No. 84, Fiduciary Activities*
- > *Statement No. 85, Omnibus 2017*
- > *Statement No. 86, Certain Debt Extinguishment Issues*

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PORTAGE

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL For the Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
TAXES			
General property taxes	\$ 3,724,092	\$ 3,727,682	\$ 3,590
Mobile home lottery credit	27,500	29,156	1,656
Forest cropland and managed forest land taxes	22	72	50
Sales and use	40	40	-
Total Taxes	<u>3,751,654</u>	<u>3,756,950</u>	<u>5,296</u>
INTERGOVERNMENTAL REVENUES			
State shared revenues	1,671,173	1,636,722	(34,451)
State expenditure restraint	147,079	147,079	-
Fire insurance tax	23,000	25,070	2,070
State aid - law enforcement improvement	4,270	21,666	17,396
State aid - general transportation aids	449,536	449,317	(219)
State aid - connecting streets	125,430	124,167	(1,263)
State aid - recycling	16,145	19,352	3,207
Other state payments	16,000	15,968	(32)
Payments for municipal services	39,702	39,446	(256)
In lieu of taxes on state conservation lands	400	423	23
Other state payments	5,000	4,181	(819)
County aid - highway and bridges	2,000	-	(2,000)
Total Intergovernmental Revenues	<u>2,499,735</u>	<u>2,483,391</u>	<u>(16,344)</u>
LICENSES AND PERMITS			
Business and occupational licenses	2,500	1,860	(640)
Liquor and malt beverage licenses	33,000	33,828	828
Operators' license	1,465	1,465	-
Mobile home park licenses	300	300	-
Cable television franchise fees	120,000	125,664	5,664
Dog and cat licenses	5,000	6,496	1,496
Other nonbusiness licenses	500	-	(500)
Other regulatory permits and fees	11,050	13,355	2,305
Total Licenses and Permits	<u>173,815</u>	<u>182,968</u>	<u>9,153</u>
FINES, FORFEITURES AND PENALTIES			
Court penalties and costs	185,500	155,855	(29,645)
Parking violations	9,000	5,563	(3,437)
Judgments and damages	300	401	101
Total Fines, Forfeitures and Penalties	<u>194,800</u>	<u>161,819</u>	<u>(32,981)</u>

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF PORTAGE

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL For the Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance with Final Budget
PUBLIC CHARGES FOR SERVICES			
Clerk's fees	\$ 300	\$ 2,747	\$ 2,447
Law enforcement fees	6,000	5,149	(851)
Street related facilities	4,500	7,245	2,745
Parking lots, ramps and meters	500	20	(480)
Other transportation	400	1,051	651
Solid waste disposal	4,516	6,070	1,554
Weed and nuisance control	6,500	2,670	(3,830)
Culture, recreation and education	12,000	7,043	(4,957)
Parks	48,000	41,304	(6,696)
Park rental	28,000	31,908	3,908
Conservation and development	2,280	2,589	309
Other public charges for services	<u>7,450</u>	<u>8,339</u>	<u>889</u>
Total Public Charges for Services	<u>120,446</u>	<u>116,135</u>	<u>(4,311)</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES			
Fire services - rural	146,000	156,552	10,552
HAZMAT services	17,000	15,090	(1,910)
Intra-agency admin fees	<u>88,535</u>	<u>86,800</u>	<u>(1,735)</u>
Total Intergovernmental Charges for Services	<u>251,535</u>	<u>258,442</u>	<u>6,907</u>
INVESTMENT INCOME			
Investment income	7,000	15,294	8,294
Interest on special assessments	<u>3,000</u>	<u>2,938</u>	<u>(62)</u>
Total Investment Income	<u>10,000</u>	<u>18,232</u>	<u>8,232</u>
MISCELLANEOUS REVENUES			
Rent	60,081	56,006	(4,075)
Insurance recoveries - police	1,000	3,220	2,220
Donations	2,000	6,760	4,760
Refund of prior year expenditures	-	1,837	1,837
Insurance dividends	-	13,781	13,781
Other miscellaneous	<u>750</u>	<u>5,193</u>	<u>4,443</u>
Total Miscellaneous Revenues	<u>63,831</u>	<u>86,797</u>	<u>22,966</u>
 Total Revenues	 <u>7,065,816</u>	 <u>7,064,734</u>	 <u>(1,082)</u>

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF PORTAGE

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL For the Year Ended December 31, 2016

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES			
GENERAL GOVERNMENT			
Council	\$ 39,916	\$ 37,159	\$ 2,757
Judicial	124,326	113,653	10,673
Legal	36,000	29,726	6,274
Mayor	13,552	14,038	(486)
Administrator	132,202	135,017	(2,815)
General administration	244,033	240,144	3,889
Financial administration	251,541	257,883	(6,342)
General buildings/plant/hall	85,165	88,786	(3,621)
Safety program	1,500	396	1,104
Contingency	<u>26,612</u>	<u>-</u>	<u>26,612</u>
Total General Government	<u>954,847</u>	<u>916,802</u>	<u>38,045</u>
PUBLIC SAFETY			
Police	478,128	494,390	(16,262)
Patrol	1,616,498	1,642,030	(25,532)
Criminal investigation	306,916	294,126	12,790
Police special services	178,800	173,808	4,992
Fire protection	209,814	211,862	(2,048)
Suppression	870,162	898,971	(28,809)
Prevention	95,598	93,342	2,256
Hazmat	13,250	10,803	2,447
Inspection	5,200	4,800	400
Emergency government	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total Public Safety	<u>3,777,366</u>	<u>3,824,132</u>	<u>(46,766)</u>
PUBLIC WORKS			
Engineering	219,332	222,134	(2,802)
Highway and street maintenance for local	1,177,995	1,134,736	43,259
Highway and street construction for local	4,000	-	4,000
Sidewalks, with street reconstruction	3,600	813	2,787
Storm sewer maintenance	15,000	12,752	2,248
Parking facilities	1,500	173	1,327
Airport	38,900	34,354	4,546
Solid waste disposal	354,108	360,383	(6,275)
Weed and nuisance control	<u>5,000</u>	<u>3,455</u>	<u>1,545</u>
Total Public Works	<u>1,819,435</u>	<u>1,768,800</u>	<u>50,635</u>
HEALTH AND HUMAN SERVICES			
Public health services	18,000	18,000	-
Cemetery	<u>38,000</u>	<u>38,000</u>	<u>-</u>
Total Health and Human Services	<u>56,000</u>	<u>56,000</u>	<u>-</u>

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF PORTAGE

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL For the Year Ended December 31, 2016

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
CULTURE, RECREATION, AND EDUCATION			
Cable television	\$ 19,443	\$ 11,047	\$ 8,396
Parks	160,138	165,708	(5,570)
Recreation programs and events	78,235	72,675	5,560
Park maintenance	<u>370,109</u>	<u>378,170</u>	<u>(8,061)</u>
Total Culture, Recreation, and Education	<u>627,925</u>	<u>627,600</u>	<u>325</u>
CONSERVATION AND DEVELOPMENT			
Community development	77,447	74,308	3,139
Planning	<u>2,100</u>	<u>631</u>	<u>1,469</u>
Total Conservation and Development	<u>79,547</u>	<u>74,939</u>	<u>4,608</u>
Total Expenditures	<u>7,315,120</u>	<u>7,268,273</u>	<u>46,847</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(249,304)</u>	<u>(203,539)</u>	<u>45,765</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	3,500	2,392	(1,108)
Transfers in	366,144	397,714	31,570
Transfers out	<u>(208,880)</u>	<u>(504,139)</u>	<u>(295,259)</u>
Total Other Financing Sources (Uses)	<u>160,764</u>	<u>(104,033)</u>	<u>(264,797)</u>
Net Change in Fund Balance	(88,540)	(307,572)	(219,032)
FUND BALANCE - Beginning of Year	<u>4,365,793</u>	<u>4,365,793</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 4,277,253</u>	<u>\$ 4,058,221</u>	<u>\$ (219,032)</u>

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF PORTAGE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CDBG FUND For the Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Public charges for services	\$ 20,000	\$ 34,068	\$ 14,068
Investment income	50	1,133	1,083
Total Revenues	<u>20,050</u>	<u>35,201</u>	<u>15,151</u>
EXPENDITURES			
Current			
Conservation and development	<u>20,050</u>	<u>86,759</u>	<u>(66,709)</u>
Total Expenditures	<u>20,050</u>	<u>86,759</u>	<u>(66,709)</u>
Net Change in Fund Balance	-	(51,558)	(51,558)
FUND BALANCE - Beginning of Year	<u>86,931</u>	<u>86,931</u>	-
FUND BALANCE - END OF YEAR	<u>\$ 86,931</u>	<u>\$ 35,373</u>	<u>\$ (51,558)</u>

See accountants' report and accompanying notes to required supplementary information.

CITY OF PORTAGE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MASS TRANSIT FUND For the Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Intergovernmental	\$ 793,200	\$ 861,169	\$ 67,969
Public charges for services	-	3,583	3,583
Miscellaneous	-	27,749	27,749
Total Revenues	<u>793,200</u>	<u>892,501</u>	<u>99,301</u>
EXPENDITURES			
Current			
Public works	<u>848,000</u>	<u>948,528</u>	<u>(100,528)</u>
Total Expenditures	<u>848,000</u>	<u>948,528</u>	<u>(100,528)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(54,800)</u>	<u>(56,027)</u>	<u>(1,227)</u>
OTHER FINANCING SOURCES			
Transfers in	42,000	155,561	113,561
Proceeds from sale of capital assets	<u>12,800</u>	<u>8,050</u>	<u>(4,750)</u>
Total Other Financing Sources	<u>54,800</u>	<u>163,611</u>	<u>108,811</u>
Net Change in Fund Balance	-	107,584	107,584
FUND BALANCE (DEFICIT) - Beginning of Year	<u>(148,097)</u>	<u>(148,097)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (148,097)</u>	<u>\$ (40,513)</u>	<u>\$ 107,584</u>

See accountants' report and accompanying notes to required supplementary information.

CITY OF PORTAGE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION (ASSET) / LIABILITY -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2016

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension (Asset)/Liability</u>	<u>Proportionate Share of the Net Pension (Asset)/Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/16	0.035892190%	\$ 583,241	\$ 4,168,161	13.99%	98.20%
12/31/15	0.035646970%	(875,587)	4,085,943	21.43%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2016

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/16	\$ 351,000	\$ 351,000	\$ -	\$ 4,273,077	8.21%
12/31/15	356,206	356,206	-	4,085,943	8.72%

See independent auditors' report and accompanying notes to the required supplementary information.

CITY OF PORTAGE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2016

BUDGETARY INFORMATION

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

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

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

EXCESS EXPENDITURES OVER APPROPRIATIONS

Excess expenditures over appropriations are as follows:

<u>General Fund</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Mayor	\$ 13,552	\$ 14,038	\$ 486
Administrator	132,202	135,017	2,815
Financial administration	251,541	257,883	6,342
General buildings/plant/hall	85,165	88,786	3,621
Police	478,128	494,390	16,262
Patrol	1,616,498	1,642,030	25,532
Fire protection	209,814	211,862	2,048
Suppression	870,162	898,971	28,809
Parks	160,138	165,708	5,570
Park maintenance	370,109	378,170	8,061

WISCONSIN RETIREMENT SYSTEM

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

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

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

Changes in assumptions. There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

CITY OF PORTAGE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2016

	Special Revenue Funds				
	Park Land Dedication Fund	Swimming Pool Fund	Inspection Fund	Library Fund	Library- Restricted Fund
ASSETS					
Cash and investments	\$ 178,822	\$ -	\$ 55,400	\$ 1,010	\$ 14,240
Receivables					
Taxes	-	-	-	476,963	-
Accounts	16,250	1,494	-	-	-
Due from other funds	-	-	-	62	-
Special assessments	-	-	-	-	-
Other	-	-	-	-	-
Prepaid items	-	112	639	14,059	-
Restricted cash and investments	-	-	-	-	61,711
TOTAL ASSETS	<u>\$ 195,072</u>	<u>\$ 1,606</u>	<u>\$ 56,039</u>	<u>\$ 492,094</u>	<u>\$ 75,951</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 25	\$ 154	\$ 1,200	\$ 4,758	\$ -
Accrued liabilities	-	2,505	2,094	24,739	-
Deposits	-	-	-	-	-
Due to other governments	-	85	-	-	-
Due to other funds	-	78,654	37,423	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>25</u>	<u>81,398</u>	<u>40,717</u>	<u>29,497</u>	<u>-</u>
Deferred Inflows of Resources					
Property taxes levied for next period	-	-	-	476,963	-
Unavailable revenues	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>476,963</u>	<u>-</u>
Fund Balances					
Restricted	-	-	-	-	75,951
Assigned	195,047	-	15,322	-	-
Unassigned (deficit)	-	(79,792)	-	(14,366)	-
Total Fund Balances (Deficit)	<u>195,047</u>	<u>(79,792)</u>	<u>15,322</u>	<u>(14,366)</u>	<u>75,951</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 195,072</u>	<u>\$ 1,606</u>	<u>\$ 56,039</u>	<u>\$ 492,094</u>	<u>\$ 75,951</u>

Special Revenue Funds

Criminal Investigation Fund	Tourism Promotion Fund	School Liaison Fund	Donation Fund	Economic Development Fund	Economic Development Business Incubator Fund	Ambulance Fund
\$ 4,661	\$ 99,009	\$ 7,367	\$ 80,658	\$ 99,267	\$ 82,453	\$ 59,905
-	-	-	-	-	-	-
-	-	-	-	28,705	-	-
-	-	81	-	-	-	-
-	-	-	-	-	1,618	-
-	-	-	-	-	1,275	-
-	-	-	-	-	-	-
<u>\$ 4,661</u>	<u>\$ 99,009</u>	<u>\$ 7,448</u>	<u>\$ 80,658</u>	<u>\$ 127,972</u>	<u>\$ 85,346</u>	<u>\$ 59,905</u>
\$ 52	\$ 4,800	\$ 22	\$ 85	\$ -	\$ 4,695	\$ 9,204
-	-	-	-	-	2,894	-
-	-	-	-	-	7,245	-
-	-	-	-	-	-	-
-	-	3,823	-	84	-	-
-	-	-	-	-	-	-
<u>52</u>	<u>4,800</u>	<u>3,845</u>	<u>85</u>	<u>84</u>	<u>14,834</u>	<u>9,204</u>
-	-	-	-	-	-	-
-	-	-	-	28,705	-	-
-	-	-	-	28,705	-	-
-	-	-	80,573	-	-	-
4,609	94,209	3,603	-	99,183	70,512	50,701
-	-	-	-	-	-	-
<u>4,609</u>	<u>94,209</u>	<u>3,603</u>	<u>80,573</u>	<u>99,183</u>	<u>70,512</u>	<u>50,701</u>
<u>\$ 4,661</u>	<u>\$ 99,009</u>	<u>\$ 7,448</u>	<u>\$ 80,658</u>	<u>\$ 127,972</u>	<u>\$ 85,346</u>	<u>\$ 59,905</u>

CITY OF PORTAGE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2016

	Special	Capital Projects Funds			
	Revenue Fund				
	Post Retirement Benefits Fund	Industrial Development Fund	Revolving Sidewalk Fund	Revolving Alley Fund	Canal Project Fund
ASSETS					
Cash and investments	\$ -	\$ 47	\$ 52,804	\$ 9,750	\$ 154,072
Receivables					
Taxes	-	-	11,645	10,217	-
Accounts	-	-	303	-	-
Due from other funds	-	-	4,218	2,341	-
Special assessments	-	-	74,870	38,512	-
Other	-	-	-	-	-
Prepaid items	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 47</u>	<u>\$ 143,840</u>	<u>\$ 60,820</u>	<u>\$ 154,072</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Deposits	-	-	-	-	-
Due to other governments	-	-	-	-	-
Due to other funds	-	-	3,071	301	-
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>3,071</u>	<u>301</u>	<u>-</u>
Deferred Inflows of Resources					
Property taxes levied for next period	-	-	11,645	10,217	-
Unavailable revenues	-	-	74,870	38,512	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>86,515</u>	<u>48,729</u>	<u>-</u>
Fund Balances					
Restricted	-	-	-	-	-
Assigned	-	47	54,254	11,790	154,072
Unassigned (deficit)	-	-	-	-	-
Total Fund Balances (Deficit)	<u>-</u>	<u>47</u>	<u>54,254</u>	<u>11,790</u>	<u>154,072</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ -</u>	<u>\$ 47</u>	<u>\$ 143,840</u>	<u>\$ 60,820</u>	<u>\$ 154,072</u>

Capital Projects Funds

Airport Construction Fund	TIF #4	TIF #5	TIF #6	TIF #7	TIF #8	Total Nonmajor Governmental Funds
\$ 45,852	\$ -	\$ -	\$ -	\$ 185,491	\$ -	\$ 1,130,808
-	14,257	94,941	-	-	69,842	677,865
-	-	-	-	-	-	46,752
-	-	-	6,780	-	24,843	38,325
-	-	-	-	-	11,653	125,035
-	-	-	-	-	-	1,618
-	-	-	-	-	-	16,085
-	-	-	-	-	-	61,711
<u>\$ 45,852</u>	<u>\$ 14,257</u>	<u>\$ 94,941</u>	<u>\$ 6,780</u>	<u>\$ 185,491</u>	<u>\$ 106,338</u>	<u>\$ 2,098,199</u>
\$ -	\$ -	\$ -	\$ 668	\$ 1,357	\$ -	\$ 27,020
-	-	-	-	-	-	32,232
-	-	-	-	-	-	7,245
-	-	-	-	-	-	85
-	-	-	-	6,780	135	130,271
-	519,262	346,706	81,259	-	-	947,227
-	519,262	346,706	81,927	8,137	135	1,144,080
-	14,257	94,941	-	-	69,842	677,865
-	-	-	-	-	11,653	153,740
-	14,257	94,941	-	-	81,495	831,605
-	-	-	-	177,354	24,708	358,586
45,852	-	-	-	-	-	799,201
-	(519,262)	(346,706)	(75,147)	-	-	(1,035,273)
45,852	(519,262)	(346,706)	(75,147)	177,354	24,708	122,514
<u>\$ 45,852</u>	<u>\$ 14,257</u>	<u>\$ 94,941</u>	<u>\$ 6,780</u>	<u>\$ 185,491</u>	<u>\$ 106,338</u>	<u>\$ 2,098,199</u>

CITY OF PORTAGE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2016

	Special Revenue Funds				
	Park Land Dedication Fund	Swimming Pool Fund	Inspection Fund	Library Fund	Library- Restricted Fund
	Fund	Fund	Fund	Fund	Fund
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 486,949	\$ -
Intergovernmental	-	-	-	195,209	-
Public charges for services	-	42,896	-	13,574	-
Licenses and permits	-	-	115,269	-	-
Special assessments	-	-	-	-	-
Investment income	553	-	186	491	3
Miscellaneous	140,050	5,088	-	-	17,986
Total Revenues	<u>140,603</u>	<u>47,984</u>	<u>115,455</u>	<u>696,223</u>	<u>17,989</u>
EXPENDITURES					
Current					
General government	-	-	-	-	-
Public safety	-	-	100,133	-	-
Public works	-	-	-	-	-
Culture, recreation and education	-	66,099	-	662,124	16,090
Conservation and development	-	-	-	-	-
Capital Outlay	52,815	-	-	-	-
Debt Service					
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>52,815</u>	<u>66,099</u>	<u>100,133</u>	<u>662,124</u>	<u>16,090</u>
Excess (deficiency) of revenues over expenditures	<u>87,788</u>	<u>(18,115)</u>	<u>15,322</u>	<u>34,099</u>	<u>1,899</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Debt issued	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	87,788	(18,115)	15,322	34,099	1,899
FUND BALANCES (DEFICIT)					
- Beginning of Year (as restated)	<u>107,259</u>	<u>(61,677)</u>	<u>-</u>	<u>(48,465)</u>	<u>74,052</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 195,047</u>	<u>\$ (79,792)</u>	<u>\$ 15,322</u>	<u>\$ (14,366)</u>	<u>\$ 75,951</u>

Special Revenue Funds

Criminal Investigation Fund	Tourism Promotion Fund	School Liaison Fund	Donation Fund	Economic Development Fund	Economic Development Business Incubator Fund	Ambulance Fund
\$ -	\$ 126,868	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	15,813	-	-	-
824	-	-	-	32,497	-	-
-	-	-	-	-	-	-
16	146	26	225	1,275	24	90
<u>-</u>	<u>-</u>	<u>14,540</u>	<u>44,685</u>	<u>-</u>	<u>128,777</u>	<u>-</u>
<u>840</u>	<u>127,014</u>	<u>14,566</u>	<u>60,723</u>	<u>33,772</u>	<u>128,801</u>	<u>90</u>
-	-	-	4,000	-	-	-
623	-	9,268	7,247	-	-	-
-	-	-	-	-	-	-
-	125,158	-	8,667	-	-	-
-	-	-	-	5,839	120,824	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>623</u>	<u>125,158</u>	<u>9,268</u>	<u>19,914</u>	<u>5,839</u>	<u>120,824</u>	<u>-</u>
<u>217</u>	<u>1,856</u>	<u>5,298</u>	<u>40,809</u>	<u>27,933</u>	<u>7,977</u>	<u>90</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
217	1,856	5,298	40,809	27,933	7,977	90
<u>4,392</u>	<u>92,353</u>	<u>(1,695)</u>	<u>39,764</u>	<u>71,250</u>	<u>62,535</u>	<u>50,611</u>
<u>\$ 4,609</u>	<u>\$ 94,209</u>	<u>\$ 3,603</u>	<u>\$ 80,573</u>	<u>\$ 99,183</u>	<u>\$ 70,512</u>	<u>\$ 50,701</u>

CITY OF PORTAGE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2016

	Special Revenue Fund	Capital Projects Funds			
	Post Retirement Benefits Fund	Industrial Development Fund	Revolving Sidewalk Fund	Revolving Alley Fund	Canal Project Fund
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Public charges for services	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Special assessments	-	-	41,421	35,474	-
Investment income	-	-	1,628	1,623	476
Miscellaneous	-	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>43,049</u>	<u>37,097</u>	<u>476</u>
EXPENDITURES					
Current					
General government	-	-	-	-	-
Public safety	51,837	-	-	-	-
Public works	7,010	-	2,515	104,330	13,456
Culture, recreation and education	5,701	-	-	-	-
Conservation and development	-	-	-	-	-
Capital Outlay	-	-	230,942	-	-
Debt Service					
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>64,548</u>	<u>-</u>	<u>233,457</u>	<u>104,330</u>	<u>13,456</u>
Excess (deficiency) of revenues over expenditures	<u>(64,548)</u>	<u>-</u>	<u>(190,408)</u>	<u>(67,233)</u>	<u>(12,980)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	64,548	-	-	-	-
Transfers out	-	-	-	-	-
Debt issued	-	-	150,000	60,000	25,000
Total Other Financing Sources (Uses)	<u>64,548</u>	<u>-</u>	<u>150,000</u>	<u>60,000</u>	<u>25,000</u>
Net Change in Fund Balances	-	-	(40,408)	(7,233)	12,020
FUND BALANCES (DEFICIT)					
- Beginning of Year (as restated)	<u>-</u>	<u>47</u>	<u>94,662</u>	<u>19,023</u>	<u>142,052</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ -</u>	<u>\$ 47</u>	<u>\$ 54,254</u>	<u>\$ 11,790</u>	<u>\$ 154,072</u>

Capital Projects Funds

Airport Construction Fund	TIF #4	TIF #5	TIF #6	TIF #7	TIF #8	Total Nonmajor Governmental Funds
\$ -	\$ 14,521	\$ 93,120	\$ -	\$ 25,760	\$ 64,468	\$ 811,686
-	-	-	6,221	2,174	269	219,686
-	-	-	-	-	-	89,791
-	-	-	-	-	-	115,269
-	-	-	-	-	17,516	94,411
31	-	-	-	-	-	6,793
-	-	-	-	-	-	351,126
<u>31</u>	<u>14,521</u>	<u>93,120</u>	<u>6,221</u>	<u>27,934</u>	<u>82,253</u>	<u>1,688,762</u>
-	-	-	1,377	-	219	5,596
-	-	-	-	-	-	169,108
-	-	-	-	-	-	127,311
-	-	-	-	-	-	883,839
-	3,907	3,042	-	2,714	1,722	138,048
-	-	-	12,513	25,405	157	321,832
964	-	-	514	1,413	-	2,891
<u>964</u>	<u>3,907</u>	<u>3,042</u>	<u>14,404</u>	<u>29,532</u>	<u>2,098</u>	<u>1,648,625</u>
<u>(933)</u>	<u>10,614</u>	<u>90,078</u>	<u>(8,183)</u>	<u>(1,598)</u>	<u>80,155</u>	<u>40,137</u>
-	81,909	-	-	-	25,000	171,457
-	(144,984)	(162,981)	-	(44,493)	(44,638)	(397,096)
<u>40,000</u>	<u>-</u>	<u>-</u>	<u>21,333</u>	<u>58,667</u>	<u>-</u>	<u>355,000</u>
<u>40,000</u>	<u>(63,075)</u>	<u>(162,981)</u>	<u>21,333</u>	<u>14,174</u>	<u>(19,638)</u>	<u>129,361</u>
39,067	(52,461)	(72,903)	13,150	12,576	60,517	169,498
<u>6,785</u>	<u>(466,801)</u>	<u>(273,803)</u>	<u>(88,297)</u>	<u>164,778</u>	<u>(35,809)</u>	<u>(46,984)</u>
<u>\$ 45,852</u>	<u>\$ (519,262)</u>	<u>\$ (346,706)</u>	<u>\$ (75,147)</u>	<u>\$ 177,354</u>	<u>\$ 24,708</u>	<u>\$ 122,514</u>