



Portage, Michigan

Comprehensive Annual Financial Report

for fiscal year ended June 30, 2010

City of Portage, Michigan
Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2010

Prepared by:

Finance Department

CITY OF PORTAGE, MICHIGAN
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010

TABLE OF CONTENTS

INTRODUCTORY SECTION	Page
Title Page	i
Table of Contents	ii – iv
Letter of Transmittal	v – x
Certificate of Achievement for Excellence in Financial Reporting	xi
Organization Chart	xii
List of Elected and Appointed Officials	xiii
FINANCIAL SECTION	
Independent Auditors' Report	1 - 2
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	3 - 4
Management's Discussion and Analysis	6 - 21
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	24
Statement of Activities	25
Fund Financial Statements	
Balance Sheet - Governmental Funds	28
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets	29
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	30
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	33 - 35
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Major Streets Fund	36
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Local Streets Fund	37
Statement of Net Assets - Proprietary Funds	38 - 39
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	40
Statement of Cash Flows - Proprietary Funds	41
Statement of Fiduciary Net Assets - Fiduciary Funds	42
Statement of Changes in Fiduciary Net Assets - Pension Trust Funds	43
Notes to Financial Statements	46 - 69

CITY OF PORTAGE, MICHIGAN
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010

TABLE OF CONTENTS - continued

	Page
Required Supplementary Information:	
Schedule of Funding Progress - Defined Benefit Retirement Plan	72
Schedule of Funding Progress - Retiree Healthcare Funding Plan	73
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	77
Combining Balance Sheet - Nonmajor Special Revenue Funds	78
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	79
Schedules of Revenues, Expenditures and Changes in Fund Balances -	
Budget and Actual:	
Cultural Activities Fund	80
Cable Television Fund	81
Community Development Block Grant Fund	82
Community Development Block Grant - Recovery Fund	83
Michigan State Housing Development Authority Grant Fund	84
Michigan State Housing Development Authority - Neighborhood Stabilization Program Grant Fund.....	85
American Relief and Recovery Act Grant Fund.....	86
Brownfield Redevelopment Authority Fund	87
West Lake Management Fund	88
Curbside Recycling Fund	89
Leaf Pickup / Spring Cleanup Fund	90
Municipal Streets Fund	91
Combining Balance Sheet - Nonmajor Debt Service Funds	92
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Debt Service Funds	93
Schedules of Revenues, Expenditures and Changes in Fund Balances -	
Budget and Actual:	
Downtown Development Authority Debt Service Fund	94
Building Authority Debt Service Fund	95
Local Development Finance Authority 2004 Debt Service Fund	96
Special Assessments Fund.....	97
Cemetery Permanent Fund	98
Community Development Block Grant Program Income Fund	99
Combining Statement of Net Assets - Internal Service Funds	100
Combining Statement of Revenues, Expenditures and Changes in Fund Net Assets - Internal Service Funds	101
Combining Statement of Cash Flows - Internal Service Funds.....	102

CITY OF PORTAGE, MICHIGAN
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010

TABLE OF CONTENTS - concluded

	Page
Other Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Obligation Debt Fund	104
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Motor Vehicle Highway Fund	105
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Capital Projects Fund	106
Combining Statement of Fiduciary Net Assets - Pension Trust Funds	107
Combining Statement of Changes in Fiduciary Net Assets - Pension Trust Funds.....	108
Combining Statement of Net Assets - Agency Funds.....	109
Statement of Changes in Agency Fund Assets and Liabilities - Fiduciary Funds	110 - 111
Capital Assets Used in the Operation of Governmental Funds:	
Comparative Schedules by Source	112
Schedule by Function and Activity	113
Schedule of Changes by Function and Activity	114
 STATISTICAL SECTION (unaudited)	
Fund information:	
Net Assets by Component.....	117
Changes in Net Assets.....	118 - 119
Fund Balances of Governmental Funds	120
Changes in Fund Balances of Governmental Funds	121
Assessed Value and Estimated Market Value of Taxable Property.....	122
Property Tax Rates.....	123
Principal Property Taxpayers	124
Property Tax Levies and Collections	125
Ratios of Outstanding Debt by Type	126
Ratios of General Bonded Debt Outstanding.....	127
Computation of Direct and Overlapping Bonded Debt	128
Computation of Legal Debt Margin.....	129
Pledged Revenue Coverage.....	130
Demographic and Economic Statistics	131
Principal Employers.....	132
Full-time Equivalent City Government Employees by Function/Program.....	133
Operating Indicators by Function/Program.....	134
Capital Asset Statistics by Function.....	135

November 30, 2010

To the Honorable Mayor, members of the City Council, and the Citizens of the City of Portage:

The comprehensive annual financial report of the City of Portage, Michigan for the fiscal year ended June 30, 2010 has been completed. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of our knowledge and belief the enclosed data are accurate in all material respects and are reported in a manner designed to fairly present the financial position and results of operations of the various funds and component units of the City. All disclosures necessary to enable the reader to gain an understanding of the financial activities of the City have been included.

LOCATION AND LAND USE

The City of Portage, which is situated in the southwest part of the State of Michigan and located halfway between Chicago and Detroit, covers an area of 35.2125 square miles. Approximately 73 percent of the land is zoned for residential use, 19 percent for industrial and 8 percent zoned for commercial uses. A mix of land uses and convenient access to two major highways creates a stable local economy.

CHALLENGES AND ADJUSTMENTS DUE TO A RECESSIONARY ECONOMY

With little relief to area economic difficulties anticipated in the near term, the 2009/2010 City budget had been drafted to prepare the City for additional financial challenges. A slumping state and national housing market has not been avoided in the City of Portage. As a result, approximately 85 percent of the 15,500 residential properties had reduced assessments for 2009. The taxable value of the "average" single family residence in the City of Portage decreased approximately 5 percent, from \$76,210 in 2008 to \$72,500 in 2009. Decreases in the majority of residential property valuations have closed the gap between property state equalized valuations and taxable values. The City Administration kept this situation at the forefront of discussions in development of the fiscal year budget.

Wastewater treatment charges from the City of Kalamazoo continued to increase as flows to the treatment facility declined; interest/investment income to the City has been substantially reduced as the City has shifted assets to very secure (but low interest bearing) investments; Act 51 revenue, utilized to address street related expenses, continued to decline; building permit revenue has been halved; and health insurance related expenditures continued to increase.

The lingering recession continues to impact upon City resources, further challenging the ability of the City to address service needs. Of necessity, expenditures had been aggressively managed in 2009-2010 to ensure the most appropriate application of resources. Of particular note:

- Total full time staffing has been reduced an additional approximate 5 percent to 197 positions from 207 positions in fiscal year 2008-2009 (and from 213 positions in fiscal year 2007-2008).
- The City changed health insurance providers for non-union and International Association of Fire Fighter (IAFF) employees to avoid a 28 percent increase in premiums by the former carrier.

- Funding for landscaping and grounds maintenance was reduced in the areas of flowers, tree plantings, mowing services and holiday decorations.
- Mid-year budget reductions were implemented across all City departments to offset revenue shortfalls being experienced in several areas.
- The size of the City vehicle fleet continues to be reduced.

As a positive note, funding was received by the City of Portage through the American Recovery and Reinvestment Act (i.e., Stimulus II) to provide the opportunity to advance high priority street improvement projects in the City. Work on the next phase of the I-94 reconstruction project (Oakland Drive to Portage Road), including redevelopment of the South Westnedge / I-94 interchange commenced sooner than planned. This will advance the work on this most significant and important economic development infrastructure project by several years. Improvements to Kilgore Road (South Westnedge Avenue to the Norfolk Southern Railroad crossing) and Centre Avenue (South Westnedge Avenue to Portage Road) were accomplished with Stimulus II funding. Due to ARRA funding of these projects, City of Portage taxpayers will be relieved of some \$2,436,255 of direct expenditures that would have otherwise been funded through local property tax sources over the next several years.

ECONOMIC CONDITION AND OUTLOOK

The City of Portage is the unit of government in Kalamazoo County with the largest Assessed Value (regular tax roll). The state equalized value of real and personal property including tax abatements has increased from \$348,055,600 in 1980, to \$799,757,900 in 1990, to \$2,272,806,980 for the fiscal year ended June 30, 2010. The taxable value for the year beginning July 1, 2009 decreased approximately 1.0 percent over the prior year. The City of Portage unemployment rate for March 2010 was 9.1 percent.

Portage has a well-balanced and diversified economy. Residential uses account for 54 percent of the property value, industrial 23 percent and commercial 23 percent. Employment is also well-balanced, characterized by a high degree of manufacturing (21.3 percent of total employment), wholesale and retail trade (16.7 percent), and service activity (40.1 percent). The remaining 21.9 percent includes agricultural, construction, and public employment. Based on the 2002 census, the number of employed Portage residents was 23,566; yet 35,192 jobs existed within Portage, making Portage a net importer of jobs for residents from Kalamazoo County and beyond. By the year 2030, the number of jobs offered in the City of Portage is expected to increase to 42,020 (2008 Portage Comprehensive Plan).

The Pfizer Corporation, the City's largest taxpayer, has manufacturing, packaging and office facilities located in the City of Portage.

Stryker Corporation constructed a 433,000 square-foot medical products manufacturing facility in the City of Portage that was completed in 2005. This facility, at the corner of Sprinkle Road and East Centre Avenue, is the primary Stryker Medical Division manufacturing facility. The Stryker Medical Division focuses on the production of hospital and emergency service beds and stretchers. Additional manufacturing, warehousing and administrative facilities are located throughout Portage making Stryker the City's second largest taxpayer.

The completion of another Stryker manufacturing facility of approximately 200,000 square feet with an estimated cost of \$30 million at the southeast corner of East Milham Avenue and Sprinkle Road builds upon the success of the surgical instruments division. The Stryker Instruments Division is the company's primary location for the production of replacement hips and joints, along with orthopedic surgical instruments such as medical drills, saws and micro-powered tools. These facilities in Portage are part of a comprehensive facilities expansion and renovation project

with a total estimated investment of \$62 million and an estimated total of 225 new jobs and 1,600 jobs retained according to communication from Stryker.

The continued diversification and growth of the local economy and tax base is viewed as essential to the community. In an effort to ensure a healthy economy, over the past several years the City of Portage implemented four major initiatives. These four initiatives are listed below:

1. **1996 Industrial Development Initiative:** an investment of nearly \$2 million in public infrastructure improvements to open up more than 100 acres of land for full-service industrial sites within industrial park settings. Several industrial facilities including Federal Express, Summit Polymers, Business Cards Plus, Avtech Laboratories, Idea, Inc., Kalamazoo Machine Tool, and Quality Air Service, among others have constructed new facilities as a direct result of this City initiative. Private investment totals about \$45 million to date.
2. **1998 Community Investment Initiative:** the combined investment of almost \$7 million from local, state and federal sources in important infrastructure projects within the first City Downtown Development Authority (DDA) district, development of the 50 acre Milham Business/Technology Park and the reconstruction of Shaver Road as a boulevard. Businesses including Gander Mountain, Meijer, Inc., Bennigan's Restaurant, Lowe's Home Improvement Center and Hooters Restaurant have also constructed new facilities as a result of the Community Investment Initiative. Businesses have invested approximately \$88.4 million to date.
3. **1999 Commerce Square Enhancement Initiative:** focused on enhancements to the South Westnedge Avenue commercial corridor including roadway improvements to South Westnedge Avenue, Mall Drive and Romence Road/Romence Road Parkway. These major roadway improvement projects assist with ensuring the continued success of the central business area by facilitating safe and convenient access for patrons and employees. The Commerce Square Enhancement Initiative stimulated redevelopment of the northwest corner of South Westnedge Avenue and West Milham Avenue. Several aging and vacant buildings previously occupied this area, which is one of the busiest intersections in Kalamazoo County. These aging and vacant buildings have been razed and replaced with new facilities for Bed Bath and Beyond, Panera Bread, Babies'R'Us, and Consumers Credit Union. The Commerce Square Enhancement Initiative also included a major project to improve water quality associated with local wetlands and Consolidated Drain No. 1 and, at the same time, reclaim land for development previously used for storm water retention. The total level of public investment amounted to more than \$9 million. The Shoppes at Romence Village is a 150,000 square foot retail center anchored by D&W Food Center and Stein Mart, with additional retailers such as Great Clips, Third Coast Furniture and Futons, Mirage Tanning Salon and the restaurants Los Amigos, and Jets Pizza completed in subsequent phases of this development project. To date, approximately \$77.6 million in private investment has occurred.
4. **The South Westnedge Avenue Enhancement Project:** a major corridor improvement program from Milham Avenue to Kilgore Road. The project was initiated in 2004/2005 to coordinate with and facilitate the improvement of the South Westnedge Avenue / I-94 interchange and associated widening of South Westnedge Avenue from Dawnlee Avenue to Trade Center Way by the Michigan Department of Transportation. The project includes street widening, new street construction and property acquisition.

South Westnedge Avenue is a most important north-south major street in Kalamazoo County and provides access to the major shopping areas in the City. Considerable new development and redevelopment is occurring within the South Westnedge Avenue corridor, especially between Kilgore Road and Milham Avenue in the City of Portage. The currently underway

MDOT improvement to the I-94/South Westnedge Avenue interchange and related freeway improvements will necessitate associated widening from Kilgore Road to Milham Avenue.

The financial and employment-related success of these economic development initiatives is significant. Ninety-one businesses and industries have either expanded existing facilities in Portage, have been retained within Portage or have established new facilities within the community that can be associated with these initiatives. In total to date, the level of investment is approximately \$204 million in market value, with an estimated 3,384 added jobs. Although the City of Portage allocated significant local resources to ensure the success of these important economic development initiatives, the return on investment is significant. The initial economic impacts associated with the private sector projects are very good news for the community in terms of diversifying the tax base and adding job opportunities for area residents. It is also important to underscore that these initiatives were accomplished without a tax increase and with a combination of local tax resources, private sector participation as well as state and federal funds.

Portage is also a major retail center for Southwest Michigan. The Crossroads Mall, a regional shopping center of more than 800,000 square feet, has approximately 100 tenants including Macy's, J.C. Penney & Company, Burlington Coat Factory and Sears Roebuck & Company. Southland Mall is another major retail mall in the City. The nearly 300,000 square foot retail center includes Old Navy Apparel, Kohl's Department Store, Barnes & Noble Book Store and T.J. Maxx, among other stores. Several additional major retailers are located within Portage including: Meijer, Inc., Home Depot, Lowe's, Target, Best Buy, and Menards Home Improvement Center. Two other retail shopping centers, the Portage Crossings and the Carillon Center, have a combined building area of 308,000 square feet. Additionally, Sam's Club wholesale club constructed a 135,000 square foot facility on South Westnedge Avenue at Romence Road that was opened in early 2006. The estimated employment of Portage retail trade establishments in 2002 was 9,500. The total retail area in the main South Westnedge commercial corridor is approximately 4.2 million square feet with a 94 percent occupancy rate as of December 2008.

Other projects which have had a positive impact on the local economy include the extension of the Romence Parkway to Portage Road in 2000, the creation of a Brownfield Redevelopment Authority in 2001 and several quality of life enhancements. The extension of Romence Parkway to Portage Road had a major impact on traffic flow in the community by providing an essential east-west link in the major thoroughfare system with improved access to the commercial corridor and to industrial centers in the community. East Milham Avenue from Oakland Drive to Lovers Lane, and Centre Avenue from Portage Road to Sprinkle Road have been widened. These improvements afford numerous economic development benefits, and provide improved roadway access and City utilities to Pfizer, Inc.

The creation of a Brownfield Redevelopment Authority in 2001 has provided an important economic incentive for the environmental clean-up and redevelopment of the former Portage Steel site located on West Centre Avenue. Redevelopment of this property, which was abandoned for several years, with an approximate \$10 million retail and office complex is a significant benefit to the City and to the other taxing jurisdictions. This ongoing redevelopment project provides an expanded tax base and additional job opportunities for area residents and is a significant economic development initiative within the area.

There are several area and regional commercial bank branches and thrift institutions within the City, which serve the banking needs of the community and its residents. These include: Comerica, J. P. Morgan Chase Bank, PNC Bank, Fifth Third Bank, Flagstar Bank, Bank of America, Huntington Bank, Michigan Commerce Bank, Keystone Community Bank, Chemical Bank, 1st National Bank of Michigan and Citizens Bank.

Transportation needs are served by United, American, American Eagle, Delta and Direct Air airlines through the Kalamazoo-Battle Creek International Airport; several bus services; and railroads. Two major highways, Interstate 94 and U.S. 131 intersect within the City of Portage, providing a major “crossroads” which promote growth and development. The Michigan Department of Transportation has initiated the widening of I-94 through the City of Portage. The City of Portage is 152 miles from Detroit on I-94, 148 miles from Chicago on I-94, and 245 miles from Indianapolis via I-94 and I-69, resulting in access to 65 percent of the market population of the U.S. within 500 miles.

FINANCIAL INFORMATION

The City Administration is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, though not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Controls. The City maintains budgetary controls through its financial management information system. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the governing body of the City. Activities of the General Fund, Special Revenue Funds, and Debt Service Funds are included in the annually appropriated budget. Project-length financial plans are adopted for the Capital Improvement Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by activity or project within the individual funds. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management. In addition, the General Fund has an allocation system in place that constrains spending to 25 percent of the annual budget for the first 3 months; 50 percent for the first 6 months; and 75 percent for the first 9 months, so that funding is available in the fourth quarter of the year.

Please see the section titled “Management’s Discussion and Analysis” which follows the auditor’s opinion for additional information relating to fiscal year 2009/2010.

Tax collections were 97.6 percent of the tax levy. The County of Kalamazoo has established a Delinquent Tax Revolving Fund and pays the City for all real property taxes returned as delinquent to the County Treasurer as of March 1 each year.

General Fund Balance. In 1985 City Council established an intent that the fund balance of the General Fund be at least 13 percent of General Fund expenditures including transfers. The total “unrestricted” fund balance of the General Fund at June 30, 2010 was 18 percent of actual 2009/2010 expenditures including transfers. In addition to this amount, there exist restricted funds for other uses such as encumbrances, prepaid expenses and grants not available for use, yielding a total fund balance of approximately 28 percent of expenditures including transfers.

The City’s general obligation bonding is rated at AA by Standard & Poor’s. This solid rating has the effect of reducing borrowing costs and is another indicator of the financial viability of the City and community.

Enterprise Operations. The City enterprise operations are comprised of the Water and Sewer Funds. At June 30, 2010, the Sewer and Water Funds had net asset value balances of \$44,832,345 and \$17,211,214 respectively. The Utility had a cash balance of \$766,815 at June 30, 2010. Annual rate reviews and adjustments ensure continued financial soundness of the utility system.

OTHER INFORMATION

Independent Audit. State statutes require an annual audit by independent certified public accountants. The accounting firm of BDO was selected by the City. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

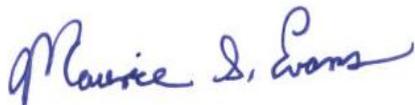
Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Portage for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the twenty-third consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements and will be submitting the report to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA Award for Distinguished Budget Presentation for the annual budget for fiscal year 2009/2010. In order to qualify for the Distinguished Budget Presentation Award, the City budget document was judged to be proficient as a policy document, a financial plan, an operations guide and a communication device. This was the twenty-third consecutive year the City of Portage received this award.

Acknowledgments. This comprehensive annual financial report indicates the sound financial condition of the City of Portage at June 30, 2010. The preparation of this report could not have been accomplished without the dedicated services of the Finance Department staff. Credit also goes to the Portage City Council for interest and support in planning and conducting the operations of the government in a responsible and progressive manner.

Sincerely,



Maurice S. Evans
City Manager



Daniel S. Foecking
Finance Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to City of Portage for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. This was the twenty third consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Portage
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

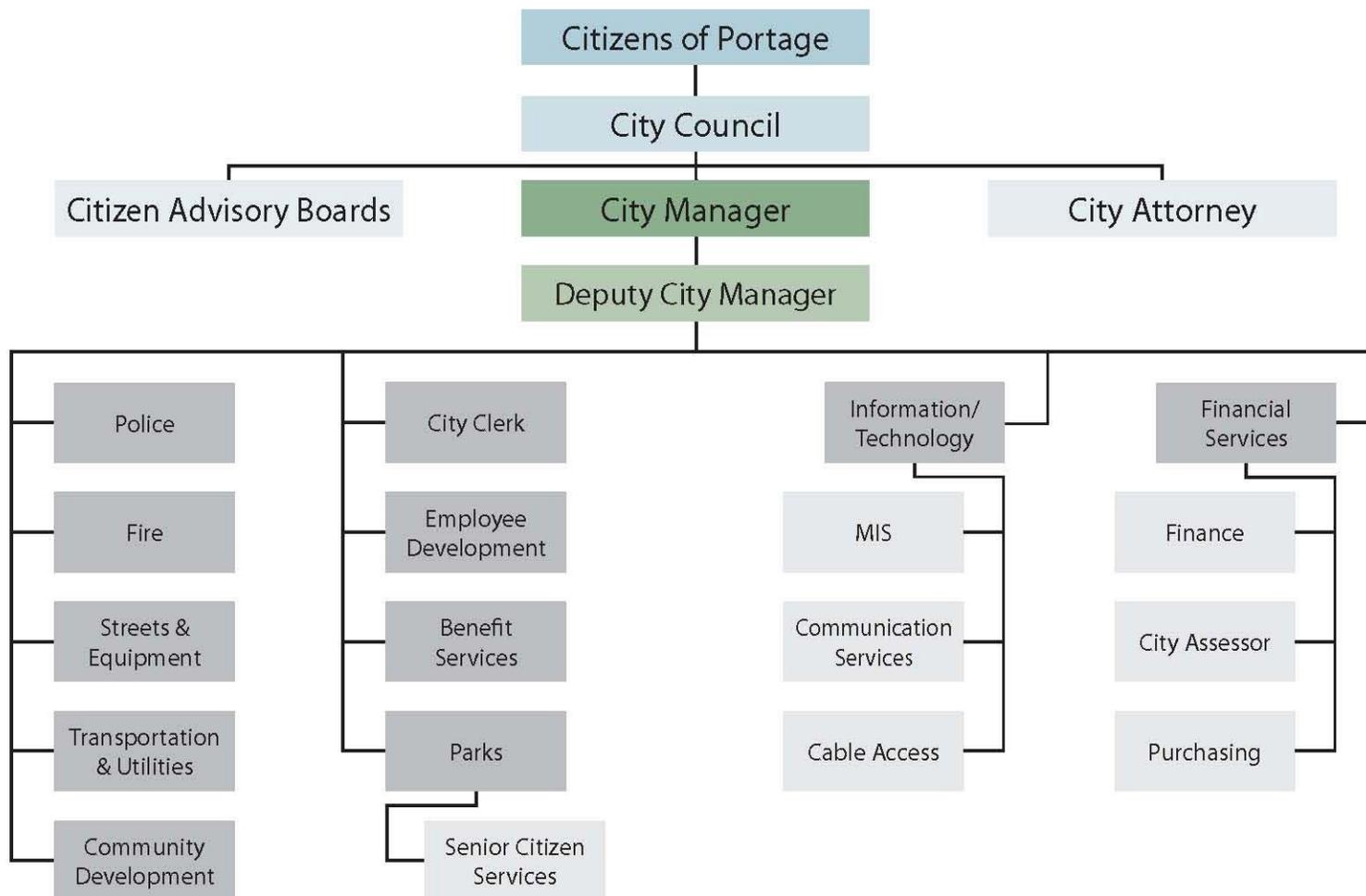


President

Executive Director

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Organizational Chart



CITY OF PORTAGE, MICHIGAN
List of Elected and Appointed Officials
June 30, 2010

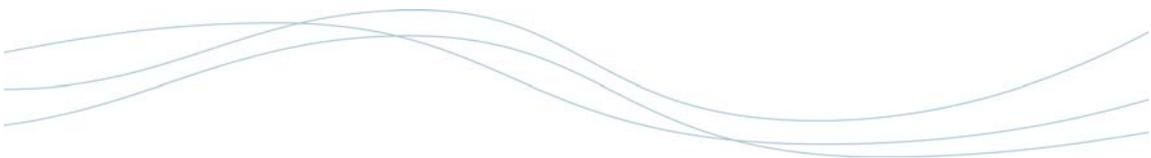
Elected Officials

Mayor	Peter J. Strazdas
Mayor Pro Tempore	Ed Sackley
Council Member	Elizabeth Campbell
Council Member	Margaret E. O'Brien
Council Member	Patricia M. Randall
Council Member	Claudette Reid
Council Member	Terry R. Urban

Appointed Officials

City Manager	Maurice S. Evans
Deputy City Manager	Brian J. Bowling
Chief Information Officer / Technology Director	Devin C. Mackinder
City Attorney	Randall Brown
City Clerk	James R. Hudson
Assessor	James C. Bush
Benefit Services Director	Patricia Thompson
Community Development Director	Jeffrey Erickson
Employee Development Director	John R. Boulis
Finance Director	Daniel S. Foecking
Financial Services & Purchasing Director	Robert C. Luders
Fire Chief	Randolph B. Lawton
Parks, Recreation and Property Management Director	William M. Deming
Police Chief	Richard J. White
Streets and Equipment Director	Jack G. Hartman
Transportation and Utilities Director	G. Dallas Williams

this page intentionally blank





Tel: +269-382-0170
Fax: +269-345-1666
www.bdo.com

211 East Water Street
Suite 300
Kalamazoo, Michigan
49007

Independent Auditors' Report

Honorable Mayor and
Members of the City Council and City Manager
City of Portage, Michigan
Portage, Michigan

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, Michigan (the City), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements, as listed in the accompanying table of contents. These financial statements are the responsibility of the management of the City. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, as of June 30, 2010, and the respective changes in financial position and cash flows of its proprietary fund types thereof and the respective budgetary comparisons for the General Fund, Major Streets Fund, and Local Streets Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.



In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on Pages 6 through 21 and Schedules of Funding Progress on Pages 67 and 68 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. Such information, except for the introductory section and portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BDO USA, LLP

Certified Public Accountants

December 8, 2010



Tel: +269-382-0170
Fax: +269-345-1666
www.bdo.com

211 East Water Street
Suite 300
Kalamazoo, Michigan
49007

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Honorable Mayor and
Members of the City Council and City Manager
City of Portage, Michigan
Portage, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Portage, Michigan (the City), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 8, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.



Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

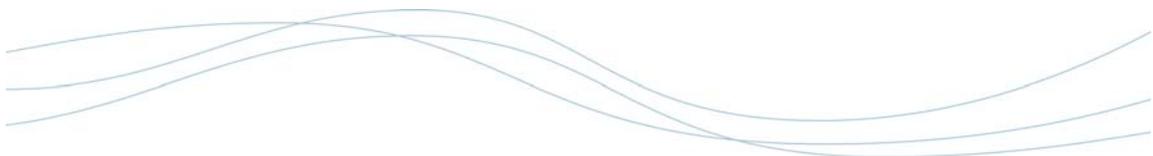
This report is intended solely for the information and use of the City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BDO USA, LLP

Certified Public Accountants

December 8, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS



This section of the City of Portage's (the City) Comprehensive Annual Financial Reports presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal, and financial statements that follow this section.

Financial Highlights

The assets of the City exceeded its liabilities at the close of the fiscal year by \$92.62 million (net assets). Of this amount, \$5 million (unrestricted net assets) is available to meet ongoing obligations. In addition, the unreserved fund balance for the general fund was \$4.09 million or 18.31% of total general fund expenditures plus transfers out of \$1.39 million. The undifferentiated fund balance was 27.51% of total expenditures and transfers out.

A strong program of financial planning utilizing forecasting coupled with an aggressive emphasis on cost control has enabled the City to move forward without significant reductions in services. With double digit declines in tax base values the norm across the state and the country, the City saw a decrease in tax base value of approximately 5% as of December 31, 2009. While survivable in the short term, this rate of decline in tax base and the directly related losses in tax revenue cannot be sustained and absorbed indefinitely without significantly changing the face of the City and the quality of life for its residents.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements, which consist of three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the financial statements.

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 comparable to a private-sector business. The two government-wide financial statements are, as follows:

- The **statement of net assets** presents information on assets and liabilities, with the difference between the two reported as net assets.
- The **statement of activities** presents information showing the change in net assets during the most recent fiscal year. All changes of net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to future general obligation debt payments. The statement includes the annual depreciation for infrastructure and governmental assets.

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other 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 include general government, public safety, streets and highways, and parks and facility management. The business-type activities include the water and sewer utilities.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts that are 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 the funds of the City can be divided into the following three categories: governmental, proprietary and fiduciary funds. Within the governmental and proprietary categories, the emphasis is on the major funds.

Governmental funds. Governmental funds account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. Most of the City's basic services are reported in governmental funds, which focus on how cash and other financial assets can readily be converted to available resources and on available balances at year-end. This information may be useful in determining what financial resources are available in the near future to finance the City's programs. Other funds are referred to as non-major funds and are presented as summary data.

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 in the government-wide statements. In addition to the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balance, separate statements are provided that reconcile the government-wide and fund level statements.

The City's general fund is considered a major fund, and information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures and changes in fund balance. In addition to the other major governmental funds (general obligation and motor vehicle highway debt, capital improvement, major streets and local streets) the City maintains several individual governmental funds that are organized according to their type: special revenue funds, debt service funds, and permanent funds. Data from these governmental funds are combined into a single column labeled non-major governmental funds. Individual fund data for the funds are provided in the form of combining statements in the supplementary section of this report.

Proprietary funds. Proprietary funds account for services for which the City charges customers -- either outside customers or internal units or departments of the City. Proprietary fund statements provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains the following two types of proprietary funds:

- Enterprise funds report the same functions that are presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of the water and sewer utilities, each of which are major funds.
- Internal service funds report activities that provide services to other City programs and activities. The City uses internal service funds to account for equipment and certain insurances. Because these services benefit governmental operations more than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Individual fund data for the funds are provided in the form of combining statements in the supplementary section of this report.

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

Comparison of Government-wide and Fund Financial Components. The following chart compares how the City's funds are included in the government-wide and fund financial statements:

Fund Types	Government-wide	Fund Financials
General fund	Governmental	Governmental
Special assessment funds	Governmental	Governmental
Capital improvement funds	Governmental	Governmental
Special revenue funds	Governmental	Governmental – non-major
Debt service funds	Governmental	Governmental – non-major
Permanent funds	Governmental	Governmental – non-major
Internal service funds	Governmental	Proprietary
Assets previously reported with General capital assets	Governmental	Excluded
Infrastructure assets	Governmental	Excluded
Liabilities previously reported with general long-term debt	Governmental	Excluded
Water fund	Business-type	Proprietary
Sewer fund	Business-type	Proprietary
Fiduciary funds	Excluded	Fiduciary

Basis of reporting. The government-wide statements and fund-level proprietary statements are reported using the flow of economic resources measurement focus and the full accrual basis of accounting. The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Financial Analysis of the Government-wide Statements

Net Assets

For the City, assets exceeded liabilities by \$92.62 million at the close of the fiscal year, a decline of 1.07% over the prior year. This is attributable to the ongoing commitment to investing in capital improvements across the City. These investments decrease cash and/or increase debt and depreciate in value over time.

The largest portion of the City's net assets (87.87%) is invested in capital assets (e.g. land, buildings, and equipment), a number that is net of accumulated depreciation and less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services 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 liquidated for these liabilities. Long term debt balances of the government activities are decreasing as the result of management's effort to reduce indebtedness. The slower rate of decline in debt in the enterprise funds is the result of the recent completion of an arsenic removal facility that was a significant investment by the water fund. All possible bonds have been refinanced for savings in the enterprise funds.

The combined net assets of the City were as follows:

	Net Assets					
	(in thousands)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Assets						
Current and other assets	\$ 21,217	\$ 20,927	\$ 4,508	\$ 4,839	\$ 25,725	\$ 25,766
Capital assets	82,932	88,532	96,814	93,734	179,746	182,266
Total assets	104,149	109,459	101,322	98,573	205,471	208,032
Liabilities						
Long-term debt outstanding	67,788	71,161	33,710	33,864	101,498	105,025
Other liabilities	5,788	6,944	5,568	2,445	11,356	9,389
Total liabilities	73,576	78,105	39,278	36,309	112,854	114,414
Net assets						
Invested in capital assets,						
Net of related debt	18,165	20,417	63,221	59,984	81,387	80,401
Restricted	6,029	5,641	200	200	6,229	5,842
Unrestricted	6,379	5,296	(1,377)	2,080	5,001	7,375
Total net assets	<u>\$30,573</u>	<u>\$31,354</u>	<u>\$62,044</u>	<u>\$62,264</u>	<u>\$92,617</u>	<u>\$93,618</u>

As noted earlier, net assets may serve as a useful indicator of a government's financial position. One must keep in mind, however, that capital assets and infrastructure are by far the largest category of governmental assets. Depreciation charges, while significant enough to cause a decrease in net assets, are none-the-less a non-cash charge, and merely indicate the relative age and resulting adjusted book value of the assets. It is not a direct reflection of the quality or usefulness of those assets when they are well maintained. Over time, the level of depreciation of certain asset groups may indicate the need for a substantive level of capital investment. Please refer to the information contained in Note 6 to the financial statements, Capital Assets and Infrastructure, as well as the Other Information section of this discussion for further information.

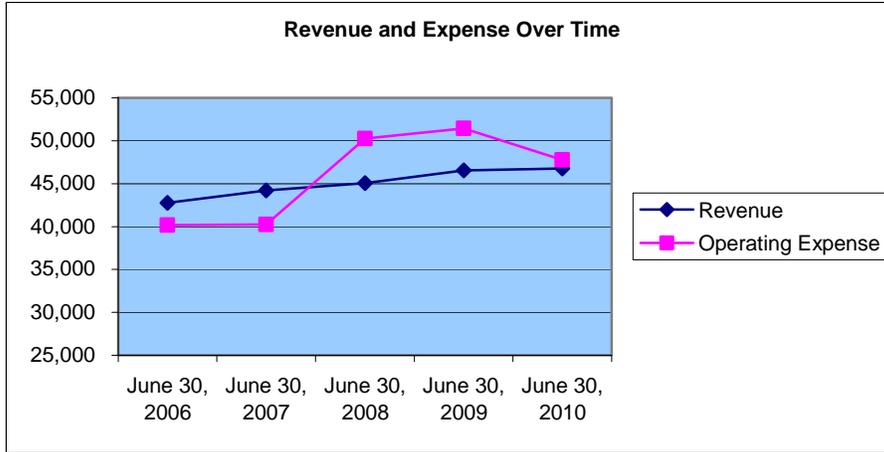
In summary, decreases in net assets driven by depreciation charges are troubling only when maintenance and conservation are neglected, and capital investment is not continuing. That is not the case in the City of Portage.

An additional portion of the City's net assets, \$6.23 million (6.73%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$5.00 million (5.40%) may be used to meet the government's ongoing obligations to citizens and creditors.

The Government Finance Officers Association recommends that, at a minimum, a government, regardless of size, maintain an unreserved fund balance no less than 5 to 15 percent of regular general fund operating revenue, or no less than one to two months of regular general fund expenditures. An adequate level of unreserved fund balance is necessary to mitigate current and future risks, and to ensure stable tax rates and service levels. The Portage City Council has indicated that it wishes to see a 13% fund balance maintained as a guideline based on expenditures. At the end of the current fiscal year, the City is able to report positive balances in net assets for the government as a whole, as well as for business-type activities. It is also able to report an adequate level of fund balance at year-end. From year to year, the City may report a fund balance in excess of 13% as the result of planned savings for expenditures in the near future. Given the economic downturn, the state interception of revenue sharing, and the reduction in tax base for the immediate future, a greater than 13% fund balance has been deemed essential to the long term planning for continued quality service delivery.

Changes in Net Assets

The chart below illustrates actual City-wide revenue and expenditures over the past five fiscal years. Changes in net assets take into account the impact of debt repayment and non-cash depreciation expense. The table following this chart shows that net assets are decreasing. This chart shows that revenue and core operating costs were relatively flat prior to 2007, with expenditures exceeding revenues in the three most recent fiscal years. Taken together, investment in capital plays the primary role in driving changes in net assets but generally says very little about operations. After fiscal 2007, the state of Michigan began to aggressively cut revenue sharing payments statutorily and constitutionally promised to local governments with predictable results on revenue and ultimately on fund balance. Revenue sharing payments support public safety, and public safety consumes an average of 65% of the entire general fund budget. During the same time period, Michigan Public Act 51 funding that supports major and local street construction and maintenance began a sharp decline due to the upward volatility of gas prices. (Act 51 funding is a tax assessed on a per gallon basis, not a price basis – so a decline in usage generates a direct decrease in revenue to localities.) With a number of road projects already underway, shortfalls in Act 51 funding have to be supplied by the general fund that was simultaneously being shorted on revenue sharing payments and interest income. This will ultimately have an impact on fund balance. These and other factors illustrate the trend of general fund revenue having to increasingly support diverse areas of the City previously supported by independent fund sources. Local governments are generally barred from raising revenue unilaterally by the Headlee Amendment; the largest portion of governmental operating expense is bound up in contractual wage and benefit costs, so bringing costs back down under revenue takes time and requires the use of fund balance to continue operations. Only in the current fiscal year has the City begun to see a significant decrease in expenditures. A combination of departmental reorganization, position elimination through attrition, and operation re-imagining have been combined on an ongoing basis to continue to deliver undiminished service while looking toward a downsized future.



Total net assets of the City decreased by \$1.00 million in the current year. Long term debt decreased by 3.36% as a result of refinancing and through the paying down of older debt, creating both a decrease and the temporary benefit of a timing difference. Capital assets decreased 1.38% as construction projects were completed and depreciation outpaced asset additions. The overall decline in net assets is a combination of a \$3.53 million decrease in long-term liabilities (debt) offset by a \$1.97 million increase in other liabilities, primarily in the business-type funds. Governmental net assets decreased by \$0.78 million due to almost even declines in capital asset value and long term debt. The net assets of business-type activities increased by \$0.22 million, primarily the result of completion of a large asset offset by increase in other liabilities. The large asset placed in service during this fiscal year was the arsenic removal and water treatment facility.

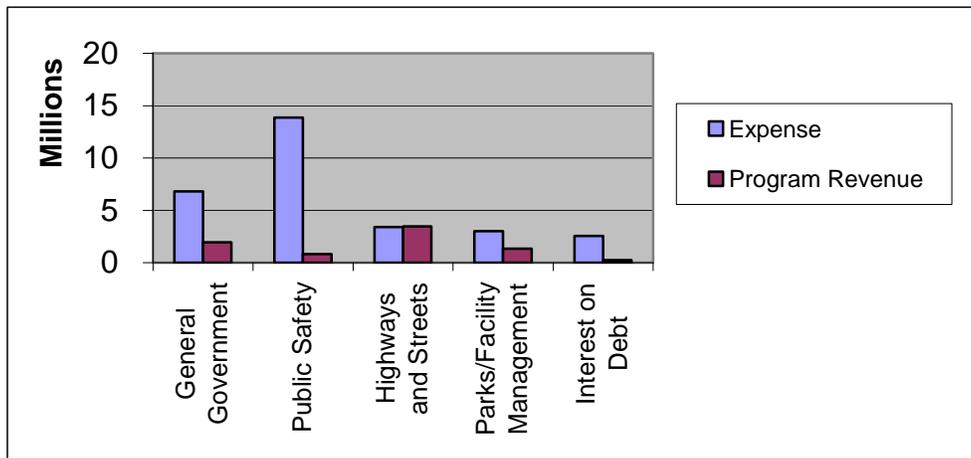
**Changes in Net Assets
(in thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for services	\$ 2,193	\$ 2,237	\$ 11,216	\$ 10,369	\$ 13,409	\$ 12,606
Capital grants	1,304	1,499	-	-	1,304	1,499
Operating grants	4,287	4,220	26	98	4,313	4,318
General revenues:						
Property taxes	22,770	22,626	-	-	22,770	22,626
Interest revenue	137	342	-	-	137	342
Gain/(loss)	37	27	-	-	37	27
Other general revenues	4,804	5,130	-	-	4,804	5,130
Total revenues	35,532	36,081	11,242	10,467	46,774	46,548
Program expenses						
Legislative	61	61	-	-	61	61
Judicial	50	47	-	-	50	47
General government	5,000	5,641	-	-	5,000	5,641
Public safety	13,870	15,210	-	-	13,870	15,210
Public works	445	477	-	-	445	477
Health and welfare	1,683	1,750	-	-	1,683	1,750
Economic development	-	13	-	-	-	13
Recreation and cultural	2,999	3,378	-	-	2,999	3,378
Highways and streets	2,966	3,734	-	-	2,966	3,734
Unallocated depreciation	6,708	6,094	-	-	6,708	6,094
Interest on long-term debt	2,553	2,974	-	-	2,553	2,974
Sewer	-	-	6,895	6,883	6,895	6,883
Water	-	-	4,545	4,473	4,545	4,473
Total expenses	36,335	39,379	11,440	11,356	47,775	50,735
Deficiency						
Before transfers	(803)	(3,298)	(198)	(889)	(1,001)	(4,187)
Transfers	22	88	(22)	(88)	-	-
Decrease In net assets	\$ (781)	\$ (3,210)	\$ (220)	\$ (977)	\$ (1,001)	\$ (4,187)

Program Revenues and Expenses - Governmental Activities

The chart below illustrates the City's governmental expense and activity revenues by function: general government, public safety, highways and streets, parks and facility management, and interest on debt. This chart illustrates the degree to which the primary activities of the City are funded through fees, charges, restricted revenue sharing programs, restricted grant funding, and other revenue initiatives. It is clear that very few City services would be possible without tax revenue. Highway and street services appear closest to self-supporting although the revenue in this sector is provided by state of Michigan Act 51 funding derived from fuel taxes. This revenue has become increasingly volatile in recent years due to the economy and the world marketplace. This tax is assessed on a per gallon sold basis, so when the price per gallon exceeds \$3.00 and gas sales decline sharply, so does street maintenance funding on a real and immediate basis. The continuing volatility of petroleum prices in the world market make the stability of state gas tax funding for City road maintenance unlikely, and will demand resources from the general fund to continue a quality street maintenance program.

Government-wide Program Operating Expenses and Revenues - Governmental Activities



(In dollars)

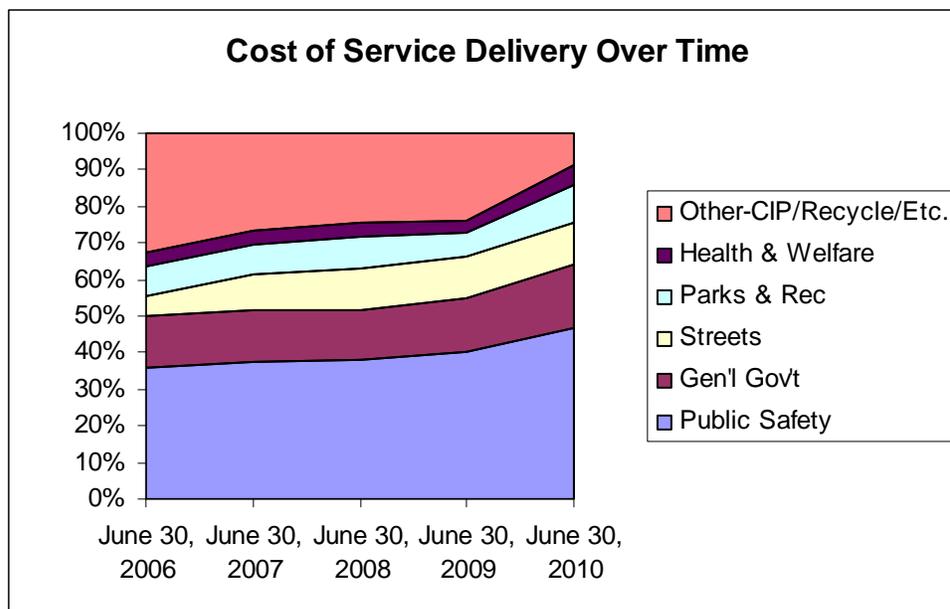
General revenues such as property taxes, fees and charges for services, and unrestricted grants and contributions are not shown by program, but are used to support program activities City-wide. For governmental activities, without regard to program, property taxes are the largest source of revenue, followed by restricted and unrestricted grant and contribution revenue, and charges for services.

**Governmental Activities
(in thousands)**

	Total Cost Of Services		Net Cost of Services	
	2010	2009	2010	2009
Public safety	\$13,870	\$15,210	\$13,057	\$14,319
General government	5,000	5,641	4,615	5,452
Recreation and cultural	2,999	3,378	1,660	2,087
Highways and streets	2,966	3,734	(339)	374
Health and welfare	1,683	1,750	195	78
All others	9,817	9,666	9,363	9,114
Total expenses	\$36,335	\$39,379	\$28,551	\$31,424

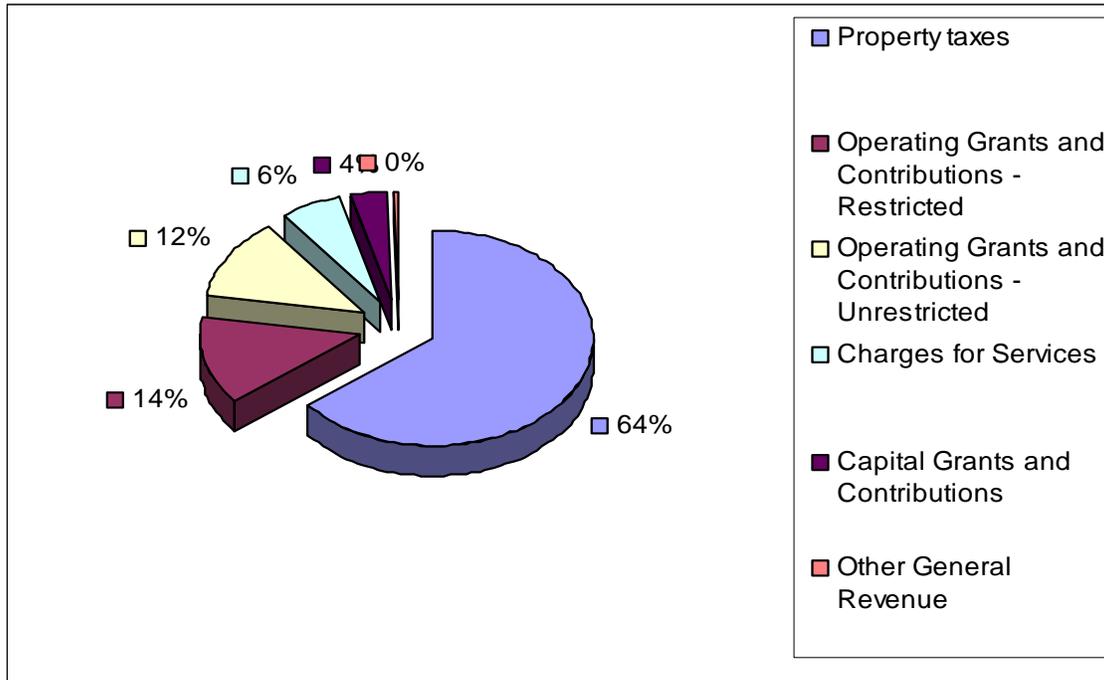
The governmental activities table above factors in general revenues from property taxes, fees and charges for services. It compares cost and net cost from 2008/2009 to 2009/2010.

The trend of service delivery costs is shown below:



This graph shows how a fixed dollar is being divided up over time proportionate to the relative cost of services. The cost of general government services has remained constant over the 5 year period shown, as have health and welfare spending. This is shown as a band of constant width during the time period. The other categories fluctuate in width (cost) with various initiatives. But the overall trend reflects that with the crisis in governmental revenues upon us, public safety is beginning to dominate the spending profile. Capital spending is taking a backseat to supporting current operations. Paying off the debt that built significant infrastructure improvements over the past few years is the current priority. Preserving a balanced ratio of spending in all areas of government with severely limited resources is a challenge to be faced by all local governments in the days ahead.

Government-wide Total Revenues by Source - Governmental Activities

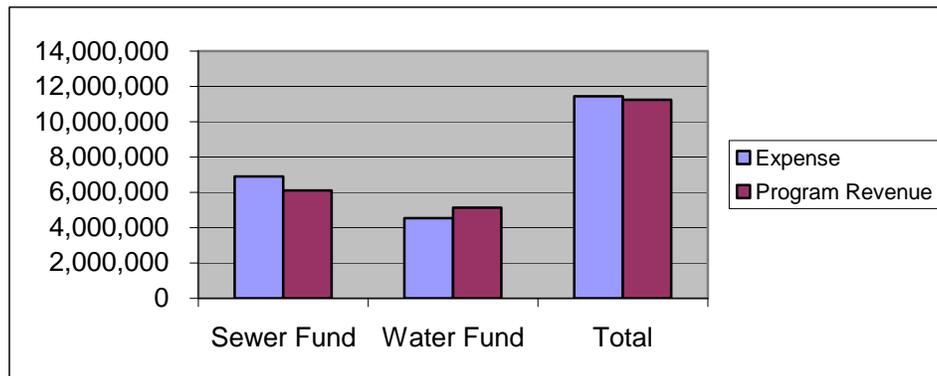


The chart above shows that each City revenue dollar in 2009/2010 consisted of 64% property tax, 14% restricted purpose/use grant funding, 12% unrestricted purpose/use grant funding, 6% revenue from charges for services, almost 4% capital grants and contributions, and less than 1% other revenue sources. As economic conditions have deteriorated, the City has become increasingly dependent on tax assessments and charges for services as other revenue sources have all but vanished.

Program Revenues and Expenses -- Business-type Activities

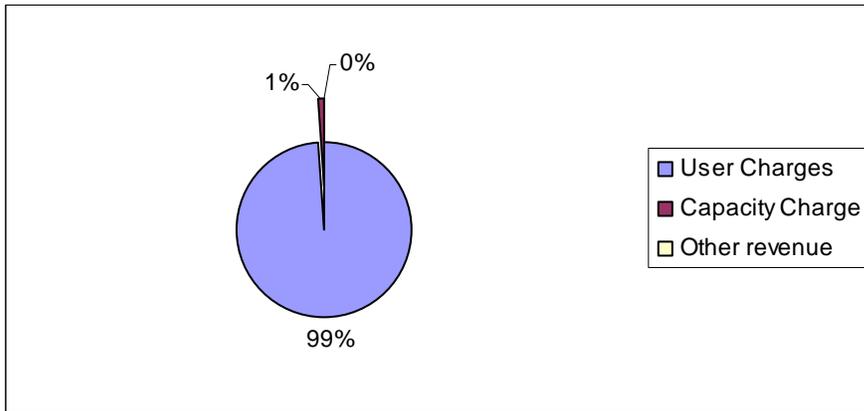
Combined operating expenses for the enterprise funds exceeded combined operating revenues. Expenses exceeded revenues in the Sewer Operating fund due to significant annual increases in sewage treatment fees charged by the City of Kalamazoo, who owns the regional wastewater treatment utility. Revenue exceeded expense in the water utility. The new arsenic removal facility has been placed into operation, and the additional operating costs are coming on line. A utility rate study is prepared annually for review, and moderate rate increases, in line with neighboring communities, have been adopted by City Council to support increasing operating costs and the new facility mandated by federal regulation. Making use of fund balance to cushion the transition to the continuing cost increases that the utilities have had to absorb over the past few years rather than to impose staggering annual rate increases has been the strategy implemented by City Administration to continue operations, maintenance and improvement of the City utility systems. The lack of growth in the system due to economic conditions along with aggressive fee increases from the regional wastewater utility, and water conservation efforts by consumers have the utility raising rates to just break even.

Government-wide Operating Expenses and Program Revenues - Business-type Activities (In dollars)



For business-type activities, charges for services provide the largest percentage of revenues (nearly 100%). Capacity charge revenue, \$125,590, was formerly treated as contributed capital for financial reporting purposes. Now placed in service, the arsenic removal facility brings the water utility into compliance with federally mandated water quality standards, and also removes iron and manganese from the City water supply. The new facility provides the capacity to meet increased demand for water and fire flow needs far into the future. Annual production overall was down during fiscal 2009/2010 compared to the previous year, the impact of cyclical weather-based demand and green initiatives.

Government-wide Operating Revenue by Source - Business-type Activities



Financial Analysis of the Government's Fund Level Statements

In comparison to the government-wide statements, the fund-level statements focus on the key funds of the City. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The City reports the following types of governmental funds: the general fund, general obligation debt service fund, Motor Vehicle Highway debt service fund, capital projects fund, major and local streets funds, and permanent funds. The focus of the City's governmental funds is to provide information on the near-term inflows, outflows and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

General Fund. The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the general fund was \$4.09 million, while total fund balance was \$6.14 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 18.31% of total general fund expenditures plus transfers out, and total fund balance represents 27.51% of expenditures. The fund balance in the general fund increased by \$698,171 during the fiscal year. Conservative action has continued to control operating costs in light of the continuing reductions in revenue from the state of Michigan and other intergovernmental sources. Commercial development is still frozen by uncertainty and by the lack of willing credit markets. Capital investment and expansion is slowly reigniting. Revenue sharing revenue continues to be a target of state budget predation. Interest revenue is no longer a realistic element of revenues at interest rates under 1%. The increase in tax revenue in 2009/2010 is the direct result of growth in tax base from personal property investment, completion of commercial development property, and inflation rate adjustments under the Headlee amendment, not from growth in property value.

General Obligation and Motor Vehicle Highway Debt Service Funds. The refunding of outstanding debt in the current year caused these funds to be treated as major funds. The portion of City share debt not paid by enterprise funds is paid by the General Obligation Debt Service fund, which had a fund balance of \$547 at the end of the fiscal year. The Motor Vehicle Highway Debt Service fund pays debt service on Michigan Transportation Fund debt issues, and had a fund balance of \$104,527.

Capital Improvement Fund. The capital improvement fund balance increased by \$825,046. The 2009/2010 construction season was the second operated under the philosophy of bonding in advance of the construction season. The fund balance increase indicates a balance of incomplete work, yet to be placed in service as of year end.

Major and Local Street Funds. The Major and Local Streets funds are displayed as major funds in the financial statements at the direction of the State of Michigan. Major Streets Fund showed an increase in fund balance of \$394,893 as the result of the planned increase in fund balance to be used for future road reconstruction and maintenance projects. The savings is pre-planning against further reductions in Act 51 funding that seem inevitable given the state of Michigan's inability to secure federal highway funding assistance. Local Streets Fund showed an increase of \$14,025. Cost controls are in place, and an ongoing analysis of operations is underway with the goal of making operating costs effective and efficient, as the same revenue challenges that apply to the major streets fund apply to local streets fund.

Proprietary funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Overall, billed revenue was up over the prior year.

- Sewer fund net assets decreased by \$765,558. Revenue levels reflect actual production was up for the year, however expenses were up as well, by a greater margin. Wastewater treatment costs charged by the regional facility escalate continually. Contractual costs continue to drive this budget.
- Water fund net assets increased by \$545,138 as revenue from increased production slightly outpaced expenditures and debt service increases. Overall, contractual and debt service costs drive this budget.

Sewer and Water fund user fees are controlled by a five year plan reviewed and fine-tuned on an annual basis in order to provide fair and stable fees to users, and to provide an adequate level of fund balance, debt coverage, and capital investment. The current levels of net assets were anticipated in the planning process.

Fiduciary funds

The City is the trustee, or *fiduciary*, for certain of its employee pension plans. It is also responsible for other assets that - because of trust arrangements - can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets in the Supplemental Information section. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are only used for their intended purposes.

Other Information

General fund budgetary highlights

The final amended expenditure budget for the general fund was \$1.30 million greater than the original budget. This increase was largely the result of encumbrances carried forward from previous budget year appropriations. The amended budget reflects the reallocation of resources within the fund during the year for cost controls initiated by the City Manager.

The amended revenue budget for the general fund was \$107,342 more than the original budget reflecting grants awarded, recreation fees, and tax related penalty income, offset by a reduction in expected police service fees. The general fund fell \$657,159 short of achieving its revenue budget for the year; a variance of under 2.79%.

Capital assets

The City's capital assets for governmental and business-type activities as of June 30, 2010, amount to \$179.75 million (net of accumulated depreciation). Capital assets include land, buildings and improvements, equipment, vehicles, and infrastructure. The net change in the City's capital assets, before depreciation, for the current fiscal year was an increase of \$6.96 million.

Capital asset balances are as follows:

**Capital Assets at Year-end
(net of depreciation, in thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
	Land	\$ 9,291	\$ 9,291	\$ 334	\$ 334	\$ 9,625
Land improvements	2,707	2,819	5	6	2,712	2,825
Buildings	8,015	8,351	316	341	8,331	8,692
Machinery and equipment	688	778	90	128	778	906
Vehicles	624	559	-	-	624	559
Water / sewer system Infrastructure	-	-	96,069	92,925	96,069	92,925
	61,607	66,733	-	-	61,607	66,733
Totals	\$ 82,932	\$ 88,531	\$ 96,814	\$ 93,734	\$179,746	\$182,265

Major capital asset events during the current fiscal year included the following:

- Governmental capital assets being depreciated decreased by \$5.60 million, most of which was due to depreciation on street infrastructure assets outpacing additions.
- Business-type activities purchased or completed construction on depreciable capital assets of \$4.61 million, consisting primarily of the arsenic removal facility. Increases in assets were offset by almost \$1.53 million in depreciation charges and write-off of the book value of small assets below the current capitalization threshold.

More detailed information regarding capital assets can be found in Note 6 to the financial statements.

Debt Administration

At the end of the current fiscal year, the City reported \$98.36 million in outstanding bonded debt. Of this amount, \$97.74 million is general obligation debt backed by the full faith and credit of the City, \$620,000 is revenue bonds. In addition, the City reported other long-term obligations of \$3.14 million. Additional information can be found in Note 8 to the financial statements.

**Outstanding Obligations at Year-end
(in thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
	General Obligation Bonds (backed by the City)	\$ 64,767	\$ 68,115	\$ 32,973	\$ 32,890	\$ 97,740
Revenue Bonds (backed By specific revenues)	-	-	620	860	620	860
Totals	\$ 64,767	\$ 68,115	\$ 33,593	\$ 33,750	\$ 98,360	\$ 101,865

During fiscal year 2010, the City's total long-term obligations decreased by \$3.5 million, (payments net of additions). The City issued some new debt, and the issues included:

- Capital Improvement Bond issue of \$3.44 million used to fund 5 street projects, 1 water related project, 1 sewer project, and the remainder funding 4 other projects.
- Michigan Transportation Fund (MTF) Refunding Bond issue of \$6.68 million used to refund existing MTF bonds of higher interest rate and similar amount.
- General Long Term City Share Refunding Bond issue of \$2.58 million used to refund existing bonds of higher interest rate and similar amount.

The City continues to maintain excellent credit ratings on debt issues. The City has maintained an AA rating from Standard and Poor's since November, 2003, at which time it was upgraded from AA-.

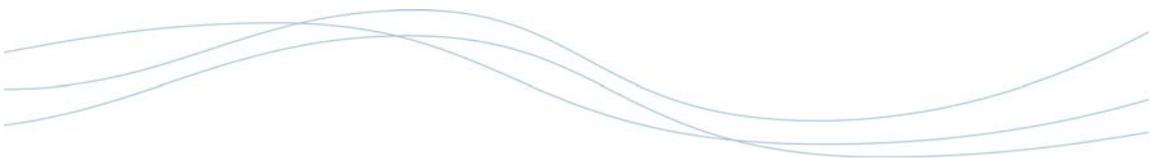
Economic Factors and Next Year's Budget and Rates

The City Manager and the City's elected officials considered many factors when setting the fiscal year 2009/2010 budget. Budgeting for a middle course with fallback positions has become a matter of necessity in financial planning. In late 2002, the City began a plan to weather the expected future economic uncertainties. This initiative has continued; and the work that has been put in and the savings that have been put by are now smoothing the City's transition through the challenges as they present themselves. The City has continued aggressive cost containment measures, with City departments identifying one-time and on-going cost savings on an annual basis. City management has continued to reduce costs through implementation of process improvements for greater efficiencies, and staff reduction through reorganization when attrition provides opportunities. As of the date of this audit report, the City is feeling the repercussions of the recession. This country appears to be in a recovery of uncertain duration if the recession actually ended in spring of 2010, as most economists agreed. Recovery does not necessarily mean growth. The engine of American economic growth has slowed to a crawl. With double digit declines in tax base value the norm throughout the state and country, the City saw a decrease in value of only between 4% and 5% as of December 31, 2009. That is an indicator of strength in this economy. Overheated prices in the property market stemming from the irrational exuberance of the 1980's and 1990's have yet to fully work their way out of the system. A full recovery may lag several years behind the bottoming out of declines in tax base. Though the end of the economic challenges has not been reached, by facing the situations ahead with flexibility and citizen priorities foremost, the City of Portage will come through as a stronger and better place for opportunities to grow.

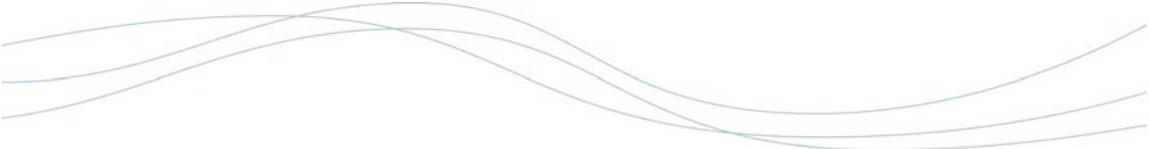
Requests for information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the finance department of the City of Portage, 7900 South Westnedge Avenue, Portage, Michigan 49002, or 269-329-4451, or on the web at <http://www.portagemi.gov>.

this page intentionally blank



BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS



CITY OF PORTAGE, MICHIGAN
Statement of Net Assets
June 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Economic Development Corporation
Assets				
Cash and investments	\$ 16,067,662	\$ 566,815	\$ 16,634,477	\$ 20,810
Receivables, net	3,926,230	3,214,092	7,140,322	-
Prepaid items and other assets	1,008,047	526,730	1,534,777	-
Net OPEB obligation	214,798	-	214,798	-
Restricted assets:				
Permanently restricted:				
Cash	-	200,000	200,000	-
Land and rights of way	13,774,906	334,490	14,109,396	-
Capital assets, net of depreciation	69,157,500	96,479,612	165,637,112	-
Total assets	<u>104,149,143</u>	<u>101,321,739</u>	<u>205,470,882</u>	<u>20,810</u>
Liabilities				
Accounts payable and accrued expenses	4,737,038	1,285,514	6,022,552	-
Checks issued on future deposits	-	3,993,324	3,993,324	-
Unearned revenue	1,050,652	288,952	1,339,604	-
Long-term liabilities:				
Due within one year	6,240,031	2,164,258	8,404,289	-
Due in more than one year	61,548,075	31,546,132	93,094,207	-
Total liabilities	<u>73,575,796</u>	<u>39,278,180</u>	<u>112,853,976</u>	<u>-</u>
Net assets				
Invested in capital assets, net of related debt	18,165,298	63,221,210	81,386,508	-
Restricted for:				
Debt service	5,122,726	200,000	5,322,726	-
Nonexpendable	906,483	-	906,483	-
Unrestricted	6,378,840	(1,377,651)	5,001,189	20,810
Total net assets	<u>\$ 30,573,347</u>	<u>\$ 62,043,559</u>	<u>\$ 92,616,906</u>	<u>\$ 20,810</u>

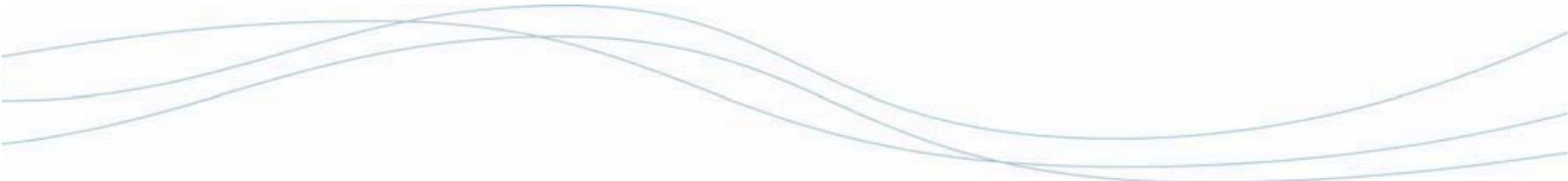
The notes to the financial statements are an integral part of this statement.

CITY OF PORTAGE, MICHIGAN
Statement of Activities
Fiscal Year Ended June 30, 2010

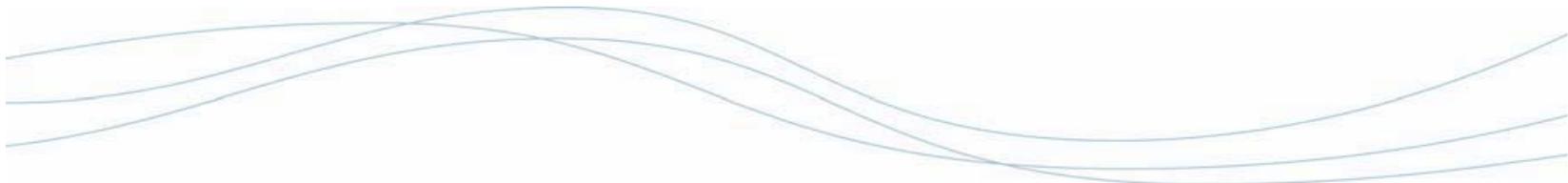
Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Economic Dev. Corp.
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities:								
Legislative	\$ 60,640	\$ -	\$ -	\$ -	\$ (60,640)	\$ -	\$ (60,640)	\$ -
Judicial	49,874	40,500	-	-	(9,374)	-	(9,374)	-
General government	4,999,630	91,848	292,945	-	(4,614,837)	-	(4,614,837)	-
Public safety	13,869,548	657,417	155,293	-	(13,056,838)	-	(13,056,838)	-
Public works	444,825	-	28,315	124,892	(291,618)	-	(291,618)	-
Health and welfare	1,683,255	96,809	217,578	1,173,493	(195,375)	-	(195,375)	-
Economic development	-	-	17,478	-	17,478	-	17,478	-
Recreation and cultural	2,999,330	1,068,669	264,958	5,266	(1,660,437)	-	(1,660,437)	-
Highways and streets	2,966,239	-	3,305,353	-	339,114	-	339,114	-
Unallocated depreciation expense	6,708,398	-	-	-	(6,708,398)	-	(6,708,398)	-
Interest on long-term debt	2,552,601	237,508	5,369	-	(2,309,724)	-	(2,309,724)	-
Total governmental activities	<u>36,334,340</u>	<u>2,192,751</u>	<u>4,287,289</u>	<u>1,303,651</u>	<u>(28,550,649)</u>	<u>-</u>	<u>(28,550,649)</u>	<u>-</u>
Business-type activities:								
Sewer	6,894,916	6,087,536	13,822	-	-	(793,558)	(793,558)	-
Water	4,545,213	5,128,851	11,500	-	-	595,138	595,138	-
Total business-type activities	<u>11,440,129</u>	<u>11,216,387</u>	<u>25,322</u>	<u>-</u>	<u>-</u>	<u>(198,420)</u>	<u>(198,420)</u>	<u>-</u>
Total primary government	<u>47,774,469</u>	<u>13,409,138</u>	<u>4,312,611</u>	<u>1,303,651</u>	<u>(28,550,649)</u>	<u>(198,420)</u>	<u>(28,749,069)</u>	<u>-</u>
Component unit								
Economic Development Corporation								
	-	-	144	-	-	-	-	144
Total component units	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>144</u>
General revenues:								
Property taxes					22,769,611	-	22,769,611	-
Grants and contributions not restricted to specific programs					4,804,006	-	4,804,006	-
Unrestricted investment earnings					137,168	-	137,168	-
Gain on sale of capital assets					37,071	-	37,071	-
Transfers					22,000	(22,000)	-	-
Total general revenues and transfers					<u>27,769,856</u>	<u>(22,000)</u>	<u>27,747,856</u>	<u>-</u>
Change in net assets					(780,793)	(220,420)	(1,001,213)	144
Net assets - beginning					31,354,140	62,263,979	93,618,119	20,666
Net assets - ending					<u>\$ 30,573,347</u>	<u>\$ 62,043,559</u>	<u>\$ 92,616,906</u>	<u>\$ 20,810</u>

The notes to the financial statements are an integral part of this statement.

this page intentionally blank



FUND FINANCIAL STATEMENTS



CITY OF PORTAGE, MICHIGAN

**Balance Sheet
Governmental Funds
June 30, 2010**

	General Fund	General Obligation Debt Fund	Motor Vehicle Highway Debt Fund	Capital Projects Fund	Major Streets Fund	Local Streets Fund	Nonmajor Governmental Funds	Total
ASSETS								
Cash and investments	\$ 6,002,129	\$ -	\$ -	\$ 1,742,252	\$ 598,703	\$ 410,682	\$ 6,942,789	\$ 15,696,555
Accounts receivable	93,265	-	-	-	-	-	1,508,417	1,601,682
Special assessments receivable	-	-	-	-	-	-	1,807,261	1,807,261
Due from other governments	-	-	-	-	392,825	120,244	4,218	517,287
Prepaid costs	513,066	37,357	290,030	-	15,227	11,345	1,629	868,654
Total assets	\$ 6,608,460	\$ 37,357	\$ 290,030	\$ 1,742,252	\$ 1,006,755	\$ 542,271	\$ 10,264,314	\$ 20,491,439
LIABILITIES								
Accounts payable	\$ 238,229	\$ -	\$ -	\$ 368,358	\$ 111,509	\$ 20,523	\$ 350,200	\$ 1,088,819
Checks issued against future deposits	-	34,702	184,087	-	-	-	284,935	503,724
Accrued compensation	140,808	-	-	-	5,067	4,515	2,306	152,696
Interest payable	-	2,108	1,416	-	-	-	-	3,524
Deferred revenue	4,159	-	-	-	-	-	2,853,755	2,857,914
Deposits payable	85,285	-	-	-	-	-	25,000	110,285
Total liabilities	468,481	36,810	185,503	368,358	116,576	25,038	3,516,196	4,716,962
FUND BALANCE								
Reserved for encumbrances	1,490,940	-	-	-	26,588	739	124,111	1,642,378
Reserved for prepaid costs	513,066	237	-	-	15,227	11,345	1,629	541,504
Reserved for imprest cash funds	6,050	-	-	-	-	-	-	6,050
Reserved for emergency preparedness	1,000	-	-	-	-	-	-	1,000
Reserved for public safety training	42,004	-	-	-	-	-	-	42,004
Reserved for uncompleted projects	-	-	-	-	-	-	77,367	77,367
Reserved for debt service	-	-	-	-	-	-	5,017,889	5,017,889
Reserved for cemetery maintenance	-	-	-	-	-	-	906,483	906,483
Reserved for loans	-	-	-	-	-	-	7,697	7,697
Unreserved and undesignated, reported in:								
General fund	4,086,919	-	-	-	-	-	-	4,086,919
Capital projects	-	-	-	1,373,894	-	-	-	1,373,894
Debt service funds	-	310	104,527	-	-	-	-	104,837
Special revenue funds	-	-	-	-	848,364	505,149	612,942	1,966,455
Total fund balance	6,139,979	547	104,527	1,373,894	890,179	517,233	6,748,118	15,774,477
Total liabilities and fund balance	\$ 6,608,460	\$ 37,357	\$ 290,030	\$ 1,742,252	\$ 1,006,755	\$ 542,271	\$ 10,264,314	\$ 20,491,439

The notes to the financial statements are an integral part of this statement.

CITY OF PORTAGE, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets
of Governmental Activities on the Statement of Net Assets
June 30, 2010

Fund balances - total governmental funds	\$ 15,774,477
------------------------------------------	---------------

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

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

Add: capital assets	233,186,736
Subtract: accumulated depreciation	(156,744,629)
net of Internal Service depreciation	5,133,699

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.

Add: deferred special assessments	1,807,261
-----------------------------------	-----------

Internal service funds are used by management to charge the costs of insurance and equipment to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.

Add: net assets of governmental activities accounted for in internal service funds	734,724
------------------------------------------------------------------------------------	---------

Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

Subtract: bonds payable, net of internal service fund debt	(63,948,953)
Subtract: compensated absences and other long-term liabilities, net of	
internal service fund compensated absences	(2,981,075)
Subtract: accrued interest on long-term liabilities	(2,603,691)
Add: Net OPEB obligation (asset)	214,798

Net assets of governmental activities	<u><u>\$ 30,573,347</u></u>
---------------------------------------	-----------------------------

The accompanying notes are an integral part of these financial statements.

CITY OF PORTAGE, MICHIGAN

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds**

Fiscal Year Ended June 30, 2010

	General Fund	General Obligation Debt Fund	Motor Vehicle Highway Debt Fund	Capital Projects Fund	Major Streets Fund	Local Streets Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:								
Taxes and special assessments	\$ 16,502,035	\$ -	\$ -	\$ 4,143,712	\$ -	\$ -	\$ 3,730,320	\$ 24,376,067
Licenses and permits	275,793	-	-	-	-	-	665,308	941,101
Federal grants	-	-	-	-	-	-	418,140	418,140
State grants	3,329,433	-	-	-	2,559,889	734,165	104,868	6,728,355
Other grants	49,427	-	-	-	2,498	-	-	51,925
Charges for services	2,171,244	-	-	-	-	-	166,574	2,337,818
Interest and rents	347,343	1,667	9	9,723	2,038	2,390	433,716	796,886
Other	242,983	-	-	63,785	-	306	91,315	398,389
Total revenues	<u>22,918,258</u>	<u>1,667</u>	<u>9</u>	<u>4,217,220</u>	<u>2,564,425</u>	<u>736,861</u>	<u>5,610,241</u>	<u>36,048,681</u>
EXPENDITURES:								
Current:								
Legislative	60,640	-	-	-	-	-	-	60,640
Judicial	49,874	-	-	-	-	-	-	49,874
General government	4,462,987	-	-	-	-	-	141,139	4,604,126
Public safety	13,511,470	-	-	-	-	-	56,473	13,567,943
Public works	423,003	-	-	-	-	-	-	423,003
Health and welfare	225,978	-	-	-	-	-	1,697,383	1,923,361
Recreation and cultural	2,204,135	-	-	-	-	-	577,789	2,781,924
Highways and streets	-	-	-	-	1,698,032	1,116,336	-	2,814,368
Capital outlay	-	-	-	2,574,389	-	-	-	2,574,389
Debt service:								
Principal	-	2,429,083	865,000	-	-	-	1,707,055	5,001,138
Interest and fiscal charges	-	1,242,159	325,036	-	-	-	1,176,587	2,743,782
Total expenditures	<u>20,938,087</u>	<u>3,671,242</u>	<u>1,190,036</u>	<u>2,574,389</u>	<u>1,698,032</u>	<u>1,116,336</u>	<u>5,356,426</u>	<u>36,544,548</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,980,171</u>	<u>(3,669,575)</u>	<u>(1,190,027)</u>	<u>1,642,831</u>	<u>866,393</u>	<u>(379,475)</u>	<u>253,815</u>	<u>(495,867)</u>
OTHER FINANCING SOURCES (USES):								
Issuance of debt	-	-	-	1,626,000	-	-	-	1,626,000
Premium on debt issuance	-	-	18,704	-	-	-	-	18,704
Discount on debt issuance	-	(3,542)	-	(4,766)	-	-	-	(8,308)
Issuance of refunding bonds	-	938,913	6,680,000	-	-	-	-	7,618,913
Payment to refunded bonds escrow agent	-	(895,158)	(6,470,000)	-	-	-	-	(7,365,158)
Transfers in	103,000	3,557,157	974,019	2,677,000	970,000	415,000	675,596	9,371,772
Transfers out	(1,385,000)	-	-	(5,116,019)	(1,441,500)	(21,500)	(1,385,753)	(9,349,772)
Net other financing sources (uses)	<u>(1,282,000)</u>	<u>3,597,370</u>	<u>1,202,723</u>	<u>(817,785)</u>	<u>(471,500)</u>	<u>393,500</u>	<u>(710,157)</u>	<u>1,912,151</u>
Net change in fund balances	698,171	(72,205)	12,696	825,046	394,893	14,025	(456,342)	1,416,284
Fund balances - beginning	<u>5,441,808</u>	<u>72,752</u>	<u>91,831</u>	<u>548,848</u>	<u>495,286</u>	<u>503,208</u>	<u>7,204,460</u>	<u>14,358,193</u>
Fund balances - ending	<u>\$ 6,139,979</u>	<u>\$ 547</u>	<u>\$ 104,527</u>	<u>\$ 1,373,894</u>	<u>\$ 890,179</u>	<u>\$ 517,233</u>	<u>\$ 6,748,118</u>	<u>\$ 15,774,477</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORTAGE, MICHIGAN
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Fiscal Year Ended June 30, 2010

Net change in fund balances - total governmental funds \$ 1,416,284

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 activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: capital outlay	2,256,741
Subtract: retired/sold assets	(175,803)
Subtract: depreciation expense	(8,184,732)
net of Internal Service funds depreciation expense	237,772
Add: accumulated depreciation on retired/sold assets	154,200

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add: principal payments on long-term liabilities	5,001,138
Subtract: change in Special Assessments deferred revenue	(427,622)
Subtract: issuance of debt	(9,244,913)
Add: payments to refunded bonds escrow agent	7,365,158

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

Add: prior year accrued interest on bonds	2,838,940
Subtract: current year accrued interest on bonds	(2,603,691)
Add: decrease in the accrual of compensated absences	25,035
Add: recognition of net OPEB expense	214,798

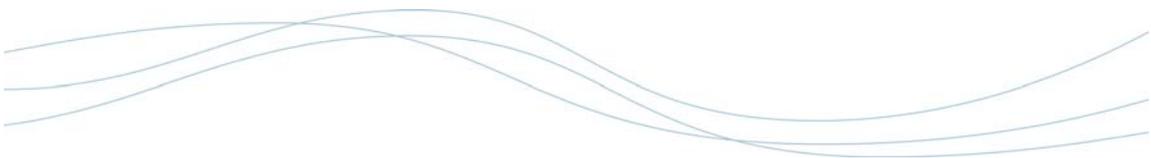
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

Add: interest revenue from governmental internal service funds	7,157
Add: gain on disposal of assets in governmental internal service funds	14,739
Subtract: interest expense from governmental internal service funds	(40,520)
Add: net operating income from governmental activities	
accounted for in internal service funds	364,526

Change in net assets of governmental activities \$ (780,793)

The accompanying notes are an integral part of these financial statements.

this page intentionally blank



CITY OF PORTAGE, MICHIGAN

**General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Fiscal Year Ended June 30, 2010**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget + / (-)
REVENUES:				
Taxes:				
Property tax collections	\$ 15,506,800	\$ 15,506,800	\$ 15,500,679	\$ (6,121)
Penalty and interest	60,000	60,000	94,685	34,685
Administration fees	887,000	887,000	906,671	19,671
Licenses and permits:				
Building fees and permits	368,000	368,000	247,203	(120,797)
Liquor licenses	27,000	27,000	28,590	1,590
Federal grants	-	59,241	-	(59,241)
State Grants:				
Revenue sharing	3,824,469	3,824,469	3,279,535	(544,934)
Criminal justice grants	11,500	11,500	22,687	11,187
Parks grants	2,500	2,500	2,500	-
Senior Center grants	24,000	24,000	24,711	711
Other state grants				
Other Grants	-	5,000	5,000	-
Contribution from local units	44,100	47,600	44,427	(3,173)
Charges for services:				
Recreation fees	240,000	249,594	272,421	22,827
Police service fees	223,990	223,990	286,624	62,634
Planning, zoning, and site fees	35,000	35,000	40,096	5,096
Accounting and management	1,485,320	1,485,320	1,485,320	-
Cemetery	54,000	54,000	44,613	(9,387)
Court Cost Reimbursement	40,500	40,500	40,500	-
Senior Center	2,200	2,200	1,650	(550)
Other	8,700	8,700	20	(8,680)
Fines and forfeits				
Interest and rents:				
Interest on investments	150,000	150,000	120,288	(29,712)
Rental income	241,266	241,266	227,055	(14,211)
Other:				
Reimbursements:				
Senior Center	153,000	153,000	131,330	(21,670)
Other reimbursements	600	600	354	(246)
Property sales	40,000	40,257	22,332	(17,925)
Donations	25,500	25,500	16,500	(9,000)
Miscellaneous	12,580	42,380	72,467	30,087
 Total revenues	 <u>23,468,025</u>	 <u>23,575,417</u>	 <u>22,918,258</u>	 <u>(657,159)</u>

continued...

CITY OF PORTAGE, MICHIGAN

**General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
(continued)
Fiscal Year Ended June 30, 2010**

EXPENDITURES:	Original Budget	Amended Budget	Actual	Variance with Amended Budget + / (-)
Judicial:				
District Court	\$ 56,855	\$ 61,126	\$ 49,874	\$ 11,252
Legislative:				
City Council	69,500	69,523	60,640	8,883
General Government:				
City Manager	864,098	855,426	644,422	211,004
Finance:				
Accounting	289,853	293,004	265,969	27,035
Financial management	345,998	546,558	318,821	227,737
Treasury	203,992	203,992	180,040	23,952
City assessor:				
Assessor	584,608	691,177	516,209	174,968
Board of review	32,225	29,225	23,948	5,277
City attorney	201,728	201,728	201,145	583
City clerk:				
Elections	171,301	173,255	118,532	54,723
City clerk	144,298	146,181	114,348	31,833
Records management	67,107	68,571	59,692	8,879
Human resources:				
Employee development	461,093	500,143	377,754	122,389
Benefit services	512,367	549,983	358,696	191,287
Information services:				
Management information services	929,771	1,076,072	597,679	478,393
Communication services	3,686	3,686	(60,128)	63,814
Purchasing:				
Purchasing	115,485	125,485	99,818	25,667
Risk management	52,026	56,026	47,061	8,965
Buildings	633,640	640,186	495,552	144,634
Cemeteries	99,940	103,003	103,429	(426)
Public safety:				
Police:				
Administration	869,976	962,296	737,175	225,121
Youth services	441,940	448,818	475,852	(27,034)
Investigation	742,765	753,813	648,909	104,904
Patrol	5,305,965	5,690,241	4,992,516	697,725
Training	184,990	194,392	115,865	78,527
Central communications	893,650	910,265	803,928	106,337
911 Call Center	94,541	94,541	89,456	5,085
Records	553,353	560,096	515,072	45,024
Drug law enforcement	167,322	171,559	117,998	53,561
Fire:				
Administration	614,553	672,403	530,518	141,885
Operations	3,568,969	3,610,638	3,284,729	325,909
On-call	115,234	114,226	134,358	(20,132)
Emergency operations	2,200	2,200	509	1,691
Fire marshal	115,040	112,690	103,923	8,767
Training	109,549	109,549	100,645	8,904

continued...

CITY OF PORTAGE, MICHIGAN

**General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
(continued)
Fiscal Year Ended June 30, 2010**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget + / (-)
EXPENDITURES (continued):				
Community development:				
Building services	\$ 436,848	\$ 450,879	\$ 388,361	\$ 62,518
Planning/community development	307,697	313,770	268,873	44,897
Neighborhood services	236,358	231,918	202,783	29,135
Public works:				
Street lighting	483,000	493,826	423,003	70,823
Health and welfare:				
Human services	224,642	250,284	225,978	24,306
Recreation and cultural:				
Senior citizen center	398,085	413,534	344,129	69,405
Recreation	321,146	336,695	310,282	26,413
Parks	1,590,752	1,624,030	1,549,724	74,306
Total expenditures	<u>23,618,146</u>	<u>24,917,013</u>	<u>20,938,087</u>	<u>3,978,926</u>
Excess (deficiency) of revenues over expenditures	<u>(150,121)</u>	<u>(1,341,596)</u>	<u>1,980,171</u>	<u>3,321,767</u>
OTHER FINANCING SOURCES (USES):				
Transfers in:				
Cable TV Fund	88,000	88,000	88,000	-
Cemetery Permanent Fund	15,000	15,000	15,000	-
Transfers out:				
Major Street Fund	(970,000)	(970,000)	(970,000)	-
Local Street Fund	(415,000)	(415,000)	(415,000)	-
Capital Improvement Fund	-	-	-	-
Total other financing sources (uses)	<u>(1,282,000)</u>	<u>(1,282,000)</u>	<u>(1,282,000)</u>	<u>-</u>
Net change in fund balance	(1,432,121)	(2,623,596)	698,171	3,321,767
Fund balance - beginning	<u>5,441,808</u>	<u>5,441,808</u>	<u>5,441,808</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,009,687</u>	<u>\$ 2,818,212</u>	<u>\$ 6,139,979</u>	<u>\$ 3,321,767</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PORTAGE, MICHIGAN

Major Streets Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual

Fiscal Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget + / (-)
REVENUES				
Intergovernmental-				
State grants	\$ 2,514,000	\$ 2,514,000	\$ 2,559,889	\$ 45,889
Other grants	-	2,498	2,498	-
Interest on investments	9,000	9,000	2,038	(6,962)
Total revenues	2,523,000	2,525,498	2,564,425	38,927
EXPENDITURES				
Highways and streets:				
Routine maintenance	834,034	882,209	695,301	186,908
Traffic services	488,517	575,463	427,160	148,303
Winter maintenance	490,457	492,057	465,955	26,102
Administration	153,399	153,729	109,616	44,113
Total expenditures	1,966,407	2,103,458	1,698,032	405,426
Excess of revenues over expenditures	556,593	422,040	866,393	444,353
OTHER FINANCING SOURCES (USES)				
Transfers in-				
General Fund	970,000	970,000	970,000	-
Transfers out:				
Sewer Fund	(21,500)	(21,500)	(21,500)	-
Capital Improvement Funds	(1,420,000)	(1,420,000)	(1,420,000)	-
Net other financing uses	(471,500)	(471,500)	(471,500)	-
Net change in fund balances	85,093	(49,460)	394,893	444,353
Fund balances - beginning	495,286	495,286	495,286	-
Fund balances - ending	\$ 580,379	\$ 445,826	\$ 890,179	\$ 444,353

The accompanying notes are an integral part of these financial statements.

CITY OF PORTAGE, MICHIGAN

Local Streets Fund Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual

Fiscal Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget + / (-)
REVENUES				
Intergovernmental-				
State grants	\$ 714,400	\$ 714,400	\$ 734,165	\$ 19,765
Interest on investments	2,000	2,000	2,390	390
Other revenue	-	-	306	306
Total revenues	716,400	716,400	736,861	20,461
EXPENDITURES				
Highways and streets:				
Routine maintenance	501,085	501,065	476,249	24,816
Traffic services	67,108	68,131	39,515	28,616
Winter maintenance	487,997	488,431	495,933	(7,502)
Administration	138,615	138,674	104,639	34,035
Total expenditures	1,194,805	1,196,301	1,116,336	79,965
Excess (deficiency) of revenues over expenditures	(478,405)	(479,901)	(379,475)	100,426
OTHER FINANCING SOURCES (USES):				
Transfers in-				
General Fund	415,000	415,000	415,000	-
Transfers out-				
Sewer Operating Fund	(21,500)	(21,500)	(21,500)	-
Net other financing sources	393,500	393,500	393,500	-
Net change in fund balances	(84,905)	(86,401)	14,025	100,426
Fund balances - beginning	503,208	503,208	503,208	-
Fund balances - ending	\$ 418,303	\$ 416,807	\$ 517,233	\$ 100,426

The accompanying notes are an integral part of these financial statements.

CITY OF PORTAGE, MICHIGAN

Statement of Net Assets Proprietary Funds

June 30, 2010

	Business-type Activities			Governmental
	Sewer Fund	Water Fund	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 566,815	\$ -	\$ 566,815	\$ 935,727
Restricted cash and investments-				
Revenue bonds	100,000	100,000	200,000	-
Accounts receivable	1,553,875	1,371,265	2,925,140	-
Inventory	-	-	-	88,888
Prepaid costs	126,486	400,244	526,730	50,505
Current portion of hookup charges receivable	31,895	11,649	43,544	-
Total current assets	<u>2,379,071</u>	<u>1,883,158</u>	<u>4,262,229</u>	<u>1,075,120</u>
Noncurrent assets:				
Hook-up charges receivable (net of current portion)	167,449	77,959	245,408	-
Capital assets:				
Land	51,495	282,995	334,490	22,489
Land improvements	-	12,872	12,872	121,937
Buildings	665,154	367,473	1,032,627	1,677,278
Utility system	69,080,318	57,726,313	126,806,631	-
Machinery and equipment	679,581	414,865	1,094,446	756,779
Vehicles	-	-	-	3,911,815
Less accumulated depreciation	<u>(21,029,594)</u>	<u>(11,437,370)</u>	<u>(32,466,964)</u>	<u>(5,133,699)</u>
Total capital assets (net of accumulated depreciation)	<u>49,446,954</u>	<u>47,367,148</u>	<u>96,814,102</u>	<u>1,356,599</u>
Total noncurrent assets	<u>49,614,403</u>	<u>47,445,107</u>	<u>97,059,510</u>	<u>1,356,599</u>
Total assets	<u>\$ 51,993,474</u>	<u>\$ 49,328,265</u>	<u>\$ 101,321,739</u>	<u>\$ 2,431,719</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORTAGE, MICHIGAN

Statement of Net Assets Proprietary Funds (continued) June 30, 2010

	Business-type Activities			Governmental
	Sewer Fund	Water Fund	Total	Internal Service Funds
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	\$ 610,672	\$ 391,276	\$ 1,001,948	\$ 24,942
Accrued compensation	4,276	1,857	6,133	2,848
Checks issued on future deposits	-	3,993,324	3,993,324	60,896
Workers' compensation	-	-	-	739,507
Accrued interest payable	53,306	224,127	277,433	10,724
Deferred revenue	199,344	89,608	288,952	-
Current portion of long term debt	498,999	1,665,259	2,164,258	226,811
Total current liabilities	<u>1,366,597</u>	<u>6,365,451</u>	<u>7,732,048</u>	<u>1,065,728</u>
Long term debt:				
Revenue bonds (net of current portion)	4,683,528	24,974,131	29,657,659	-
Limited tax general obligation bonds (net of current portion)	1,076,770	741,767	1,818,537	591,344
Accrued vacation and sick pay	34,234	35,702	69,936	39,923
Total long term debt	<u>5,794,532</u>	<u>25,751,600</u>	<u>31,546,132</u>	<u>631,267</u>
Total liabilities	<u>7,161,129</u>	<u>32,117,051</u>	<u>39,278,180</u>	<u>1,696,995</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	43,209,665	20,011,545	63,221,210	538,444
Restricted:				
Restricted for revenue bond indentures	100,000	100,000	200,000	-
Unrestricted	1,522,680	(2,900,331)	(1,377,651)	196,280
Total net assets	<u>\$ 44,832,345</u>	<u>\$ 17,211,214</u>	<u>\$ 62,043,559</u>	<u>\$ 734,724</u>

CITY OF PORTAGE, MICHIGAN

Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds

Fiscal Year Ended June 30, 2010

	Business-type Activities			Governmental Activities
	Sewer Fund	Water Fund	Total	Internal Service Funds
Operating revenues:				
Charges for services:				
User charges	\$ 5,961,946	\$ 5,118,157	\$ 11,080,103	\$ 2,047,614
Capacity charge	125,590	-	125,590	-
Other	-	10,694	10,694	33,376
Total operating revenues	<u>6,087,536</u>	<u>5,128,851</u>	<u>11,216,387</u>	<u>2,080,990</u>
Operating expenses:				
Operations and maintenance	4,847,439	1,162,796	6,010,235	1,478,692
General and administrative	1,013,224	1,449,774	2,462,998	-
Depreciation	769,469	763,769	1,533,238	237,772
Total operating expenses	<u>6,630,132</u>	<u>3,376,339</u>	<u>10,006,471</u>	<u>1,716,464</u>
Operating income (loss)	<u>(542,596)</u>	<u>1,752,512</u>	<u>1,209,916</u>	<u>364,526</u>
Nonoperating revenues (expenses):				
Interest on investments	13,822	11,500	25,322	7,157
Interest and fiscal charges	(261,464)	(1,160,705)	(1,422,169)	(40,520)
Gain on sale of assets	-	-	-	14,739
Total nonoperating expenses	<u>(247,642)</u>	<u>(1,149,205)</u>	<u>(1,396,847)</u>	<u>(18,624)</u>
Income (loss) before contributions and transfers	(790,238)	603,307	(186,931)	345,902
Discount on bond issuance	(3,320)	(8,169)	(11,489)	-
Transfers in	108,000	-	108,000	-
Transfers out	(80,000)	(50,000)	(130,000)	-
Change in net assets	<u>(765,558)</u>	<u>545,138</u>	<u>(220,420)</u>	<u>345,902</u>
Total net assets - beginning	<u>45,597,903</u>	<u>16,666,076</u>	<u>62,263,979</u>	<u>388,822</u>
Total net assets - ending	<u>\$ 44,832,345</u>	<u>\$ 17,211,214</u>	<u>\$ 62,043,559</u>	<u>\$ 734,724</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PORTAGE, MICHIGAN

Statement of Cash Flows Proprietary Funds

Fiscal Year Ended June 30, 2010

	Business-type Activities			Governmental Activities
	Sewer Fund	Water Fund	Total	Internal Service Funds
OPERATING ACTIVITIES:				
Cash received from customers	\$ 6,069,011	\$ 5,012,529	\$ 11,081,540	\$ 2,080,990
Cash payments to suppliers	(5,142,939)	528,822	(4,614,117)	(1,257,566)
Cash payments to employees for services	(383,303)	(436,994)	(820,297)	(288,114)
Cash provided by operating activities	542,769	5,104,357	5,647,126	535,310
NONCAPITAL FINANCING ACTIVITIES:				
Transfer from other funds	108,000	-	108,000	-
Transfer to other funds	(80,000)	(50,000)	(130,000)	-
Cash provided (used) by capital and related financing activities	28,000	(50,000)	(22,000)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Issuance of debt	880,183	2,569,904	3,450,087	-
Discount	(3,320)	(8,169)	(11,489)	-
Proceeds from sale of capital assets	-	-	-	14,738
Acquisition and construction of capital assets	(393,610)	(4,219,780)	(4,613,390)	(349,771)
Principal paid on bonds, notes and capital lease	(1,346,571)	(2,269,767)	(3,616,338)	(226,812)
Interest and fiscal charges paid on bonds	(262,705)	(1,138,045)	(1,400,750)	(43,541)
Cash used in capital and related financing activities	(1,126,023)	(5,065,857)	(6,191,880)	(605,386)
INVESTING ACTIVITIES				
Interest on investments	13,822	11,500	25,322	7,157
Cash provided by investing activities	13,822	11,500	25,322	7,157
Net decrease in cash and investments	(541,432)	-	(541,432)	(62,919)
Cash and investments - beginning of year	1,208,247	100,000	1,308,247	998,646
Cash and investments - end of year	\$ 666,815	\$ 100,000	\$ 766,815	\$ 935,727
Reconciliation of operating income (loss) to cash provided by operating activities:				
Operating income (loss)	\$ (542,596)	\$ 1,752,512	\$ 1,209,916	\$ 364,526
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	769,469	763,769	1,533,238	237,772
Increase in accounts receivable	(61,750)	(97,869)	(159,619)	-
Decrease in inventory	-	-	-	1,833
Increase in prepaid costs	(42,199)	(8,201)	(50,400)	(30,272)
Increase (decrease) in accounts payable	379,246	(105,222)	274,024	36,493
Increase in checks issued against future deposits	-	2,825,167	2,825,167	-
Increase (decrease) in deferred revenue	43,225	(18,453)	24,772	-
Decrease in accrued compensation	(2,626)	(7,346)	(9,972)	(75,042)
Cash provided by operating activities	\$ 542,769	\$ 5,104,357	\$ 5,647,126	\$ 535,310

The notes to the financial statements are an integral part of this statement.

CITY OF PORTAGE, MICHIGAN

**Statement of Fiduciary Net Assets
Fiduciary Funds**

June 30, 2010

<u>ASSETS</u>	Pension and Employee Benefit Trust Funds	Agency Funds
Cash and investments	\$ 7,526	\$ 567,781
Cash and investments - non-pooled	3,574,818	
Investments in fixed income securities	3,347,059	-
Accounts receivable	-	277,298
Accrued interest receivable	-	53,459
Due from other governments	-	23,264
Total assets	6,929,403	921,802
 <u>LIABILITIES</u>		
Accounts payable	-	201
Checks issued against future deposits	-	177,643
Payroll withholdings payable	-	3,999
Accrued interest payable	-	53,459
Due to other governments	-	178,889
Deposits	-	507,611
Total liabilities	-	921,802
 <u>NET ASSETS</u>		
Assets held in trust for pension benefits	3,347,059	-
Assets held in trust for retiree benefits	3,582,344	-
Total net assets	\$ 6,929,403	\$ -

The notes to the financial statements are an integral part of this statement.

CITY OF PORTAGE, MICHIGAN

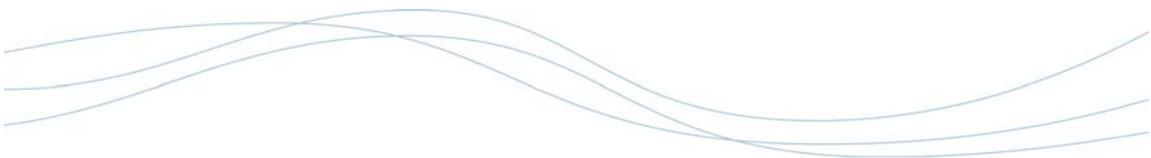
Statement of Changes in Fiduciary Net Assets Pension Trust Funds

Fiscal Year Ended June 30, 2010

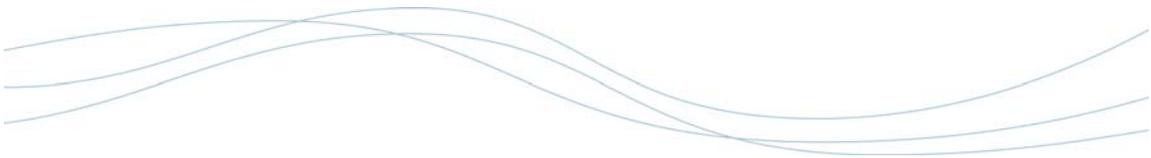
	Pension and Employee Benefit Trust Funds
ADDITIONS	
Employer contributions	<u>\$ 500,000</u>
Investment income	
Net increase in the fair value of investments	407,249
Interest income	<u>464,328</u>
Net investment income	<u>871,577</u>
Total additions	1,371,577
DEDUCTIONS	
Benefits to plan members	(253,206)
Administrative expenses	<u>(14,278)</u>
Total deductions	<u>(267,484)</u>
Change in net assets	1,104,093
Net assets - beginning	<u>5,825,310</u>
Net assets - ending	<u><u>\$ 6,929,403</u></u>

The notes to the financial statements are an integral part of this statement.

this page intentionally blank



NOTES TO FINANCIAL STATEMENTS



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Portage was incorporated December 31, 1963, under the provisions of Act 279, P.A. 1909, as amended (Home Rule City Act). The City operates under a Council-Manager form of government, and provides services as authorized by its charter. The City Council is composed of a Mayor and six Councilmembers. The Mayor is elected for a two-year term, and the Councilmembers are elected at large for four-year staggered terms without term limits.

The City engages in a comprehensive range of municipal services including public safety, streets and highways, parks and facility management, and general administrative services. In addition, the City owns and contracts the operation of certain major enterprise activities including water and wastewater utilities. These activities are included in the accompanying financial activities.

The Charter of the City of Portage requires an annual audit by an independent certified public accountant. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies and practices used by the City are described below.

As a local government, the City is exempt from federal income taxes under Internal Revenue Code Sections 115 and 501(a), and from state sales tax in most circumstances.

A. Reporting Entity

As required by generally accepted accounting principles (GAAP), these financial statements present the City (the Primary Government) and its component units, entities for which the City is considered to be financially accountable. The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the City. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide statements to emphasize that they are legally separate from the primary government. Each discretely presented component unit has a June 30 fiscal year-end.

Blended Component Units:

Building Authority - The Building Authority was established by the City on May 2, 1969 under the authority contained in Act 31, Michigan Public Acts of 1948, as amended in 1969 and 1984. The Act authorized the City to incorporate an authority for the purpose or purposes as follows: to build, acquire, furnish, equip, own, improve, enlarge, lease, operate, and maintain a building or buildings, automobile parking lots or structures, recreational facilities, stadiums and the necessary site or sites therefore, together with appurtenant properties and facilities necessary or convenient for the effective use thereof, for use for any legitimate public purpose of the City of Portage. The governing body of the Authority is known as the "Commission" and consists of the City Manager, City Finance Director and the Chairperson of the Board of the Local Development Finance Authority for the City of Portage. The Building Authority is a blended component unit because, although the governing bodies of the City and the Authority are not similar, the services and benefits provided to entities other than the City are insignificant, mandating treatment as a blended component unit under GAAP.

Downtown Development Authority - The Downtown Development Authority was established by the City on April 21, 1998 under the authority contained in Act No. 197 of the Public Acts of Michigan of 1975 as amended. The act authorizes the City to provide for the creation of the authority; to define the boundaries of the downtown development district; to correct and prevent deterioration in the central business district; and to authorize the issuance of bonds and other evidences of indebtedness. The taxes collected on the

Note 1 Summary of Significant Accounting Policies, continued

increased taxable value resulting from Downtown Development Authority provided improvements are used to pay debt service. The Downtown Development Authority Board is comprised of the City Manager and eight citizen members appointed by the City Manager, subject to approval by the City Council. The Downtown Development Authority is a blended component unit because, although the governing bodies of the City and the Authority are not similar, the services and benefits provided to entities other than the City are insignificant.

Local Development Finance Authority - The Authority was established by the City on March 20, 1990, under the authority contained in Act 281 of Michigan Public Acts of 1986. The Act authorized the City to designate a specific district within its corporate limits as a Local Development Finance District. The Authority was appointed to promote the growth of specific, legally defined districts and take all steps necessary to create jobs and promote economic growth. The City Manager appoints seven members of the Authority Board of Directors. The other four members of the board of directors are appointed by Kalamazoo County (1), Kalamazoo Valley Community College (1), and Portage Public Schools (2). The Local Development Finance Authority is a blended component unit because, although the governing bodies of the City and the Authority are not similar, the City Manager appoints the voting majority of the governing body and may therefore impose the City's will on the organization. Further, because the City is financially responsible for the Authority, and because the Authority acts only to further the development aims of the consolidated plan of the City, the services and benefits provided to entities other than the City are insignificant.

Discretely Presented Component Units:

Complete financial statements for the discretely presented component units can be obtained from the Department of Community Development, City of Portage, 7900 South Westnedge Avenue, Portage, Michigan 49002.

Economic Development Corporation - The Corporation was established by the City on November 21, 1978, under the authority contained in Act 338, Michigan Public Acts of 1974. The purpose of the Corporation is to promote the economic development of the community. To achieve this purpose, the Corporation issues bonds to private business and industry to finance projects that reduce unemployment and otherwise strengthen and revitalize the local economy. The City Council of the City of Portage appoints the Economic Development Corporation Board of Directors. Because the City appoints the voting majority of the governing body and may therefore impose its will on the organization, it has been presented as a component unit. It is not a blended component unit under GAAP because the component unit's governing body is not substantially the same as the primary government, and the benefits provided to entities other than the City are significant.

Tax Increment Finance Authority - The Authority was established by the City on September 3, 1985, under the authority contained in Act 450, Michigan Public Acts of 1981. The Act authorized the City to designate a specific district within its corporate limits as a Tax Increment Finance Authority District. The Authority is appointed to preside over this specific district and it is authorized to formulate plans and secure financing for public improvements, economic development, neighborhood revitalization and historic preservation within this area. These plans must be set forth in a tax increment financing plan which must be approved by the governing body of the City. The City Council of the City of Portage also appoints the Tax Increment Finance Authority Board of Directors. Because the City appoints the voting majority of the governing body and may therefore impose its will on the organization, and because the City is financially responsible for the Tax Increment Financing Authority, it is presented as a component unit. It is not a blended component unit under GAAP because the component unit's governing body is not substantially the same as the primary government, and the benefits provided to entities other than the City are significant. However, since the Authority had no activity during the fiscal year, no data has been presented.

B. Basis of presentation – Government-wide Financial Statements

Government-wide and Fund Financial Statements - The basic financial statements include both government-wide and fund financial statements. The focus is on the City as a whole and on major individual funds.

Note 1 Summary of Significant Accounting Policies, continued

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Internal service fund asset and liability balances that are not eliminated in the statement of net assets are reported in the governmental activities column on the government-wide statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs are included in the program expenses of most business-type activities. Program revenues include 1) charges to customers 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 properly included among program revenues are reported as general revenues.

The fund level statements focus on the governmental, proprietary and fiduciary funds. The accounts of the City are organized on the basis of funds. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions or limitations. Major individual governmental funds and major individual enterprise funds are supported as separate columns in the fund financial statements.

The City's fiduciary funds are presented in the fund financial statements by type (pension, private purpose and agency). By definition, these assets are held for the benefit of a third party and cannot be used to address activities or obligations of the government, and are therefore not included in the government-wide statements. The activities of these funds include administration of the defined benefit pension trust and retiree health care funding trust, as well as the administration of the Cemetery Permanent fund, the Historic Book fund, the CDBG Program Income fund, and the Insurer-funded Blight Elimination Escrow (House Bill 5344 of 1998) fund. Because the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the flow of economic resources management focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available. Revenues, other than grants, are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period (defined by the City as collected within 60 days of year-end). Revenues billed under a contractual agreement with another governmental entity, including federal and state grants, are recognized when billed and when all eligibility requirements of the provider have been met and are considered to be available if expected to be collected within one year. Expenditures generally are recorded when a liability is incurred. However, expenditures related to compensated absences or arbitrage are recorded when the liability is matured. Debt service expenditures are recognized when payment is matured. The reported fund balance of governmental funds is considered a measure of available expendable resources.

Property taxes, franchise fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Note 1 Summary of Significant Accounting Policies, continued

The City reports the following major governmental funds:

General Fund: The general fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. It includes the following activities: public safety, streets and highways, parks and facility management, and general government.

General Obligation Debt Fund: This fund collects resources to pay debt related to the capital improvement program.

Motor Vehicle Highway Debt Fund: This fund collects resources to pay Michigan Transportation Fund debt.

Capital Improvement Program (CIP) Fund: The City assesses a dedicated tax millage to support a balanced capital investment program. The program constructs, improves and maintains the highest level of public infrastructure and community resources. The fund accounts for the collection of dedicated tax revenues, and for financing the construction of all City capital projects in excess of \$10,000. These projects include creation of or improvements to streets, parks, City buildings, and other City facilities not owned or used by the Water and Sewer utility enterprises.

Major Streets Fund: This fund accounts for the maintenance of major streets, as certified by the state highway commissioner, and trunklines within the City. Primary funding is from special revenues provisions of Act 51 of 1951, as amended, of the state of Michigan. There are 72.04 lineal miles of major streets in the City. This fund does not meet the criteria of a major fund as defined by the GASB, but the state of Michigan requires that it be presented as a major fund.

Local Streets Fund: This fund accounts for the maintenance of all local streets, as certified by the state highway commissioner. It is funded by special revenues from provisions of Act 51 of 1951, as amended, of the state of Michigan. There are 147.13 miles of local streets in the City. This fund does not meet the criteria of a major fund as defined by the GASB, but the state of Michigan requires that it be presented as a major fund.

Proprietary and fiduciary fund financial statements are accounted for on the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations, such as providing water and wastewater services. Other revenues or expenses are non-operating items.

The City reports the following major enterprise funds, which are also considered proprietary funds:

Sewer Fund - Accounts for the activities of the City-owned wastewater utility.

Water Fund - Accounts for the activities of the City-owned water utility.

Note 1 Summary of Significant Accounting Policies, continued

In addition, the City reports the following non-major governmental funds:

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes, including grant funds. These include cultural activities, cable television, Community Development Block Grant (CDBG), Michigan State Housing Development Authority (MiSHDA) grant, American Recovery and Reinvestment Act (ARRA) grant, Brownfield redevelopment authority, West Lake management, curbside recycling, leaf pickup / spring clean-up, and the municipal streets fund.

Debt Service Funds account for resources accumulated and payments made for general long-term debt.

Permanent Funds account for resources that are legally restricted to the extent that restrictions apply as to whether only earnings and not principal may be used for the limited and specific purposes that support the City's programs. Permanent funds account for Cemetery Perpetual Care and CDBG Program Income related activities.

The City reports the following proprietary and fiduciary funds:

Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises. Costs are financed or recovered primarily through user charges. The City has elected to follow GASB statements issued after November 30, 1989, rather than statements issued by the Financial Accounting Standards Board (FASB), in accordance with GASB Statement No. 20. The Sewer and Water funds are the City's only enterprise funds. The City reports no nonmajor enterprise funds.

Internal Service Funds account for the financing of goods or services provided by one City department or agency to other City departments or agencies or to other governmental units on a cost-reimbursement basis. These activities include, but are not limited to, fleet services. As a general rule, the effect of interfund activity has been eliminated for government-wide reporting purposes. These funds are presented on a combined basis in the Statement of Net Assets – Proprietary Funds in the Internal Service Funds column and in detail in the Combining Statements of Net Assets – Internal Service Funds. These funds include the equipment and insurance funds.

Fiduciary Funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations or other governments. Fiduciary funds are not included in the government-wide financial statements. The fiduciary funds of the City include the pension trust fund and retiree health care trust fund.

Agency funds account for net assets held on behalf of others, are purely custodial (assets equal liabilities) and do not involve the measurement of results of operations. The agency funds of the City include the following: Current Year Tax Collection fund, accounting for tax funds collected and distributed; the Investment Interest Allocation fund, collecting the accrued and liquid interest earnings on the pooled investments of the City for allocation among the contributing funds; the payroll clearing fund, collecting and allocating insurance and other payroll-related costs; a general Trust and Agency fund, holding various deposits for bid, bail, and construction bonds; and the Historic Book fund, collecting and forwarding sales funds on behalf of the author of a book about Portage's past.

D. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- (a) Prior to April 15, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing July 1. The proposed operating budget includes proposed expenditures and the means of financing them, and is adopted at the "activity" level with the exception of the capital improvement fund, which is adopted at the "project" level.
- (b) Public hearings are conducted to obtain taxpayer comments.
- (c) The budget is legally enacted through passage of an ordinance no later than the second Monday in June.

Note 1 Summary of Significant Accounting Policies, continued

Annual budgets are legally adopted for the general fund, certain special revenue funds and debt service funds. Annual budgets are adopted for the enterprise funds, internal service fund, cemetery perpetual fund, and CDBG program income funds, although they are not legally required. Multi-year budgets are adopted for capital projects and grant funds, where appropriations remain authorized for the life of the project, irrespective of fiscal year.

Expenditures are appropriated on a modified accrual basis, except that commitments related to purchase orders are treated as expenditures in the year of commitment.

Formal budgetary control is employed during the year at the fund and department level as a management control device for annually budgeted funds.

Budgets are modified throughout the year. The City Manager is authorized to transfer appropriation balances within a fund and department of the City. The City Council must approve amendments to the budget and transfers of appropriations from one fund to another, or in situations where the transfer would cause a change in fund balance.

The original and final budgets for the General Fund are reported in the Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual. Unencumbered appropriations for annual budgets lapse at fiscal year-end.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Unencumbered appropriations lapse at year-end in the General Fund. Appropriations which are encumbered at year-end are carried forward into the following year's appropriation, with the approval of City Council, to allow liquidation of the encumbrance.

E. Financial Statement Elements

Pooled Investments and Cash Deposit Balances - Cash balances of all City funds (except for certain funds having non-pooled investments) are pooled and invested. Investments purchased with pooled cash, consisting primarily of high-grade commercial paper and U.S. agency obligations, are stated at fair value. Interest earned on investments purchased with pooled cash is allocated monthly to each participating fund based upon the fund's average daily balance. Funds that incur a negative balance in pooled cash and investments are not allocated interest earnings nor charged interest expense.

Investments - Certain investments are required to be reported at fair value, based upon quoted market prices. Realized gains or losses resulting from the sale of investments are determined by the specific cost of the securities sold. The City carries all of its investments at fair value as of June 30, 2010.

Accounts Receivable - Balances of accounts receivable, reported on the government-wide statement of net assets, are aggregations of different components such as charges for services, fines, and balances due from taxpayers or other governments. In order to assist the reader, the following information has been provided regarding significant components of receivable balances as of June 30, 2010:

	<u>Charges for Services</u>	<u>Special Assessments</u>	<u>Other Governments</u>	<u>Total</u>
Governmental Activities				
Major Funds	\$ 1,601,682	\$ -	\$ 513,069	\$ 2,114,751
Non-major Funds	-	<u>1,807,261</u>	<u>4,218</u>	<u>1,811,479</u>
Total	<u>\$ 1,601,682</u>	<u>\$ 1,807,261</u>	<u>\$ 517,287</u>	<u>\$ 3,926,230</u>

There is no provision for an allowance for doubtful accounts because Kalamazoo County guarantees payment of real property taxes, and the Ordinances of the City provide for the creation of durable tax liens for all taxes, assessments and charges putting the City in the position of eventual 100% collection. Business-type activities are primarily comprised of charges for services.

Note 1 Summary of Significant Accounting Policies, continued

Elimination of Internal Activities - The elimination of internal service fund activity is needed in order to eliminate duplicate activity in making the transition from fund level financial statements to the government-wide financial statements. In addition, the elimination of internal service fund activity requires the City to "look back" and adjust the internal service funds' internal charges. A positive change in net assets derived from internal service fund activity results in a pro rata reduction in the charges made to the participatory funds. A deficit change in net assets of internal service funds requires a pro rata increase in the amounts charged to the participatory funds.

Internal Balances - In the government-wide statement of net assets, internal balances are the receivables and payables between the governmental and business-type activities. There were no internal balances as of June 30, 2010.

Interfund Activities - In the government-wide statement of activities, the effect of interfund activity has generally been removed from the statements. Exceptions include the charge back of services, such as utilities or vehicle maintenance, and charges for central administrative costs. Elimination of these charges would distort the direct costs and program revenues of the various functions reported. The City recovers indirect costs that are incurred through a plan of allocation utilizing actual costs. These amounts are eliminated in the government-wide statement of activities.

Interfund Receivables/Payables - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivable and payable balances are classified as "due from other funds" or "due to other funds" on the fund-level statements when they are expected to be liquidated within one year. If receivable or payable balances are expected to be liquidated after one year, they are classified as "advances to other funds" or "advances from other funds." No interfund receivables existed as of June 30, 2010.

Inventories - Inventories are valued at the lower of cost (first-in - first-out) or market. Inventories for all funds use the consumption method and expenditures are recorded when issued. The Equipment Fund holds the only inventory maintained by the City.

Prepaid expenses and other assets - The governmental activities statement of net assets includes prepaid expenses and other assets. Fund balance is reserved for prepaid expenses; fund balance is not reserved for other assets.

Restricted assets - Restricted assets are assets whose use is subject to constraints that are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

The balance of restricted asset accounts in the enterprise funds are as follows –

	<u>Business-Type Activities</u>		Total Restricted Assets
	Sewer	Water	
Revenue bond indentures	\$ 100,000	\$ 100,000	\$ 200,000

Capital assets - Capital assets, which include land, facilities and improvements, machinery and equipment and infrastructure assets, are reported in the applicable governmental or business-type activity columns of the government-wide statement of net assets, and related depreciation is allocated to programs in the statement of activities. Capital assets are defined as assets with an initial individual cost of \$5,000 or more and an estimated useful life of greater than one year. Assets purchased or constructed are capitalized at historical cost. Contributed capital assets are recorded at estimated fair market value at the time of receipt or at historical cost if historical cost is available. Capital outlay (asset purchases that do not meet the definition of a capital asset) is recorded as an expenditure in the general fund and other governmental funds, and as an asset in the government-wide financial statements and proprietary funds. Maintenance and repairs are charged to operations as incurred, and improvements and betterments that extend the useful lives of capital assets are capitalized.

Note 1 Summary of Significant Accounting Policies, continued

The City has adopted and implemented GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. No material impairments requiring disclosure or restatement of previously issued financial statements existed at the adoption date. No material impairments existed as of the statement date.

The City obtains public domain capital assets (infrastructure) through capital improvement project (CIP) construction, or through annexation or developer contribution. Infrastructure consists of certain improvements other than buildings, including streets and roads, bridges, pedestrian facilities, drainage systems, and traffic signal systems.

Interest is not capitalized on governmental capital assets. For enterprise funds, interest paid on long-term debt in the enterprise funds is capitalized when it can be attributed to a specific project and when it materially exceeds the interest revenue generated by bond proceeds issued to fund the project.

Capital assets are depreciated using the straight-line method over the following estimated useful lives (in years):

Assets	Governmental Activities ⁽¹⁾	Business-Type Activities	
		Sewer	Water
Buildings & building improvements	5 - 40	5 - 40	5 - 40
Equipment	5 - 10	5 - 10	5 - 10
Vehicles	5 - 10	5 - 10	5 - 10
Improvements to grounds	10 - 20	10 - 20	10 - 20
Water and wastewater systems*	-	50 - 100	50 - 100
Infrastructure			
Streets and roads	20	-	-
Retaining walls	30	-	-
Bridges	50	-	-
Drainage systems	50	-	-
Pedestrian facilities	20	-	-
Traffic signals	20	-	-

⁽¹⁾ Includes internal service funds

*Water and wastewater systems constructed prior to 2007 depreciated on 100 year basis; beginning in fiscal year 2007 a 50 year life is used.

Depreciation of assets is classified by functional components. The City considers land to be inexhaustible; and therefore, these assets are reported as non-depreciable. Unallocated depreciation reported in the government-wide statement of activities of \$6.71 million consists of depreciation on infrastructure assets of \$6.91 million net of adjustment to eliminate the internal service fund.

In the government-wide and proprietary fund statements, the City recognizes a gain or loss on the disposal of assets when it retires or otherwise disposes of capital assets.

Deferred Charges or Credits - Deferred charges represent expenditure for expense prepayments that are distinguished from prepaid expenses on the basis of the time over which they will be recognized as period expenses. That is, they involve a longer period of time than prepaid expenses do. Deferred credits represent revenue received at fiscal year-end prior to the earning process being complete.

Long Term Debt - The City issues long term debt to finance various capital projects. All long term debt proceeds are spent for capital purposes. Debt service for general obligation bonds and other general obligation debt, including loans, issued to fund general government capital projects is paid from tax revenues, interfund transfers and intergovernmental revenues. Such general obligation debt is reported in the government-wide statements under governmental activities.

The debt service for general obligation bonds and other general obligation debt issued to fund proprietary fund capital projects is normally paid from the net revenues of the applicable proprietary fund, although such debt will be repaid from tax revenues if necessary. Such general obligation debt is shown as a specific liability of the applicable proprietary fund, which is appropriate under generally accepted accounting principals and in view of the expectation that the proprietary fund will provide resources to service the debt.

Note 1 Summary of Significant Accounting Policies, continued

Revenue bonds that have been issued to finance capital projects of certain enterprise funds are to be repaid from net revenues of these funds. Such debt is recorded in the funds. Operating revenues and interest income that are used as security for revenue bonds are reported separately from other revenues.

The City defers and amortizes gains or losses realized by proprietary funds on refundings of debt and for governmental activities in the government-wide financial statements, and reports both the new debt liability and the related deferred amount on the funds' balance sheets. The City recognizes gains or losses on debt defeasance when funds from current operations are used.

Operating Revenues - Revenues are recorded net of allowances in the government-wide and proprietary fund-level statements. No allowances were necessary for the year ended June 30, 2010.

Interfund Revenues, Expenses and Transfers - Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures, or expenses in the funds involved, such as billing for utility services. Transactions between funds that constitute reimbursements for expenditures or expenses are recorded as expenditures or expenses in the fund that is reimbursed. Transfers between funds are reported in the operations of governmental and proprietary funds.

Intergovernmental Revenue, Receivables and Liabilities - Intergovernmental revenues and related receivables arise primarily through funding received from federal grants and state grants. These revenues and receivables are earned through expenditure of money for grant purposes, or through consolidating settlements while acting as tax collection agency for other local government units. Intergovernmental liabilities arise primarily from funds held in an agency capacity for other local government units.

Federal and State Grants, Entitlements and Shared Revenues - Grants, entitlements, and shared revenues may be accounted for within any City fund. The purpose and requirements of each grant, entitlement, or shared revenue are analyzed to determine the appropriate fund statement and revenue category in which to report the related transactions. Grants, entitlements and shared revenues received for activities normally recorded in a particular fund may be accounted for in that fund, provided that applicable legal restrictions can be satisfied.

Revenues received for activities normally recorded in other governmental funds are accounted for within the nonmajor governmental fund groupings: federal grant funds, state grant funds, and other special revenue funds. Capital grants restricted for capital acquisition or construction, other than those associated with proprietary type funds, are accounted for in the applicable capital projects funds. Revenues received for operating activities of proprietary funds or revenues that may be used for either operations or capital expenditures at the discretion of the City are recognized in the applicable proprietary fund.

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

Reservations of Fund Equity - Reservation of fund balances of the governmental funds indicate that portion of fund equity which is not available for appropriation for expenditure or is legally restricted by outside parties for use for a specific purpose. Designations of fund balance are the representations of management for the utilization of resources in future periods. Reserves for police safety training are legally restricted to those purposes by the grantor.

Note 1 Summary of Significant Accounting Policies, concluded

Cash and Investments - For purposes of the statement of cash flows, the City considers cash and investments to consist of currency on hand, cash held by trustee, demand deposits with banks, invested funds, and all amounts included in pooled investments and cash accounts.

Pension Costs - It is the policy of the City to fund pension costs annually. Pension costs are composed of normal cost and, where applicable, amortization of unfunded actuarial accrued liability and of unfunded prior service cost (see defined benefit pension plan information in Note 11, and defined contribution pension plan information in Note 12).

Risk Management - The City is exposed to employee-related risks for workers' compensation, as well as to various risks of loss related to torts, including medical malpractice; theft of, damage to, or destruction of assets, errors and omissions, and natural disasters. The City continues to be self-insured for liabilities for workers' compensation claims with stop-loss provisions in place (Note 10.B.).

The City participates in a risk pool administered by the Michigan Municipal Risk Management Association for coverage to insure against property loss or damage, commercial crime, and fidelity bonds. The City complies with GASB Statement No. 10, *Accounting and reporting for Risk Financing and Related Insurance Issues* (See Note 10.B.).

F. Comparative Data

Governments are required to present comparative data only in connection with Management's Discussion and Analysis (MD&A). They may also present comparative data on the government-wide statement of activities. Comparative data is presented as part of the MD&A.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principals generally accepted in the United States of America requires management to make estimates and assumptions that affect the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

H. Compensated Absences

City employees are granted compensated absences for vacation and sick leave in varying amounts based on length of service. It is the City's policy to permit employees to accumulate a limited amount of earned but unused annual and sick leave benefits, which will be utilized in future periods or will be paid to employees upon separation from City service. The estimated long-term liability for vacation and sick pay which will be paid with future Governmental-type operating resources is recorded as general long term debt. The total estimated long-term cost of employees' accumulated vacation, sick, and other types of leave was \$1.86 million at June 30, 2010.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Schedules that show the adjustments required to take the figures in the government-wide statements to those in the governmental fund statement presentation immediately follow those statements.

3. POOLED INVESTMENTS AND CASH

The following summarizes the amounts of the pooled investments and cash by fund at June 30, 2010:

	<u>Pooled Investments and Cash</u>		<u>Other cash</u>	<u>Total</u>
	<u>Unrestricted, invested</u>	<u>Restricted, invested</u>		
General fund	\$ 5,972,285	\$ -	\$ 29,844	\$ 6,002,129
General Obligation Debt fund	(34,702)	-	-	(34,702)
Motor Vehicle Highway Debt fund	(184,087)	-	-	(184,087)
Capital Improvement Program	1,742,252	-	-	1,742,252
Streets funds	1,003,966	-	5,419	1,009,385
Non-major governmental funds	6,631,922	-	25,932	6,657,854
Agency and trust funds	397,664	-	-	397,664
Internal service funds	864,551	-	10,280	874,831
Sewer fund	562,397	100,000	4,418	666,815
Water fund	(4,217,542)	100,000	224,218	(3,893,324)
Totals	<u>\$ 12,738,706</u>	<u>\$ 200,000</u>	<u>\$ 300,111</u>	<u>\$ 13,238,817</u>

Other cash includes construction retainage and other deposits in escrow, petty cash, and insurance pool deposits. The Pension and Employee Benefit Trust Funds' investment in fixed income securities of \$3.35 million and the Retiree Health Care funds investment of \$3.57 million with the Municipal Employee's Retirement System of Michigan are excluded from the above as the result of not being pooled investments and cash. Component unit cash as of June 30, 2010, totaled \$20,810, and is also not pooled cash.

4. DEPOSITS AND INVESTMENTS

The City maintains a pool of cash and investments in which each fund participates on a dollar equivalent and daily transaction basis. Interest is distributed monthly based on average monthly balances. A "zero balance account" mechanism provides for overnight sweeps of deposits made to the City depository account, and the outstanding balance in the accounts payable checking account, resulting in an instantaneous transfer to the investment account. Thus, the majority of funds in the City's operating accounts are invested in a Public Act 367, Section 1, money market fund (that is, a registered investment not subject to the \$250,000 FDIC limit) at all times. The City has never invested in derivatives or similar types of investments.

A. Investments

The City's deposits and investments are invested pursuant to the City of Portage investment policy. The objective of the policy is, in order of priority, preservation of capital, liquidity and yield. The policy addresses the soundness of financial institutions in which the City will deposit funds, diversification of the portfolio composition, and the permitted types of investment instruments. The terms of policy are informed by the provisions of Chapter 129, Public Funds, of the Michigan Compiled Laws and permit investment in:

1. Certificates of deposit issued by banks located in Michigan;
2. U.S. Treasury and agency obligations;
3. Commercial paper at the two highest rating levels;
4. Domestic bankers acceptances
5. U.S. Treasury or agency backed repurchase agreements, and
6. PA 20 qualified local government investment trusts and mutual funds

Further, the City assumes that its callable investments will not be called, and that all investments will be held to maturity.

The City participates in a local government investment trust, CLASS, managed by Cutwater Investors Service Corporation. Overnight operating account balances were invested in the JP Morgan Chase Michigan Governmental Operating fund. The City owns 1:1 dollar interests in each fund. Both pools are composed of investment vehicles that are permissible under state of Michigan law for municipal government, and would qualify for direct investment by the City. The fair value of the City's position in these funds is equivalent to the carrying value, and, as such, is included in the cash and pooled funds category.

Note 4 Deposits and Investments, continued

During the 2006/2007 fiscal year, the City bid out its' banking services and the successful bidder was JP Morgan Chase Bank. The overnight investments held in Chase accounts are invested in Chase's Michigan Governmental Operating fund that meets the criteria of Michigan law for investment by municipal governments.

Pension trust fund investments, a fiduciary fund not included in the government-wide statements, must conform to the limits and standards set forth in Michigan Public Act 55 of the Public Acts of 1982, as amended, and Public Act 252 of 1988. Its' corpus is held by, and its' assets are managed by Principal Financial Group, Inc.

Retiree health care fund investments, a fiduciary fund not included in the government-wide statements, must also conform to the limits and standards set forth in Michigan Public Act 55 of the Public Acts of 1982, as amended, and Public Act 252 of 1988. The vehicle and terms of investment meet the criteria of GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, for a qualifying Trust. Its' corpus is held by, and its' assets are managed by the Municipal Employees' Retirement System of Michigan (MERS).

The component unit's funds are included in the City's pooled cash funds, and partake ratably in the City's investment portfolio.

As of June 30, 2010, the City had the following investments:

Investment Type	<u>Fair Value</u>	<u>Effective Duration</u>
U.S. Government Agencies - Coupon	\$ 7,633,631	3.269
U.S. Government Agencies – Amortizing	999,855	0.169
Investment Pools	<u>3,689,436</u>	0.000
Total Fair Value	<u>\$ 12,322,922</u>	

Book value (cash and investments) exceeds fair value of investments by \$636,849, a difference due primarily to the exclusion of cash deposits from investment pools, but also to outstanding checks, accrued interest, and other outstanding cash items, offset by unrecognized appreciation of investments. Adjusting fair value by these amounts reconciles it to the book value of pooled investments and cash (unrestricted and restricted) of \$12,938,706.

Interest Rate Risk. In accordance with its investment policy, the City minimizes investment rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. The investment portfolio is structured so that securities mature to meet known cash requirements for ongoing operations, and the maturity of investments is limited to less than six years.

Credit Risk. The investment policy limits investments in commercial paper to those rated in the two highest classifications by nationally recognized statistical ratings organizations. As of June 30, 2010, investments in commercial paper were rated A1 by Standard and Poor's, F-1 by Fitch Ratings, and P-1 by Moodys Investors Service: the investments in the Cutwater CLASS, and the JP Morgan Chase Michigan Governmental Operating Fund investment pools were not rated. As of June 30, 2010, the City held 41% of it's portfolio in Federal National Mortgage Association ("Fannie Mae") bonds, government sponsored enterprises (GSE's) that, on September 7, 2008, were placed under conservatorship by the Federal Housing Finance Agency, a move that served to give the formerly implicit government backing of these securities a more explicit guarantee. The remaining investments included Federal Home Loan Mortgage Corporation ("Freddie Mac") 12%, Federal Home Loan Bank 35%, and commercial paper 12%.

Concentration of Credit Risk. The City minimizes the concentration of credit risk, which is the risk of loss attributed to the magnitude of investment in a single issuer. The investment policy requires diversification of the portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The

Note 4 Deposits and Investments, continued

investment policy criteria relating to the various forms of credit risk are as follows:

Investment type	Type, % of Portfolio Limit	Issuer/Broker, % of Portfolio Limit
Certificate of Deposit	may not exceed 60%	may not exceed 40%
U.S. Treasury, Agency & GSE	no limit	may not exceed 40% with one broker
Commercial Paper	may not exceed 70%	may not exceed 15%
Bankers Acceptances	no limit	may not exceed 40% with one bank
Repurchase Agreements	may not exceed 10%	may not exceed 40% with one bank
Mutual Fund/Local Govt Investment Pools	may not exceed 25%	may not exceed 40%

Custodial Credit Risk - Investments. For an investment, this is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. It is the policy of the City to minimize custodial credit risk for both investments and cash deposits. The City has a limited custodial credit risk exposure as of June 30, 2010, because all securities are registered in the name of the City, and are held by brokerage firms that are also the counterparty for these investments.

Foreign Currency Risk. The City is not authorized to participate in investments that have this type of risk.

B. Deposits

Primary Government

At year end, the carrying amount of the City cash deposits was \$757,422, and the balance in a savings account was \$150,061 making the total book balance \$907,483. The \$907,483 is \$657,483 over the \$250,000 coverage limit for FDIC insurance. The risk inherent in exceeding the FDIC limit is considered remote, and the compensating balance is instrumental in limiting the expense of bank service charges. The overnight sweep is invested in a governmental cash investment fund that meets the criteria for local government investment pools outlined in Public Act 367. Funds deposited in accordance with the requirements of Public Act 367 of 1982 are considered fully secured. No collateralization is required of the banking institution.

Other cash of \$300,111 consisted of \$222,211 construction contract retainage held in escrow, \$46,250 in reserves held by the City's insurer, \$25,000 in escrow deposit held by the Cable Television fund, and \$6,650 in petty cash. The construction contract retainage is on deposit in a separate bank and account and thus FDIC insured. The remaining \$77,900 in insurance funds, Cable TV escrow, and petty cash are not FDIC insured.

Component Units

The carrying value of deposits for the Economic Development Corporation was \$20,810. The Tax Increment Financing Authority is presently inactive, and has a zero deposit balance.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. As of June 30, 2010, \$657,483 of the City's deposits were exposed to custodial credit risk because the level of compensating balances exceeds the amount covered by FDIC insurance. Additionally \$77,900 of the "other cash" is held in accounts that are not insured.

5. PROPERTY TAXES

Property taxes are levied and attach as an enforceable lien on property as of August 1, and are due on September 14 of each year. Real property taxes remaining unpaid on the following March 1 are turned over to the County Treasurer for collection and the City is paid in full for the taxes by the County. Therefore, amounts recorded as delinquent tax payments receivable represent only unpaid personal property taxes.

The City bills and collects its own property taxes and also collects taxes for the state education fund, district library, Kalamazoo county, community college, regional programs, and the school districts contained within the City corporate limits. Collection and remittance of the state education fund, district library, Kalamazoo county, community college, regional programs, and the school districts taxes are accounted for in the current year tax collection and in the trust and agency Funds. City property tax revenues are recognized when levied to the extent that they result in current receivables.

6. CAPITAL ASSETS AND INFRASTRUCTURE

Capital assets activity for the year ended June 30, 2010 was as follows:

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 9,290,766	\$ -	\$ -	\$ 9,290,766
Rights-of-way	4,448,140	36,000	-	4,484,140
Total capital assets, not being depreciated	13,738,906	36,000	-	13,774,906
Capital assets, being depreciated				
Land improvements	6,654,552	171,063	(25,838)	6,799,777
Buildings	13,546,411	17,001	-	13,563,412
Machinery and equipment	6,277,266	177,639	(91,210)	6,363,695
Vehicles	7,696,052	435,602	(120,685)	8,010,969
Infrastructure	189,416,669	1,747,607	-	191,164,276
Total capital assets, being depreciated	223,590,950	2,548,912	(237,733)	225,902,129
Less accumulated depreciation for:				
Land Improvements	(3,835,553)	(282,584)	25,838	(4,092,299)
Buildings	(5,194,915)	(354,011)	-	(5,548,926)
Machinery and equipment	(5,499,376)	(267,358)	91,210	(5,675,524)
Vehicles	(7,135,804)	(371,669)	120,685	(7,386,788)
Infrastructure	(127,131,982)	(6,909,110)	-	(134,041,092)
Total accumulated depreciation	(148,797,630)	(8,184,732)	237,733	(156,744,629)
Total capital assets, being depreciated, net	74,793,320	(5,635,820)	-	69,157,500
Governmental activities capital assets, net	<u>\$ 88,532,226</u>	<u>\$ (5,599,820)</u>	<u>\$ -</u>	<u>\$ 82,932,406</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 334,490	\$ -	\$ -	\$ 334,490
Total capital assets, not being depreciated	334,490	-	-	334,490
Capital assets, being depreciated				
Land Improvements	12,872	-	-	12,872
Buildings	1,032,627	-	-	1,032,627
Machinery and equipment	1,094,446	-	-	1,094,446
Water and sewer system	122,193,241	4,613,390	-	126,806,631
Total capital assets, being depreciated	124,333,186	4,613,390	-	128,946,576
Less accumulated depreciation for:				
Land improvements	(7,355)	(910)	-	(8,265)
Buildings	(691,371)	(25,154)	-	(716,525)
Machinery and equipment	(966,741)	(37,506)	-	(1,004,247)
Water and sewer system	(29,268,259)	(1,469,668)	-	(30,737,927)
Total accumulated depreciation	(30,933,726)	(1,533,238)	-	(32,466,964)
Total capital assets, being depreciated, net	93,399,459	3,080,152	-	96,479,612
Business-type activities capital assets, net	<u>\$ 93,733,950</u>	<u>\$ 3,080,152</u>	<u>\$ -</u>	<u>\$ 96,814,102</u>

Note 6 Capital Assets and Infrastructure, Continued

Depreciation expense was charged to functions / programs of the primary government as follows:

Governmental activities:	
General government	\$ 421,801
Public safety	467,552
Streets and highways	51,445
Health & welfare	13,346
Parks/facility mgmt.	321,478
Unallocated depreciation	6,909,110
Total depreciation expense – governmental activities	<u>\$ 8,184,732</u>
Business-type activities:	
Sewer	\$ 769,469
Water	763,769
Total depreciation expense – business-type activities	<u>\$ 1,533,238</u>
The component unit has no capital assets.	

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables at June 30, 2010 totaled \$0.

Transfers between funds for the year ended June 30, 2010, were as follows:

Governmental Activities	General Fund	Major Streets	Local Streets	Non-major Gov't'l	Capital Improve.	Sewer Operating	Water Operating	Transfers In:
General Fund	\$ -	\$ -	\$ -	\$ 103,000	\$ -	\$ -	\$ -	\$ 103,000
Major Streets	970,000	-	-	-	-	-	-	970,000
Local Streets	415,000	-	-	-	-	-	-	415,000
GO Debt	-	-	-	20,157	3,537,000	-	-	3,557,157
MVH Debt	-	-	-	-	974,019	-	-	974,019
Capital Improvement Non-major	-	1,420,000	-	1,127,000	-	80,000	50,000	2,677,000
Governmental	-	-	-	70,596	605,000	-	-	675,596
Business-type Activities								
Sewer Operating	-	21,500	21,500	65,000	-	-	-	108,000
Transfers Out:	<u>\$1,385,000</u>	<u>\$1,441,500</u>	<u>\$ 21,500</u>	<u>\$1,385,753</u>	<u>\$5,116,019</u>	<u>\$ 80,000</u>	<u>\$ 50,000</u>	<u>\$9,479,772</u>

Interfund transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move unrestricted general fund revenues to finance various programs that the government must account for in other funds, 3) transfer bond proceeds from the issuing fund to internal service funds to fund asset purchases, 4) provide remuneration to funds providing common services.

8. DEBT AND NON-DEBT LIABILITIES

Debt Issues: One series of Capital Improvement Bonds was issued during the fiscal year in the amount of \$3,440,000 (series 2009, issued July 1, 2009). Two series of refunding bonds were also issued, one series of Michigan Transportation Fund (MTF) refunding bonds in the amount of \$6,680,000 (series 2010, issued March 1, 2010) and one Limited Tax General Obligation (LTGO) City Share series in the amount of \$2,575,000 (series 2010, issued April 1, 2010).

The \$6,680,000 face value, 2010 series, MTF bonds refunded the outstanding balance of three existing MTF series; \$1,835,000 of the series 1998 MTF bonds (original face value \$5,980,000), \$2,335,000 of the series 1998A MTF bonds (original face value \$2,765,000), and \$2,300,000 of the series 2001 MTF bonds (original face value \$3,200,000). The refunding was done to realize a net savings of \$375,773 (present value \$476,806). The aggregate difference in debt service between the refunded and refunding debt is a decrease of \$264,880, an increase in principal of \$210,000 but a reduction in interest of \$474,880.

Note 8 Debt and Non-Debt Liabilities, continued

The \$2,575,000 face value, 2010 series, LTGO City Share bonds refunded the outstanding balance of six existing LTGO series; \$340,000 of the series 1995 LTGO bonds (original face value \$805,000), \$125,000 of the series 1997 LTGO bonds (original face value \$305,000), \$245,000 of the series 1998 LTGO bonds (original face value \$605,000), \$270,000 of the series 1999 LTGO bonds (original face value \$1,370,000), \$285,000 of the series 2000 LTGO bonds (original face value \$960,000), and \$1,190,000 of the series 2002 LTGO bonds (original face value \$2,450,000). The refunding was done to realize a net savings of \$77,608 (present value \$134,104). The aggregate difference in debt service between the refunded and refunding debt is a decrease of \$54,420, an increase in principal of \$120,000 but a reduction in interest of \$174,420.

General Obligation bonds

Purpose	Interest rates	Amount
Governmental activities	2.00%-6.70%	\$ 1,341,905
Business-type activities	2.00%-6.70%	<u>2,093,095</u>
		<u>\$ 3,435,000</u>

Annual debt service requirements to maturity for general obligation bonds:

Year ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
June 30,				
2011	\$ 180,442	\$ 38,808	\$ 274,558	\$ 64,380
2012	170,638	30,575	259,362	49,755
2013	167,189	26,312	237,811	42,603
2014	123,434	22,586	161,566	36,989
2015	105,660	19,734	179,340	32,543
2016-2020	429,849	62,085	725,151	100,450
2021-2025	164,693	9,748	255,307	13,816
Totals	<u>\$ 1,341,905</u>	<u>\$ 209,848</u>	<u>\$ 2,093,095</u>	<u>\$ 340,536</u>

Capital Improvement Project bonds

Purpose	Interest rates	Amount
Governmental activities	2.50%-4.625%	\$ 30,500,203
Business-type activities	2.50%-4.625%	<u>30,879,797</u>
		<u>\$ 61,380,000</u>

Annual debt service requirements to maturity for Capital Improvement Project bonds:

Year ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
June 30,				
2011	\$ 2,397,861	\$1,163,408	\$1,557,139	\$1,238,125
2012	2,422,709	1,079,759	1,617,291	1,182,456
2013	2,369,482	995,205	1,640,518	1,124,424
2014	2,395,577	910,616	1,564,423	1,065,683
2015	2,215,264	824,579	1,594,736	1,006,018
2016-2020	9,087,221	2,947,924	10,192,779	3,906,528
2021-2025	6,298,019	1,406,440	9,816,981	1,668,001
2026-2030	3,314,070	274,490	2,895,930	211,268
Totals	<u>\$30,500,203</u>	<u>\$ 9,602,421</u>	<u>\$30,879,797</u>	<u>\$11,402,503</u>

Note 8 Debt and Non-Debt Liabilities, continued

Building Authority bonds

<u>Purpose</u>	<u>Interest rates</u>	<u>Amount</u>
Governmental activities	4.10%-5.60%	\$ 7,405,000
Annual debt service requirements to maturity for Building Authority bonds:		
Year ending	<u>Governmental Activities</u>	
<u>June 30,</u>	Principal	Interest
2011	\$715,000	\$350,396
2012	745,000	314,420
2013	750,000	277,271
2014	855,000	237,099
2015	755,000	196,683
2016-2020	2,540,000	524,918
2021-2025	1,045,000	73,125
Totals	<u>\$7,405,000</u>	<u>\$1,973,912</u>

Downtown Development Authority bonds

<u>Purpose</u>	<u>Interest rates</u>	<u>Amount</u>
Governmental activities	3.00%-5.25%	\$ 5,320,000
Annual debt service requirements to maturity for Downtown Development Authority bonds:		
Year ending	<u>Governmental Activities</u>	
<u>June 30,</u>	Principal	Interest
2011	\$ 160,000	\$ 247,639
2012	175,000	240,874
2013	220,000	233,111
2014	240,000	223,054
2015	260,000	211,911
2016-2020	2,025,000	824,579
2021-2025	1,750,000	314,187
2026-2030	490,000	38,850
Totals	<u>\$5,320,000</u>	<u>\$2,334,205</u>

Local Development Finance Authority bonds

<u>Purpose</u>	<u>Interest rates</u>	<u>Amount</u>
Governmental activities	4.25%-6.35%	\$ 5,850,000
Annual debt service requirements to maturity for Local Development Finance Authority bonds:		
Year ending	<u>Governmental Activities</u>	
<u>June 30,</u>	Principal	Interest
2011	\$ 140,000	\$ 313,618
2012	140,000	306,928
2013	225,000	300,238
2014	225,000	289,750
2015	225,000	279,262
2016-2020	1,450,000	1,206,687
2021-2025	2,000,000	749,800
2026-2030	1,445,000	224,000
Totals	<u>\$5,850,000</u>	<u>\$3,670,283</u>

Note 8 Debt and Non-Debt Liabilities, continued

Motor Vehicle Highway bonds

<u>Purpose</u>	<u>Interest rates</u>	<u>Amount</u>
Governmental activities	3.25%-5.125%	\$ 9,630,000

Annual debt service requirements to maturity for Motor Vehicle Highway bonds:

Year ending	<u>Governmental Activities</u>	
<u>June 30,</u>	Principal	Interest
2011	\$ 680,000	\$ 327,006
2012	745,000	265,800
2013	700,000	246,381
2014	995,000	223,669
2015	1,135,000	196,006
2016-2020	4,445,000	518,894
2021-2025	930,000	29,244
Totals	<u>\$ 9,630,000</u>	<u>\$1,807,000</u>

Special Assessment debt with government commitment

<u>Purpose</u>	<u>Interest rates</u>	<u>Amount</u>
Water main, sewer main, road improvements	2.50%-6.90%	\$ 4,720,000

Annual debt service requirements to maturity for special assessment bonds:

Year ending	<u>Governmental Activities</u>	
<u>June 30,</u>	Principal	Interest
2011	\$ 715,000	\$ 194,861
2012	670,000	165,788
2013	635,000	138,065
2014	465,000	114,405
2015	355,000	96,304
2016-2020	1,235,000	284,389
2021-2025	560,000	69,304
2026-2030	85,000	3,919
Totals	<u>\$4,720,000</u>	<u>\$1,067,035</u>

Revenue bonds

<u>Purpose</u>	<u>Interest rates</u>	<u>Amount</u>
Water main and sewer main construction	4.25%-4.50%	\$ 620,000

Annual debt service requirements to maturity for revenue bonds:

Year ending	<u>Business-type Activities</u>	
<u>June 30,</u>	Principal	Interest
2011	\$285,000	\$20,775
2012	285,000	8,484
2013	50,000	1,125
Totals	<u>\$ 620,000</u>	<u>\$ 30,384</u>

Note 8 Debt and Non-Debt Liabilities, continued

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable:					
General obligation bonds	\$ 1,556,487	\$ 938,913	\$ (1,153,495)	\$ 1,341,905	\$ 180,442
Special Assessment debt					
With government					
Commitment	5,525,000	-	(805,000)	4,720,000	715,000
Building Authority bonds	8,115,000	-	(710,000)	7,405,000	715,000
Motor Vehicle Highway bonds	10,285,000	6,680,000	(7,335,000)	9,630,000	680,000
Downtown Development					
Authority bonds	5,460,000	-	(140,000)	5,320,000	160,000
Local Development Finance					
Authority bonds	5,990,000	-	(140,000)	5,850,000	140,000
CIP Bonds	28,283,951	1,626,000	(2,008,002)	27,901,949	2,337,861
CIP Refunding Bonds (escrow)	2,899,866	-	(301,612)	2,598,254	60,000
Total bonds payable	68,115,304	9,244,913	(12,593,109)	64,767,108	4,988,303
Compensated absences	1,738,827	1,227,582	(1,222,799)	1,743,610	1,222,799
Retiree health care and pension	1,306,317	-	(28,929)	1,277,388	28,929
Governmental activity					
Long term liabilities	<u>\$ 71,160,448</u>	<u>\$ 10,472,495</u>	<u>\$(13,844,837)</u>	<u>\$ 67,788,106</u>	<u>\$ 6,240,031</u>
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Bonds payable:					
General obligation bonds	\$ 2,388,513	\$ -	\$ (1,931,505)	\$ 457,008	\$ 90,300
General obligation refunding					
bonds	-	1,636,087	-	1,636,087	184,258
CIP Utility bonds	17,341,183	1,814,000	(710,386)	18,444,797	807,139
CIP Refunding bonds (escrow)	13,160,000	-	(725,000)	12,435,000	750,000
Utility revenue bonds	860,000	-	(240,000)	620,000	285,000
Total bonds payable	33,749,696	3,450,087	(3,606,891)	33,592,892	2,116,697
Compensated absences	114,583	50,476	(47,561)	117,498	47,561
Business-type activity					
Long term liabilities	<u>\$ 33,864,279</u>	<u>\$3,500,563</u>	<u>\$(3,654,452)</u>	<u>\$ 33,710,390</u>	<u>\$ 2,164,258</u>

The liabilities for compensated absences, contributions to union-held and union-administered OPEB plans, and premiums for retiree health insurance have been paid out of current operations as claims arose, the cost of which is allocated among the different funds based on direct payroll allocation. The General Fund carries the largest payroll burden, and, therefore, satisfies the majority of the liability liquidation cost.

9. LITIGATION

As with any municipality, claims may from time to time be asserted which allege liability on the part of the City connected with a number of different matters involving general liability. The City is involved in a number of legal proceedings; while any litigation or investigation has an element of uncertainty, the City believes the uninsured portion of any lawsuit, or claim which is pending or threatened, or all of them combined, will not have a materially adverse effect on its financial condition or operations.

On May 6, 1998, the City reached a settlement agreement with the City of Kalamazoo for litigation begun in 1995. The litigation alleged overcharging by the City of Kalamazoo for wastewater rates over an extended

period of time. The settlement agreement called for a credit of \$1,000,000 to the City of Portage that will be recognized over a 20-year period. The City of Portage recorded the credit as a reduction of expenses in the Sewer Fund for the appropriate amount annually over the life of the settlement period. The settlement agreement was adopted by the appropriate judicial agencies.

10. COMMITMENTS AND CONTINGENCIES

A. Capital Improvement Plan

The City has a ten year *Capital Improvement Program* (CIP capital budget) that is an anticipated spending plan for the projects in the upcoming and future years. The City's 2009/2010 Capital Budget included new appropriations of \$17,701,000, including \$2,195,000 for the City's enterprise funds and \$15,506,000 for general government projects. The City has substantial contractual commitments relating to its capital improvement program, as follows:

<u>CIP project:</u>	<u>Spent to date</u>	<u>Remaining commitment</u>
Water system expansion (Enterprise fund)	\$4,252,311	\$3,835,679
Sewer main additions (Enterprise fund)	445,498	564,057
Street additions and improvements	1,760,223	3,937,443
Sidewalk and bikeway improvements	341,849	241,118
Technology improvements	229,259	352,696
Public safety improvements – Police	148,204	469,665
Public safety improvements – Fire	3,844	49,462
Parks improvements	25,358	278,451
Public facility improvements	<u>70,417</u>	<u>583</u>
TOTALS	<u>\$7,276,963</u>	<u>\$9,729,154</u>

B. Risk-Related Contingencies

The City uses internal service funds to account for risks related to health benefits, third-party liability, and workers' compensation. The funds are as follows:

<u>Fund Name</u>	<u>Description</u>
Liability Reserve	This reserve is held by Michigan Municipal Risk Management Association under the terms of their coverage for losses and claims related to liability for bodily injury, property damage, professional liability and certain employment liability. Excludes losses and claims related to health benefits or workers' compensation. After deductibles, experience rates dictate the reserve funding balance.
Workers' Compensation	Self-Insured. Costs are charged to other City funds each year based on historical cost. Stop-loss protection for individual incident claims paid in excess of \$350,000 is provided by Employers Reinsurance Corporation.

The City purchases coverage for loss or damage to real property, theft and other criminal acts, and third-party liability associated with utility operations through participation in a municipal risk pool, MMRMA. The MMRMA stop loss program consists of an annually established dollar level of reserve out of which claims are paid. When payments exceed the reserve, MMRMA satisfies the claims. The level of stop loss reserve held by MMRMA as of June 30, 2010, was \$46,250. The amount of insurance settlement has not exceeded insurance coverage in this fiscal year, nor in the preceding three fiscal years.

Contingency liabilities are reported when it is probable that a loss has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

11. PENSION PLANS

The City continues to fund annuity contracts under a defined benefit pension plan covering certain employees of the City of Portage. These contracts cover certain full-time employees who were first hired prior to the years 1985 through 1989 (depending on their various employee groups), and who individually elected to remain participants in the defined benefit plan upon the City's adoption of defined contribution plans. (See Note 12.) The plan has 1 active participant. The plan is active only with regard to the 1 active participant, participants who

are no longer employed but who have not yet achieved the right to receive benefits under the plan, and the retirees currently receiving benefit under the plan. The annuity contracts are administered by the Principal Financial Group, and are held and invested separately from all other City funds. The plan is a single-employer plan.

Plan Description. The plan is a single-employer public employee defined benefit pension plan established and administered by the City of Portage. The plan covers certain department heads and non-union employees who opted not to join a defined contribution plan, plus police radio operators. Participants include several terminated vested persons from other employee groups. The Plan provides retirement and death benefits to plan members and beneficiaries. The authority to establish and amend the benefit provisions rests with the City Council, under City Charter Section 6.17. The plan is considered part of the City of Portage's financial reporting entity, and is disclosed as a pension trust fiduciary fund in the City's financial reports. A financial statement may be obtained by writing to City of Portage, Finance Department, 7900 South Westnedge Avenue, Portage, Michigan 49002 or by calling (269) 329 - 4451.

Funding Policy. There are no required contributions by plan members. The contribution requirements of plan members and the employer were established by City Council and may be amended by City Council. Recommended contributions are actuarially determined. Administrative costs are funded through investment earnings. Please refer to the schedule of funding progress in the required supplemental section of this document.

Annual Pension Cost and Net Pension Obligation.

	June 30, 2010
Annual recommended contribution	\$ -0-
Interest on net pension obligation	-0-
Annual pension cost	-0-
Contribution made	-0-
Increase (decrease) in net pension obligation	-0-
Net pension obligation, beginning of year	-0-
Net pension obligation, end of year	\$ -0-

The annual required contribution was determined as part of the July 1, 2010, actuarial valuation using the entry age normal cost method. The actuarial assumptions include (a) a 7% investment rate of return, and (b) projected salary increases of 3% per year, compounded annually, attributable to inflation. The entry age normal cost method is used. This method does not identify or separately amortize unfunded actuarial liabilities (or funding excess). The effect of this actuarial technique is to smooth the effects of short-term volatility in the market value over a four-year period. The plan has not required contributions to be made for several years due to an overfunded condition in the trust. The schedule of funding progress for the postemployment defined benefit plan immediately follows the notes to the financial statements. This schedule presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial liability for benefits over time.

Summary of Significant Accounting Policies:

Basis of Accounting. The defined benefit plan is maintained as a pension trust fiduciary fund and is included as part of the City's reporting entity. The financial statements of the fund are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Recommended contribution amounts to satisfy unfunded accrued pension liability are based on a 30-year amortization period. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments. Plan investments are reported at fair value. Investment value is determined according to the contract lump sum transfer provision ignoring any contract restrictions on such transfer. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national, or international, exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest, and are discounted at the prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/06	\$ 0	100%	\$ 0
06/30/07	\$ 0	100%	\$ 0
06/30/08	\$ 0	100%	\$ 0
06/30/09	\$ 0	100%	\$ 0
06/30/10	\$ 0	100%	\$ 0

12. DEFINED CONTRIBUTION PLANS

The City has established a number of defined contribution plans that supersede the defined benefit plan. Employees at the time had the choice of transferring to the defined contribution plans. Each employee group has its own separate plan. The non-union and department head plans are administered by the City through trust agreements with the International City/County Management Association Retirement Corporation (ICMARC). The union plans are administered by the respective unions through trust agreements with PPS&V Asset Management Consultants, Inc. Selected employees in the Police Command are allowed to self-direct their investments. However, this does not change the responsibilities of the plan administrator. Financial statements for each plan can be obtained from the Finance Director, City of Portage, 7900 South Westnedge Avenue, Portage, Michigan 49002.

Plan Description. The plans cover all full-time employees, except those still enrolled in the defined benefit plan. Plan members are not required to contribute. Plan provision and contribution requirements are established and may be amended by the City Council, under City Charter Section 6.17. The City is required to contribute either specific dollar amounts or specific percentages of full-time salary costs, depending on the employee group. During the fiscal year ended June 30, 2010, the City contributed \$1,819,132 to the various plans, representing an aggregate of approximately 15.22% of covered payroll. No contributions were made to the plans by their participants.

13. OTHER POST EMPLOYMENT BENEFITS

The City uses the provision of Governmental Accounting Standards Board Statement No. 43, *Financial Reporting for Postemployment Benefits Other Than Pension Plans*, and No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The City provides post employment health insurance benefits according to the requirements and terms of various employment contracts, personnel policies and/or collective bargaining agreements entered into over the years. The City maintains trusts for post retirement health funding for the following groups: Portage Police Command Officers Pre-Age 65 Coverage, Non-union Employees, and Department Heads. Based on the terms of collective bargaining agreements, contributions are being made by the City directly to the union-held and -managed OPEB funds of the Portage Police Officers Association (PPOA), the Portage Police Command Officers Association (PPCOA) Post-Age 65 Coverage, and for the Portage membership of the International Association of Firefighters (IAFF). The administration and operation of the PPOA, PPCOA Post-Age 65 Coverage and IAFF OPEB retiree health benefit programs are completely independent of, and separate from, the City of Portage.

Plan Description. The Portage held retiree health benefit plans are a single-employer plan administered by the City. The authority to establish and amend the benefit provisions rest with the City Council under City charter Section 6.17. The plan is considered a part of the City of Portage's financial reporting entity, and is disclosed as a fiduciary trust fund in the City's financial reports. Separate financial statements are not issued for these trusts. The trust assets are invested in a mutual fund vehicle qualified for the purpose and managed by the Municipal Employees Retirement System of Michigan (MERS).

Funding Policy. There are no required contributions by plan participants. The plan has 20 retiree participants who meet the eligibility requirements. Recommended contributions are actuarially determined. The amounts of the contributions made annually to the union-held and -managed OPEB plans for the PPOA, PPCOA and IAFF groups are based on collective bargaining agreements. The plan is 100% funded on an actuarial basis, and

more than fully funded on a net present value basis. Please refer to the schedule of funding progress in the Required Supplemental Information section of this document immediately following.

Annual Recommended Cost and Net Obligation.

	June 30, 2010
Annual recommended contribution	\$ 285,202
Interest on net OPEB obligation	-0-
Annual OPEB cost	<u>285,202</u>
Contribution made	<u>500,000</u>
Decrease in net OPEB obligation	(214,798)
Net OPEB obligation, beginning of year	-0-
Net OPEB asset, end of year	<u><u>(\$214,798)</u></u>

Summary of Significant Accounting Policies

Basis of Accounting. The Retiree Health Benefit fund is maintained as a fiduciary trust fund using the accrual basis of accounting. Employer contributions are recognized in the period when the contribution is due, and the City has made a formal commitment to provide the contributions.

The City purchases commercial health insurance to provide the benefit that is provided for the retiree. The insurance policy provides coverage of medical expenses and costs according to the specific agreements applicable to the employee group. Dependent coverage, if requested, is paid by the retiree. During fiscal 2009/2010, the City paid \$133,147 for a total of 20 participants in retiree health insurance premiums or benefit waivers.

Methods Used to Value Investments. Investments are reported at fair value. The schedule of funding progress for the other postemployment employee benefit plan immediately follows the notes to the financial statements. This schedule presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial liability for benefits over time.

Actuarial Assumptions. The Annual Required Contribution (ARC) was determined as part of the June 30, 2009 actuarial valuation. Actuarial valuations are only required to be performed every other year, so the June 30, 2009 valuation has been relied on for the June 30, 2010 ARC. A discount rate of 7% was used along with an assumption of a 7% rate of return on plan assets. Pre- and post-retirement mortality assumptions are based on the 1983 Group Annuity Mortality Table (unisex). Net medical trend rates are assumed to be 7% from 2008-2012, 6% from 2013-2017, 5% from 2018-2022 and 4% after 2022. Withdrawal is 10% at age 20 graded down to zero at age 55. No disability is assumed. Assumed retirement ages are 60 for non-union and department heads with 15 years of service, and 55 for PPCOA with 20 years of service. The amortization period in all cases is an open 30 years. The plan uses the projected unit credit funding method. Under this method, benefits paid are based on past and anticipated future employment.

Trend Information

Fiscal Year <u>Ended</u>	Annual <u>Cost</u>	Percentage <u>Contributed</u>	Net <u>Obligation</u>
06/30/2007	-0-	100%	-0-
06/30/2008	\$374,604	100%	-0-
06/30/2009	\$285,202	100%	-0-
06/30/2010	\$285,202	100%	-0-

14. DEFERRED COMPENSATION PLAN

The City provides an approved deferred compensation plan, under Section 457 of the Internal Revenue Code, that is administered by the ICMA Retirement Corporation. All City employees are eligible to participate. The Internal Revenue Code requires that the plan assets and income attributed to those assets be held in trust for the exclusive benefit of the participants and/or beneficiaries. All amounts of employees' compensation deferred under the plan are deposited with the plan trustee, ICMA Retirement Corporation, for management and

investment. The plan trustee holds all assets of the plan, maintains accounting of each plan participant's accumulated assets and makes distributions to participants in accordance with the plan document.

15. EXPENDITURES IN EXCESS OF APPROPRIATIONS

No general fund department spent in excess of appropriations for the year ended June 30, 2010. Two other funds incurred expenditures in excess of amounts appropriated. Those funds and amounts were:

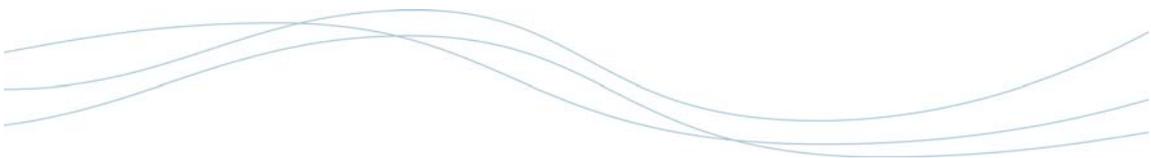
<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Obligation Debt Service	\$4,568,500	\$4,569,942	\$(1,442)
Building Authority Debt Service	\$ 985,385	\$ 992,629	\$(7,244)

Both of these funds had a fund balance adequate to cover the excess expenditures.

16. SUBSEQUENT EVENTS

On July 1, 2010, the City issued Capital Improvement Bonds in the amount of \$3,850,000. The series included \$2,850,000 in serial bonds maturing each July 1 from 2012 to 2025 with interest rates from 2.00% to 4.00%, and \$1,000,000 in term bonds maturing July 1 of 2028 and 2031 with interest rates of 4.25% and 4.50%. The proceeds will be used to fund street, sewer, and building improvements.

this page intentionally blank



REQUIRED SUPPLEMENTARY INFORMATION



Defined Benefit Retirement Plan

Schedule of Funding Progress

The amount shown below as actuarial accrued liability is computed using the Projected Unit Credit method of funding under the entry age normal cost method. The three most recent years of funding progress are as follows:

Actuarial Valuation Date July 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Funded Ratio (a) / (b)	Excess of Assets Over AAL (d) (a) – (b)	Annual Covered Payroll (e)	Excess as a Percentage of Covered Payroll (d) / (e)
2008	\$3,344,865	\$2,665,376	125.49%	\$469,489	\$144,747	469.43%
2009	\$3,037,408	\$2,610,978	116.33%	\$426,430	\$92,659	460.21%
2010	\$3,170,181	\$2,555,419	124.06%	\$614,762	\$39,234	1566.91%

Analysis of dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of a plan's funding status on a going concern basis. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation.

Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the plan's progress made in accumulating sufficient assets to pay benefits when due.

**Postemployment Benefits Other Than Pensions:
City of Portage Retiree Healthcare Funding Plan**

Schedule of Funding Progress

The amount shown below as actuarial accrued liability is computed using the Projected Unit Credit method of funding under the entry age normal cost method. The year ended June 30, 2008, is the year of implementation for the Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* under which a history of the proceeding three years of funding will be disclosed on an annual basis. The status of funding is shown as follows:

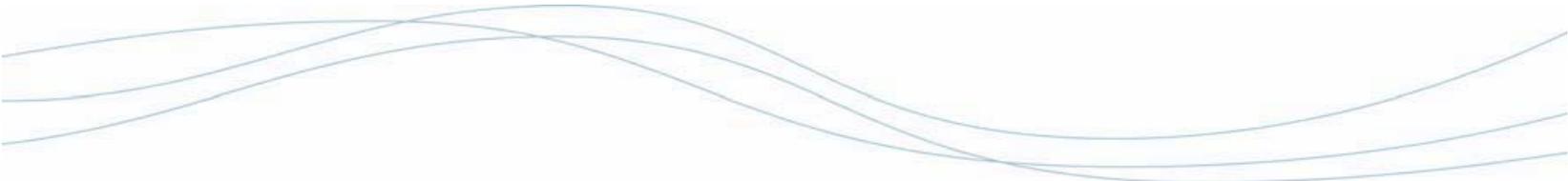
Actuarial Valuation Date July 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Funded Ratio (a) / (b)	Excess of Assets Over AAL (d) (a) – (b)	Annual Covered Payroll (e)	Excess as a Percentage of Covered Payroll (d) / (e)
2007	\$2,457,436	\$4,343,553	56.58%	(\$1,886,117)	\$5,269,606	35.79%
2008	\$2,921,291	\$4,715,003	61.96%	(\$1,793,712)	\$5,121,748	35.02%
2009	\$2,780,444	\$4,184,689	66.44%	(\$1,404,245)	\$4,927,930	28.50%

GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, only requires an actuarial valuation to be performed every other year. As a result, the actuarial valuation of assets and AAL data is not available for fiscal year ended June 30, 2010. Contributions in excess of the Actuarially Required Contribution determined as of June 30, 2009, were made.

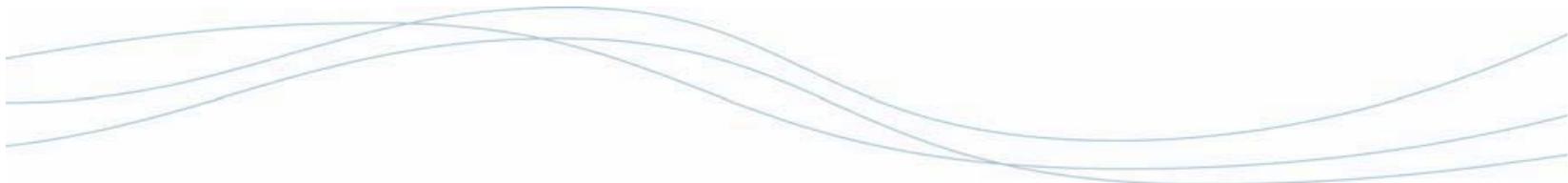
Analysis of dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of a plan's funding status on a going concern basis. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation.

Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the plan's progress made in accumulating sufficient assets to pay benefits when due. A conservative estimate of annual covered payroll was used for this presentation.

this page intentionally blank



NON-MAJOR GOVERNMENTAL FUNDS



CITY OF PORTAGE, MICHIGAN

Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2010

	Special Revenue Funds	Debt Service Funds	Cemetery Permanent Fund	C.D.B.G. Program Income Fund	Total
ASSETS					
Cash and investments	\$ 1,014,294	\$ 5,014,109	\$ 906,483	\$ 7,903	\$ 6,942,789
Accounts receivable	234,535	288,297	-	985,585	1,508,417
Special assessments receivable	-	1,807,261	-	-	1,807,261
Due from other governments	4,218	-	-	-	4,218
Prepaid costs	1,629	-	-	-	1,629
Total assets	<u>\$ 1,254,676</u>	<u>\$ 7,109,667</u>	<u>\$ 906,483</u>	<u>\$ 993,488</u>	<u>\$ 10,264,314</u>
LIABILITIES					
Accounts payable	\$ 349,994	\$ -	\$ -	\$ 206	\$ 350,200
Checks issued against future deposits	418	284,517	-	-	284,935
Accrued compensation	2,306	-	-	-	2,306
Deferred revenue	60,909	1,807,261	-	985,585	2,853,755
Deposits payable	25,000	-	-	-	25,000
Total liabilities	<u>438,627</u>	<u>2,091,778</u>	<u>-</u>	<u>985,791</u>	<u>3,516,196</u>
FUND BALANCES					
Reserved for encumbrances	124,111	-	-	-	124,111
Reserved for prepaid costs	1,629	-	-	-	1,629
Reserved for uncompleted projects	77,367	-	-	-	77,367
Reserved for debt service	-	5,017,889	-	-	5,017,889
Reserved for perpetual care	-	-	906,483	-	906,483
Reserved for loans	-	-	-	7,697	7,697
Unreserved and undesignated	612,942	-	-	-	612,942
Total fund balances	<u>816,049</u>	<u>5,017,889</u>	<u>906,483</u>	<u>7,697</u>	<u>6,748,118</u>
Total liabilities and fund balances	<u>\$ 1,254,676</u>	<u>\$ 7,109,667</u>	<u>\$ 906,483</u>	<u>\$ 993,488</u>	<u>\$ 10,264,314</u>

CITY OF PORTAGE, MICHIGAN

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds

Fiscal Year Ended June 30, 2010

	Special Revenue Funds	Debt Service Funds	Cemetery Permanent Fund	C.D.B.G. Program Income Fund	Total
REVENUES					
Taxes and special assessments	\$ 2,408,019	\$ 1,322,301	\$ -	\$ -	\$ 3,730,320
Licenses and permits	665,308	-	-	-	665,308
Federal grants	418,140	-	-	-	418,140
State grants	104,868	-	-	-	104,868
Charges for services	36,466	-	45,525	84,583	166,574
Interest and rents	13,827	411,810	8,079	-	433,716
Other	79,164	-	-	12,151	91,315
Total revenues	3,725,792	1,734,111	53,604	96,734	5,610,241
EXPENDITURES					
Current:					
General government	141,139	-	-	-	141,139
Public safety	56,473	-	-	-	56,473
Health and welfare	1,672,825	-	-	24,558	1,697,383
Recreation and cultural	577,789	-	-	-	577,789
Debt service:					
Principal	-	1,707,055	-	-	1,707,055
Interest and fiscal charges	-	1,176,587	-	-	1,176,587
Total expenditures	2,448,226	2,883,642	-	24,558	5,356,426
Excess (deficiency) of revenues over expenditures	1,277,566	(1,149,531)	53,604	72,176	253,815
OTHER FINANCING SOURCES (USES)					
Transfers in	70,596	605,000	-	-	675,596
Transfers out	(1,300,157)	-	(15,000)	(70,596)	(1,385,753)
Total other financing sources (uses)	(1,229,561)	605,000	(15,000)	(70,596)	(710,157)
Net change in fund balances	48,005	(544,531)	38,604	1,580	(456,342)
Fund balances - beginning	768,044	5,562,420	867,879	6,117	7,204,460
Fund balances - ending	\$ 816,049	\$ 5,017,889	\$ 906,483	\$ 7,697	\$ 6,748,118

CITY OF PORTAGE, MICHIGAN

Combining Balance Sheet Nonmajor Special Revenue Funds

June 30, 2010

	Cultural Activities Fund	Cable Television Fund	Community Development Block Grant Fund	Community Development Block Grant Recovery Fund	MiSHDA Grant Fund	MiSHDA NSP Grant Fund	ARRA Grant Fund	Brownfield Redevelopment Authority Fund	West Lake Management Program	Curbside Recycling Fund	Leaf Pickup Spring Clean Fund	Municipal Streets Fund	Total
ASSETS													
Cash and investments	\$ 34,822	\$ 198,931	\$ 1,235	\$ -	\$ -	\$ -	\$ 192,025	\$ 5,188	\$ 82,757	\$ 108,261	\$ 311,323	\$ 79,752	\$ 1,014,294
Accounts receivable	2,150	173,635	-	-	-	-	-	-	58,750	-	-	-	234,535
Due from other governments	-	-	-	718	3,500	-	-	-	-	-	-	-	4,218
Prepaid costs	453	-	-	-	-	-	-	-	-	588	588	-	1,629
Total assets	<u>\$ 37,425</u>	<u>\$ 372,566</u>	<u>\$ 1,235</u>	<u>\$ 718</u>	<u>\$ 3,500</u>	<u>\$ -</u>	<u>\$ 192,025</u>	<u>\$ 5,188</u>	<u>\$ 141,507</u>	<u>\$ 108,849</u>	<u>\$ 311,911</u>	<u>\$ 79,752</u>	<u>\$ 1,254,676</u>
LIABILITIES													
Accounts payable	\$ 8,458	\$ 114,319	\$ 1,235	\$ 300	\$ 3,500	\$ -	\$ 78,483	\$ -	\$ 3,858	\$ 7,986	\$ 131,855	\$ -	\$ 349,994
Checks issued against future deposits	-	-	-	418	-	-	-	-	-	-	-	-	418
Accrued compensation	928	702	-	-	-	-	-	-	-	357	319	-	2,306
Deferred revenue	2,159	-	-	-	-	-	-	-	58,750	-	-	-	60,909
Deposits payable	-	25,000	-	-	-	-	-	-	-	-	-	-	25,000
Total liabilities	<u>11,545</u>	<u>140,021</u>	<u>1,235</u>	<u>718</u>	<u>3,500</u>	<u>-</u>	<u>78,483</u>	<u>-</u>	<u>62,608</u>	<u>8,343</u>	<u>132,174</u>	<u>-</u>	<u>438,627</u>
FUND BALANCES													
Reserved:													
Reserved for encumbrances	-	99,666	-	-	-	-	-	3,950	1,532	14,839	4,124	-	124,111
Reserved for prepaid costs	453	-	-	-	-	-	-	-	-	588	588	-	1,629
Reserved for lakes maintenance	-	-	-	-	-	-	-	-	77,367	-	-	-	77,367
Unreserved:													
Undesignated	25,427	132,879	-	-	-	-	113,542	1,238	-	85,079	175,025	79,752	612,942
Total fund balances	<u>25,880</u>	<u>232,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,542</u>	<u>5,188</u>	<u>78,899</u>	<u>100,506</u>	<u>179,737</u>	<u>79,752</u>	<u>816,049</u>
Total liabilities and fund balances	<u>\$ 37,425</u>	<u>\$ 372,566</u>	<u>\$ 1,235</u>	<u>\$ 718</u>	<u>\$ 3,500</u>	<u>\$ -</u>	<u>\$ 192,025</u>	<u>\$ 5,188</u>	<u>\$ 141,507</u>	<u>\$ 108,849</u>	<u>\$ 311,911</u>	<u>\$ 79,752</u>	<u>\$ 1,254,676</u>

CITY OF PORTAGE, MICHIGAN

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds**

Fiscal Year Ended June 30, 2010

	Cultural Activities Fund	Cable Television Fund	Community Development Block Grant Fund	Community Development Block Grant Recovery Fund	MiSHDA Grant Fund	MiSHDA NSP Grant Fund	ARRA Grant Fund	Brownfield Redevelopment Authority Fund	West Lake Management Fund	Curbside Recycling Fund	Leaf Pickup Spring Clean Fund	Municipal Streets Fund	Total
REVENUES:													
Taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,266	\$ 561,688	\$ 611,805	\$ 1,229,260	\$ 2,408,019
Licenses and permits	-	665,308	-	-	-	-	-	-	-	-	-	-	665,308
Federal grants	-	-	157,474	55,966	-	-	204,700	-	-	-	-	-	418,140
State grants	-	-	-	-	77,951	26,917	-	-	-	-	-	-	104,868
Charges for services	36,466	-	-	-	-	-	-	-	-	-	-	-	36,466
Interest on investments	124	1,054	-	-	-	-	-	47	807	3,006	4,722	4,067	13,827
Other	79,089	-	-	-	-	-	-	-	-	-	75	-	79,164
Total revenues	115,679	666,362	157,474	55,966	77,951	26,917	204,700	47	6,073	564,694	616,602	1,233,327	3,725,792
EXPENDITURES:													
General government	-	-	44,312	5,669	-	-	91,158	-	-	-	-	-	141,139
Public safety	-	-	56,473	-	-	-	-	-	-	-	-	-	56,473
Health and welfare	-	-	127,285	50,297	81,588	26,917	-	-	-	601,567	667,951	117,220	1,672,825
Recreation and cultural	95,190	468,026	-	-	-	-	-	-	14,573	-	-	-	577,789
Total expenditures	95,190	468,026	228,070	55,966	81,588	26,917	91,158	-	14,573	601,567	667,951	117,220	2,448,226
Excess (deficiency) of revenues over (under) expenditures	20,489	198,336	(70,596)	-	(3,637)	-	113,542	47	(8,500)	(36,873)	(51,349)	1,116,107	1,277,566
OTHER FINANCING SOURCES (USES):													
Transfers in	-	-	70,596	-	-	-	-	-	-	-	-	-	70,596
Transfers out	-	(88,000)	-	-	-	-	-	-	-	-	(20,157)	(1,192,000)	(1,300,157)
Total other financing sources and (uses)	-	(88,000)	70,596	-	-	-	-	-	-	-	(20,157)	(1,192,000)	(1,229,561)
Net change in fund balances	20,489	110,336	-	-	(3,637)	-	113,542	47	(8,500)	(36,873)	(71,506)	(75,893)	48,005
Fund balances - beginning	5,391	122,209	-	-	3,637	-	-	5,141	87,399	137,379	251,243	155,645	768,044
Fund balances - ending	\$ 25,880	\$ 232,545	\$ -	\$ -	\$ -	\$ -	\$ 113,542	\$ 5,188	\$ 78,899	\$ 100,506	\$ 179,737	\$ 79,752	\$ 816,049

CITY OF PORTAGE, MICHIGAN

Cultural Activities Fund Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual

Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

	2010		Variance with Amended Budget + / (-)	2009 Actual
	Amended Budget	Actual		
REVENUES:				
Charges for services	\$ 26,000	\$ 36,466	\$ 10,466	\$ 31,143
Interest on investments	600	124	(476)	54
Other	70,500	79,089	8,589	79,728
Total revenues	97,100	115,679	18,579	110,925
EXPENDITURES:				
Cultural Activities	99,566	95,190	4,376	118,048
Total expenditures	99,566	95,190	4,376	118,048
Excess (deficiency) of revenues over expenditures	(2,466)	20,489	22,955	(7,123)
Net change in fund balance	(2,466)	20,489	22,955	10,186
Fund balance - beginning	5,391	5,391	-	12,514
Fund balance - ending	\$ 2,925	\$ 25,880	\$ 22,955	\$ 5,391

CITY OF PORTAGE, MICHIGAN

Cable Television Fund Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual

**Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009**

	2010		Variance with Amended Budget + / (-)	2009 Actual
	Amended Budget	Actual		
REVENUES:				
Licenses and permits				
Annual fees	\$ 634,000	\$ 665,308	\$ 31,308	\$ 621,282
Interest on investments	1,500	1,054	(446)	1,994
Total revenues	<u>635,500</u>	<u>666,362</u>	<u>30,862</u>	<u>623,276</u>
EXPENDITURES:				
Recreation and cultural:				
Operations	622,597	468,026	154,571	571,330
Total expenditures	<u>622,597</u>	<u>468,026</u>	<u>154,571</u>	<u>571,330</u>
Excess of revenues over expenditures	12,903	198,336	185,433	51,946
OTHER FINANCING USES:				
Transfers:				
General Fund	(88,000)	(88,000)	-	(88,000)
Capital Improvement	-	-	-	(100,000)
Total other financing uses	<u>(88,000)</u>	<u>(88,000)</u>	<u>-</u>	<u>(188,000)</u>
Net change in fund balance	(75,097)	110,336	185,433	(136,054)
Fund balance - beginning	<u>122,209</u>	<u>122,209</u>	<u>-</u>	<u>258,263</u>
Fund balance - ending	<u>\$ 47,112</u>	<u>\$ 232,545</u>	<u>\$ 185,433</u>	<u>\$ 122,209</u>

CITY OF PORTAGE, MICHIGAN

**Community Development Block Grant Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual**

**Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009**

	2010		Variance with Amended Budget + / (-)	2009 Actual
	Amended Budget	Actual		
REVENUES:				
Intergovernmental				
Federal grants	\$ 273,204	\$ 157,474	\$ (115,730)	\$ 244,145
Total revenues	<u>273,204</u>	<u>157,474</u>	<u>(115,730)</u>	<u>244,145</u>
EXPENDITURES:				
General government				
Administration	47,634	44,312	3,322	47,767
Public safety				
Code enforcement	60,658	56,473	4,185	56,923
Health and welfare				
Housing rehabilitation	151,470	113,843	37,627	120,768
Portage Community Outreach Center	13,442	13,442	-	18,687
Total expenditures	<u>273,204</u>	<u>228,070</u>	<u>45,134</u>	<u>244,145</u>
Deficiency of revenues over expenditures	-	(70,596)	70,596	-
OTHER FINANCING SOURCE:				
Transfers in				
CDBG Program Income Fund	-	70,596	(70,596)	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PORTAGE, MICHIGAN

Community Development Block Grant Recovery Fund Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual

Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

	2010		Variance with Amended Budget + / (-)	2009 Actual
	Amended Budget	Actual		
REVENUES:				
Intergovernmental				
Federal grants	\$ 57,194	\$ 55,966	\$ (1,228)	\$ -
Total revenues	57,194	55,966	(1,228)	-
EXPENDITURES:				
General government				
Administration	5,719	5,669	50	-
Health and welfare				
Housing rehabilitation	51,475	50,297	1,178	-
Total expenditures	57,194	55,966	1,228	-
Excess of revenues over expenditures	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

CITY OF PORTAGE, MICHIGAN

Michigan State Housing Development Authority Grant Fund Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual

Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

	2010		Variance with Amended Budget + / (-)	2009 Actual
	Amended Budget	Actual		
REVENUES:				
Intergovernmental				
State grants	\$ 131,755	\$ 77,951	\$ (53,804)	\$ 41,079
Total revenues	131,755	77,951	(53,804)	41,079
EXPENDITURES:				
Health and welfare				
Housing rehabilitation	131,755	81,588	50,167	37,927
Total expenditures	131,755	81,588	50,167	37,927
Deficiency of revenues over expenditures	-	(3,637)	(3,637)	3,152
Fund balance - beginning	3,637	3,637	-	485
Fund balance - ending	\$ 3,637	\$ -	\$ (3,637)	\$ 3,637

CITY OF PORTAGE, MICHIGAN

**Michigan State Housing Development Authority Grant Fund - Neighborhood Stabilization Program
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual**

**Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009**

	2010		Variance with Amended Budget + / (-)	2009 Actual
	Amended Budget	Actual		
REVENUES:				
Intergovernmental				
State grants	\$ 145,000	\$ 26,917	\$ (118,083)	\$ -
Total revenues	<u>145,000</u>	<u>26,917</u>	<u>(118,083)</u>	<u>-</u>
EXPENDITURES:				
Health and welfare				
Housing rehabilitation	145,000	26,917	118,083	-
Total expenditures	<u>145,000</u>	<u>26,917</u>	<u>118,083</u>	<u>-</u>
Excess of revenues over expenditures	-	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF PORTAGE, MICHIGAN

**American Relief and Recovery Act Grant Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual**

**Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009**

	2010		Variance with Amended Budget + / (-)	2009 Actual
	Amended Budget	Actual		
REVENUES:				
Intergovernmental				
Federal grant	\$ 204,700	\$ 204,700	\$ -	\$ -
Total revenues	<u>204,700</u>	<u>204,700</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
General government				
Buildings	204,700	91,158	113,542	-
Total expenditures	<u>204,700</u>	<u>91,158</u>	<u>113,542</u>	<u>-</u>
Excess of revenues over expenditures	<u>-</u>	<u>113,542</u>	<u>113,542</u>	<u>-</u>
Net change in fund balance	-	113,542	113,542	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 113,542</u>	<u>\$ 113,542</u>	<u>\$ -</u>

CITY OF PORTAGE, MICHIGAN

**Brownfield Redevelopment Authority Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual**

**Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009**

	2010		Variance with Amended Budget + / (-)	2009 Actual
	Amended Budget	Actual		
REVENUES:				
Interest on investments	\$ 100	\$ 47	\$ (53)	\$ 86
Total revenues	<u>100</u>	<u>47</u>	<u>(53)</u>	<u>86</u>
EXPENDITURES:				
Health & welfare				
Legal services	4,000	-	4,000	-
Total expenditures	<u>4,000</u>	<u>-</u>	<u>4,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(3,900)</u>	<u>47</u>	<u>3,947</u>	<u>86</u>
Net change in fund balance	(3,900)	47	3,947	86
Fund balance - beginning	<u>5,141</u>	<u>5,141</u>	<u>-</u>	<u>5,055</u>
Fund balance - ending	<u>\$ 1,241</u>	<u>\$ 5,188</u>	<u>\$ 3,947</u>	<u>\$ 5,141</u>

CITY OF PORTAGE, MICHIGAN

**West Lake Management Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual**

**Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009**

	2010		Variance with Amended Budget + / (-)	2009 Actual
	Amended Budget	Actual		
REVENUES:				
Taxes and special assessments	\$ 6,076	\$ 5,266	\$ (810)	\$ 5,321
Interest on investments	1,500	807	(693)	1,627
Total revenues	<u>7,576</u>	<u>6,073</u>	<u>(1,503)</u>	<u>6,948</u>
EXPENDITURES:				
Recreation and Cultural				
Weed control	45,000	14,573	30,427	45,483
Total expenditures	<u>45,000</u>	<u>14,573</u>	<u>30,427</u>	<u>45,483</u>
Deficiency of revenues over expenditures	<u>(37,424)</u>	<u>(8,500)</u>	<u>28,924</u>	<u>(38,535)</u>
Net change in fund balance	(37,424)	(8,500)	28,924	(38,535)
Fund balance - beginning	<u>87,399</u>	<u>87,399</u>	-	<u>125,934</u>
Fund balance - ending	<u>\$ 49,975</u>	<u>\$ 78,899</u>	<u>\$ 28,924</u>	<u>\$ 87,399</u>

CITY OF PORTAGE, MICHIGAN

**Curbside Recycling Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual**

**Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009**

	2010		Variance with Amended Budget + / (-)	2009 Actual
	Amended Budget	Actual		
REVENUES:				
Taxes and special assessments	\$ 561,400	\$ 561,688	\$ 288	\$ 606,116
Interest on investments	8,000	3,006	(4,994)	6,230
Total revenues	<u>569,400</u>	<u>564,694</u>	<u>(4,706)</u>	<u>612,346</u>
EXPENDITURES:				
Health and welfare				
Operations	626,495	601,567	24,928	598,860
Total expenditures	<u>626,495</u>	<u>601,567</u>	<u>24,928</u>	<u>598,860</u>
Deficiency of revenues over expenditures	<u>(57,095)</u>	<u>(36,873)</u>	<u>20,222</u>	<u>13,486</u>
Net change in fund balance	(57,095)	(36,873)	20,222	13,486
Fund balance - beginning	<u>137,379</u>	<u>137,379</u>	-	<u>123,893</u>
Fund balance - ending	<u>\$ 80,284</u>	<u>\$ 100,506</u>	<u>\$ 20,222</u>	<u>\$ 137,379</u>

CITY OF PORTAGE, MICHIGAN

**Leaf Pickup / Spring Cleanup Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual**

**Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009**

	2010		Variance with Amended Budget + / (-)	2009 Actual
	Amended Budget	Actual		
REVENUES:				
Taxes and special assessments	\$ 611,200	\$ 611,805	\$ 605	\$ 730,843
Interest on investments	9,000	4,722	(4,278)	9,162
Other revenue	-	75	75	347
Total revenues	<u>620,200</u>	<u>616,602</u>	<u>(3,598)</u>	<u>740,352</u>
EXPENDITURES:				
Health and welfare				
Operations	<u>851,010</u>	<u>667,951</u>	<u>183,059</u>	<u>678,110</u>
Total expenditures	<u>851,010</u>	<u>667,951</u>	<u>183,059</u>	<u>678,110</u>
Excess (deficiency) of revenues over expenditures	<u>(230,810)</u>	<u>(51,349)</u>	<u>179,461</u>	<u>62,242</u>
OTHER FINANCING USE:				
Transfer out				
Debt Service Fund	<u>(20,157)</u>	<u>(20,157)</u>	<u>-</u>	<u>(19,432)</u>
Total other financing uses	<u>(20,157)</u>	<u>(20,157)</u>	<u>-</u>	<u>(19,432)</u>
Net change in fund balance	<u>(250,967)</u>	<u>(71,506)</u>	<u>179,461</u>	<u>42,810</u>
Fund balance - beginning	<u>251,243</u>	<u>251,243</u>	<u>-</u>	<u>208,433</u>
Fund balance - ending	<u>\$ 276</u>	<u>\$ 179,737</u>	<u>\$ 179,461</u>	<u>\$ 251,243</u>

CITY OF PORTAGE, MICHIGAN

**Municipal Streets Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual**

**Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009**

	2010		Variance with	2009
	Amended Budget	Actual	Amended Budget + / (-)	Actual
REVENUES:				
Taxes and special assessments	\$ 1,239,000	\$ 1,229,260	\$ (9,740)	\$ 1,066,197
Interest on investments	1,500	4,067	2,567	2,447
Total revenues	<u>1,240,500</u>	<u>1,233,327</u>	<u>(7,173)</u>	<u>1,068,644</u>
EXPENDITURES:				
Highways and Streets				
Operations	117,220	117,220	-	-
Total expenditures	<u>117,220</u>	<u>117,220</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>1,123,280</u>	<u>1,116,107</u>	<u>(7,173)</u>	<u>1,068,644</u>
OTHER FINANCING USE:				
Transfer out				
Capital Improvement Fund	(1,192,000)	(1,192,000)	-	(1,004,000)
Total other financing uses	<u>(1,192,000)</u>	<u>(1,192,000)</u>	<u>-</u>	<u>(1,004,000)</u>
Net change in fund balance	(68,720)	(75,893)	(7,173)	64,644
Fund balance - beginning	<u>155,645</u>	<u>155,645</u>	<u>-</u>	<u>91,001</u>
Fund balance - ending	<u>\$ 86,925</u>	<u>\$ 79,752</u>	<u>\$ (7,173)</u>	<u>\$ 155,645</u>

CITY OF PORTAGE, MICHIGAN

Combining Balance Sheet Nonmajor Debt Service Funds

June 30, 2010

	Downtown Development Authority Fund	Building Authority Debt Service Fund	Local Development Finance Authority 2 Debt Service Fund	Special Assessment Debt Service Fund	Total
<u>ASSETS</u>					
Cash and investments	\$ 363,182	\$ -	\$ 1,905,242	\$ 2,745,685	\$ 5,014,109
Accounts receivable	-	288,297	-	-	288,297
Special assessments receivable	-	-	-	1,807,261	1,807,261
Total assets	\$ 363,182	\$ 288,297	\$ 1,905,242	\$ 4,552,946	\$ 7,109,667
 <u>LIABILITIES</u>					
Checks issued against future deposits	\$ -	\$ 284,517	\$ -	\$ -	\$ 284,517
Deferred revenue	-	-	-	1,807,261	1,807,261
Total liabilities	-	284,517	-	1,807,261	2,091,778
 <u>FUND BALANCES</u>					
Reserved for debt service	363,182	3,780	1,905,242	2,745,685	5,017,889
Total fund balances	363,182	3,780	1,905,242	2,745,685	5,017,889
Total liabilities and fund balances	\$ 363,182	\$ 288,297	\$ 1,905,242	\$ 4,552,946	\$ 7,109,667

CITY OF PORTAGE, MICHIGAN

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Debt Service Funds

Fiscal Year Ended June 30, 2010

	Downtown Development Authority Fund	Building Authority Debt Service Fund	Local Development Finance Authority 2004 Debt Service Fund	Special Assessment Debt Service Fund	Total
REVENUES:					
Taxes and special assessments	\$ 410,511	\$ -	\$ 484,093	\$ 427,697	\$ 1,322,301
Interest on investments	3,693	-	17,478	28,315	49,486
Interest on special assessments	-	-	-	124,816	124,816
Rental revenue	-	237,508	-	-	237,508
Total revenues	<u>414,204</u>	<u>237,508</u>	<u>501,571</u>	<u>580,828</u>	<u>1,734,111</u>
EXPENDITURES:					
Debt Service					
Principal retirement	140,000	622,055	140,000	805,000	1,707,055
Interest and fiscal charges	253,921	370,574	320,532	231,560	1,176,587
Total expenditures	<u>393,921</u>	<u>992,629</u>	<u>460,532</u>	<u>1,036,560</u>	<u>2,883,642</u>
Excess (deficiency) of revenues over expenditures	<u>20,283</u>	<u>(755,121)</u>	<u>41,039</u>	<u>(455,732)</u>	<u>(1,149,531)</u>
OTHER FINANCING SOURCE:					
Transfers in					
Capital Improvement Fund	-	605,000	-	-	605,000
Total other financing sources	<u>-</u>	<u>605,000</u>	<u>-</u>	<u>-</u>	<u>605,000</u>
Net change in fund balance	20,283	(150,121)	41,039	(455,732)	(544,531)
Fund balances - beginning	<u>342,899</u>	<u>153,901</u>	<u>1,864,203</u>	<u>3,201,417</u>	<u>5,562,420</u>
Fund balances - ending	<u>\$ 363,182</u>	<u>\$ 3,780</u>	<u>\$ 1,905,242</u>	<u>\$ 2,745,685</u>	<u>\$ 5,017,889</u>

CITY OF PORTAGE, MICHIGAN

**Downtown Development Authority Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual**

**Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009**

	2010			
	Amended Budget	Actual	Variance with Amended Budget + / (-)	2009 Actual
REVENUES:				
Taxes	\$ 390,000	\$ 410,511	\$ 20,511	\$ 436,298
Interest on investments	4,000	3,693	(307)	6,716
Total revenues	<u>394,000</u>	<u>414,204</u>	<u>20,204</u>	<u>443,014</u>
EXPENDITURES:				
Debt Service				
Principal	140,000	140,000	-	125,000
Interest	254,175	253,921	254	258,836
Total expenditures	<u>394,175</u>	<u>393,921</u>	<u>254</u>	<u>383,836</u>
Excess (deficiency) of revenues over expenditures	<u>(175)</u>	<u>20,283</u>	<u>20,458</u>	<u>59,178</u>
Net change in fund balance	(175)	20,283	20,458	59,178
Fund balance - beginning	<u>342,899</u>	<u>342,899</u>	<u>-</u>	<u>283,721</u>
Fund balance - ending	<u><u>\$ 342,724</u></u>	<u><u>\$ 363,182</u></u>	<u><u>\$ 20,458</u></u>	<u><u>\$ 342,899</u></u>

CITY OF PORTAGE, MICHIGAN

**Building Authority Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual**

**Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009**

	2010		Variance with Amended Budget + / (-)	2009 Actual
	Amended Budget	Actual		
REVENUES:				
Interest on investments	\$ 5,000	\$ -	\$ (5,000)	\$ -
Rental revenue	251,519	237,508	(14,011)	246,905
Total revenues	<u>256,519</u>	<u>237,508</u>	<u>(19,011)</u>	<u>246,905</u>
EXPENDITURES:				
Debt Service				
Principal	622,055	622,055	-	714,557
Interest	363,330	370,574	(7,244)	397,784
Total expenditures	<u>985,385</u>	<u>992,629</u>	<u>(7,244)</u>	<u>1,112,341</u>
Deficiency of revenues over expenditures	<u>(728,866)</u>	<u>(755,121)</u>	<u>(26,255)</u>	<u>(865,436)</u>
OTHER FINANCING SOURCE:				
Transfers in				
Capital Improvement Fund	745,000	605,000	(140,000)	866,250
Total other financing sources	<u>745,000</u>	<u>605,000</u>	<u>(140,000)</u>	<u>866,250</u>
Net change in fund balance	16,134	(150,121)	(166,255)	814
Fund balance - beginning	<u>153,901</u>	<u>153,901</u>	<u>-</u>	<u>153,087</u>
Fund balance - ending	<u>\$ 170,035</u>	<u>\$ 3,780</u>	<u>\$ (166,255)</u>	<u>\$ 153,901</u>

CITY OF PORTAGE, MICHIGAN

Local Development Finance Authority 2004 Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual

Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

	2010		Variance with Amended Budget + / (-)	2009 Actual
	Amended Budget	Actual		
REVENUES:				
Taxes and special assessments	\$ 450,000	\$ 484,093	\$ 34,093	\$ 473,791
Interest on investments	20,000	17,478	(2,522)	35,584
Total revenues	<u>470,000</u>	<u>501,571</u>	<u>31,571</u>	<u>509,375</u>
EXPENDITURES:				
Debt Service				
Principal	140,000	140,000	-	140,000
Interest	321,110	320,532	578	327,223
Economic development	10,000	-	10,000	13,120
Total expenditures	<u>471,110</u>	<u>460,532</u>	<u>10,578</u>	<u>480,343</u>
Excess (deficiency) of revenues over expenditures	<u>(1,110)</u>	<u>41,039</u>	<u>42,149</u>	<u>29,032</u>
Net change in fund balance	(1,110)	41,039	42,149	29,032
Fund balance - beginning	<u>1,864,203</u>	<u>1,864,203</u>	<u>-</u>	<u>1,835,171</u>
Fund balance - ending	<u><u>\$ 1,863,093</u></u>	<u><u>\$ 1,905,242</u></u>	<u><u>\$ 42,149</u></u>	<u><u>\$ 1,864,203</u></u>

CITY OF PORTAGE, MICHIGAN

**Special Assessments Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual**

Fiscal Year Ended June 30, 2010

	2010		Variance with Amended Budget + / (-)	2009 Actual
	Amended Budget	Actual		
REVENUES:				
Special assessments	\$ 450,000	\$ 427,697	\$ (22,303)	\$ 458,044
Interest on special assessments	(304,900)	124,816	429,716	149,337
Interest on investments	65,200	28,315	(36,885)	61,407
Total revenues	<u>210,300</u>	<u>580,828</u>	<u>370,528</u>	<u>668,788</u>
EXPENDITURES:				
Debt Service				
Principal retirement	805,000	805,000	-	825,000
Interest and fiscal charges	233,167	231,560	1,607	264,888
Total expenditures	<u>1,038,167</u>	<u>1,036,560</u>	<u>1,607</u>	<u>1,089,888</u>
Deficiency of revenues over expenditures	<u>(827,867)</u>	<u>(455,732)</u>	<u>372,135</u>	<u>(421,100)</u>
Net change in fund balance	(827,867)	(455,732)	372,135	(421,100)
Fund balance - beginning	<u>3,201,417</u>	<u>3,201,417</u>	<u>-</u>	<u>3,622,517</u>
Fund balance - ending	<u>\$ 2,373,550</u>	<u>\$ 2,745,685</u>	<u>\$ 372,135</u>	<u>\$ 3,201,417</u>

CITY OF PORTAGE, MICHIGAN

**Cemetery Permanent Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual**

**Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009**

	2010		Variance with Amended Budget + / (-)	2009 Actual
	Amended Budget	Actual		
REVENUES:				
Charges for services	\$ 40,000	\$ 45,525	\$ 5,525	\$ 42,850
Interest on investments	15,000	8,079	(6,921)	14,291
Total revenues	<u>55,000</u>	<u>53,604</u>	<u>(1,396)</u>	<u>57,141</u>
OTHER FINANCING USE:				
Transfers out				
General Fund	(15,000)	(15,000)	-	(28,000)
Total other financing uses	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>	<u>(28,000)</u>
Net change in fund balance	40,000	38,604	(1,396)	29,141
Fund balance - beginning	<u>867,879</u>	<u>867,879</u>	<u>-</u>	<u>838,738</u>
Fund balance - ending	<u>\$ 907,879</u>	<u>\$ 906,483</u>	<u>\$ (1,396)</u>	<u>\$ 867,879</u>

CITY OF PORTAGE, MICHIGAN

Community Development Block Grant Program Income Fund Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual

**Fiscal Year Ended June 30, 2010
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009**

	2010		Variance with Amended Budget + / (-)	2009 Actual
	Amended Budget	Actual		
REVENUES:				
Loan principal	\$ 50,000	\$ 84,583	\$ 34,583	\$ 63,827
Loan interest	-	12,151	12,151	8,484
Total revenues	50,000	96,734	46,734	72,311
EXPENDITURES:				
Housing rehabilitation loans	75,000	24,558	50,442	71,726
Total expenditures	75,000	24,558	50,442	71,726
Excess (deficiency) of revenues over expenditures	(25,000)	72,176	97,176	585
OTHER FINANCING USE:				
Transfers out CDBG Fund	-	(70,596)	70,596	-
Net other financing uses	-	(70,596)	70,596	-
Net change in fund balance	(25,000)	1,580	26,580	585
Fund balance - beginning	6,117	6,117	-	5,532
Fund balance - ending	\$ (18,883)	\$ 7,697	\$ 26,580	\$ 6,117

CITY OF PORTAGE, MICHIGAN

Combining Statement of Net Assets Internal Service Funds

June 30, 2010

	Equipment Fund	Insurance Fund	Total
ASSETS			
Current assets:			
Cash and investments	\$ -	\$ 935,727	\$ 935,727
Inventory	88,888	-	88,888
Prepaid costs	50,505	-	50,505
Total current assets	139,393	935,727	1,075,120
Capital assets:			
Land	22,489	-	22,489
Land improvements	121,937	-	121,937
Buildings	1,677,278	-	1,677,278
Machinery and equipment	756,779	-	756,779
Vehicles	3,911,815	-	3,911,815
Less accumulated depreciation	(5,133,699)	-	(5,133,699)
Total capital assets (net of accumulated depreciation)	1,356,599	-	1,356,599
Total assets	\$ 1,495,992	\$ 935,727	\$ 2,431,719
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 24,942	\$ -	\$ 24,942
Checks issued against future deposits	60,896	-	60,896
Accrued compensation	2,848	-	2,848
Workers' compensation	-	739,507	739,507
Accrued interest payable	10,724	-	10,724
Current portion of long-term debt	226,811	-	226,811
Total current liabilities	326,221	739,507	1,065,728
Long term liabilities:			
Bonds payable (net of current portion)	591,344	-	591,344
Accrued vacation and sick pay	39,923	-	39,923
Total long term liabilities	631,267	-	631,267
Total liabilities	957,488	739,507	1,696,995
NET ASSETS			
Invested in capital assets (net of related debt)	538,444	-	538,444
Unrestricted	60	196,220	196,280
Total net assets	\$ 538,504	\$ 196,220	\$ 734,724

CITY OF PORTAGE, MICHIGAN
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
Fiscal Year Ended June 30, 2010

	Equipment Fund	Insurance Fund	Total
Operating revenues			
Charges for services:			
User charges	\$ 1,764,274	\$ 283,340	\$ 2,047,614
Other	33,376	-	33,376
Total operating revenue	<u>1,797,650</u>	<u>283,340</u>	<u>2,080,990</u>
Operating expenses			
Operations and maintenance:			
Equipment	1,195,352	-	1,195,352
Workers' compensation	-	283,340	283,340
Depreciation	237,772	-	237,772
Total operating expenses	<u>1,433,124</u>	<u>283,340</u>	<u>1,716,464</u>
Operating income	<u>364,526</u>	<u>-</u>	<u>364,526</u>
Nonoperating revenues (expenses):			
Interest on investments	-	7,157	7,157
Interest and fiscal charges	(40,520)	-	(40,520)
Gain (loss) on sale of assets	14,739	-	14,739
Total nonoperating revenues (expenses)	<u>(25,781)</u>	<u>7,157</u>	<u>(18,624)</u>
Change in net assets	338,745	7,157	345,902
Total net assets - beginning	<u>199,759</u>	<u>189,063</u>	<u>388,822</u>
Total net assets - ending	<u>\$ 538,504</u>	<u>\$ 196,220</u>	<u>\$ 734,724</u>

CITY OF PORTAGE, MICHIGAN

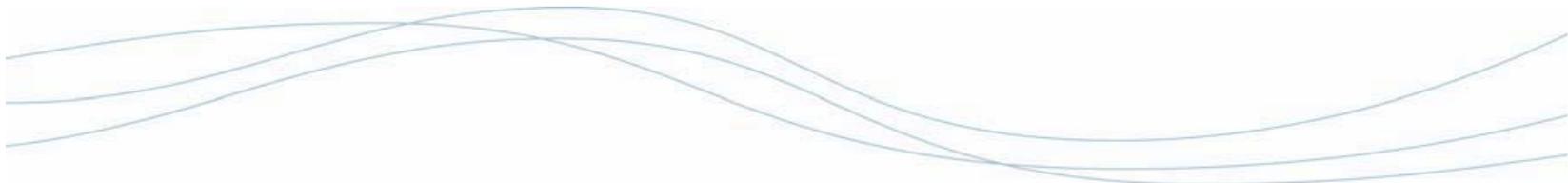
Combining Statement of Cash Flows

Internal Service Funds

Fiscal Year Ended June 30, 2010

	Equipment Fund	Insurance Fund	Total
OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,797,650	283,340	\$ 2,080,990
Cash payments to suppliers for goods and services	(904,150)	(353,416)	(1,257,566)
Cash payments to employees for services	(288,114)	-	(288,114)
Cash provided by (used in) operating activities	605,386	(70,076)	535,310
CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from sale of capital assets	14,738	-	14,738
Acquisition and construction of capital assets	(349,771)	-	(349,771)
Principal paid on capital lease	(226,812)	-	(226,812)
Interest and fiscal charges paid on capital lease and notes	(43,541)	-	(43,541)
Cash used in capital and related financing activities	(605,386)	-	(605,386)
INVESTING ACTIVITIES:			
Interest on investments	-	7,157	7,157
Cash provided by investing activities	-	7,157	7,157
Net decrease in cash and investments	-	(62,919)	(62,919)
Cash and investments - beginning of year	-	998,646	998,646
Cash and investments - end of year	\$ -	\$ 935,727	\$ 935,727
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	\$ 364,526	\$ -	\$ 364,526
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	237,772	-	237,772
Decrease in inventory	1,833	-	1,833
Increase in prepaid costs	(30,272)	-	(30,272)
Increase in accounts payable	36,493	-	36,493
Decrease in accrued compensation	(4,966)	(70,076)	(75,042)
Net cash provided by operating activities	\$ 605,386	\$ (70,076)	\$ 535,310

OTHER SUPPLEMENTARY INFORMATION



CITY OF PORTAGE, MICHIGAN

**General Obligation Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual**

Fiscal Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget + / (-)
REVENUES-				
Interest on investments	\$ -	\$ -	\$ 1,667	\$ 1,667
Total revenues	<u>-</u>	<u>-</u>	<u>1,667</u>	<u>1,667</u>
EXPENDITURES:				
Debt Service				
Principal retirement	2,381,990	2,429,100	2,429,083	17
Interest and fiscal charges	1,202,835	1,244,200	1,242,159	2,041
Total expenditures	<u>3,584,825</u>	<u>3,673,300</u>	<u>3,671,242</u>	<u>2,058</u>
Excess (deficiency) of revenues over expenditures	<u>(3,584,825)</u>	<u>(3,673,300)</u>	<u>(3,669,575)</u>	<u>3,725</u>
OTHER FINANCING SOURCES (USES):				
Issuance of debt	-	-	938,913	938,913
Discount on debt issuance	-	-	(3,542)	(3,542)
Transfers in:				
Leaf Pickup/Spring Cleanup Fund	20,157	20,157	20,157	-
Capital Improvement Funds	3,555,000	3,555,000	3,537,000	(18,000)
Transfers out:				
Payment to refunded bonds escrow agent	-	(895,200)	(895,158)	42
Total other financing sources (uses)	<u>3,575,157</u>	<u>2,679,957</u>	<u>3,597,370</u>	<u>917,413</u>
Net change in fund balance	(9,668)	(993,343)	(72,205)	921,138
Fund balance - beginning	<u>72,752</u>	<u>72,752</u>	<u>72,752</u>	<u>-</u>
Fund balance - ending	<u>\$ 63,084</u>	<u>\$ (920,591)</u>	<u>\$ 547</u>	<u>\$ 921,138</u>

CITY OF PORTAGE, MICHIGAN

**Motor Vehicle Highway Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual**

Fiscal Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget + / (-)
REVENUES-				
Interest on investments	\$ -	\$ -	\$ 9	\$ 9
Total revenues	<u>-</u>	<u>-</u>	<u>9</u>	<u>9</u>
EXPENDITURES:				
Debt Service				
Principal retirement	865,000	865,000	865,000	-
Interest and fiscal charges	453,650	471,150	325,036	146,114
Total expenditures	<u>1,318,650</u>	<u>1,336,150</u>	<u>1,190,036</u>	<u>146,114</u>
Excess (deficiency) of revenues over expenditures	<u>(1,318,650)</u>	<u>(1,336,150)</u>	<u>(1,190,027)</u>	<u>146,123</u>
OTHER FINANCING SOURCES (USES):				
Bond proceeds	-	6,680,000	6,680,000	-
Premium on debt issuance	-	-	18,704	18,704
Transfers in:				
Capital Improvement Fund	1,319,000	1,319,000	974,019	(344,981)
Payment to refunded bonds escrow agent	-	(6,470,000)	(6,470,000)	-
Total other financing sources	<u>1,319,000</u>	<u>1,529,000</u>	<u>1,202,723</u>	<u>(326,277)</u>
Net change in fund balance	350	192,850	12,696	(180,154)
Fund balance - beginning	<u>91,831</u>	<u>91,831</u>	<u>91,831</u>	<u>-</u>
Fund balance - ending	<u>\$ 92,181</u>	<u>\$ 284,681</u>	<u>\$ 104,527</u>	<u>\$ (180,154)</u>

CITY OF PORTAGE, MICHIGAN

**Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual**

Fiscal Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget + / (-)
REVENUES:				
Taxes and special assessments	\$ 4,204,000	\$ 4,204,000	\$ 4,143,712	\$ (60,288)
Intergovernmental:				
Federal grants	1,100,000	-	-	-
Interest and rents	50,000	50,000	9,723	(40,277)
Other	-	-	63,785	63,785
Total revenues	<u>5,354,000</u>	<u>4,254,000</u>	<u>4,217,220</u>	<u>(36,780)</u>
EXPENDITURES:				
Capital outlay	<u>3,887,000</u>	<u>7,908,572</u>	<u>2,574,389</u>	<u>5,334,183</u>
Total expenditures	<u>3,887,000</u>	<u>7,908,572</u>	<u>2,574,389</u>	<u>5,334,183</u>
Excess (deficiency) of revenues over expenditures	<u>1,467,000</u>	<u>(3,654,572)</u>	<u>1,642,831</u>	<u>5,297,403</u>
OTHER FINANCING SOURCES (USES):				
Proceeds of debt obligations	1,271,000	5,711,010	1,626,000	(4,085,010)
Discount on debt issuance	-	-	(4,766)	(4,766)
Transfers in	2,881,000	2,677,000	2,677,000	-
Transfers out	<u>(5,619,000)</u>	<u>(5,619,000)</u>	<u>(5,116,019)</u>	<u>502,981</u>
Total other financing sources and uses	<u>(1,467,000)</u>	<u>2,769,010</u>	<u>(817,785)</u>	<u>(3,586,795)</u>
Net change in fund balance	-	(885,562)	825,046	1,710,608
Fund balance - beginning	<u>548,848</u>	<u>548,848</u>	<u>548,848</u>	<u>-</u>
Fund balance - ending	<u>\$ 548,848</u>	<u>\$ (336,714)</u>	<u>\$ 1,373,894</u>	<u>\$ 1,710,608</u>

CITY OF PORTAGE, MICHIGAN

**Combining Statement of Fiduciary Net Assets
Pension Trust Funds**

June 30, 2010

<u>ASSETS</u>	Pension Trust Fund	Retiree Health Care Fund	Total Pension and Employee Benefit Trust Funds
Cash and investments	\$ -	\$ 7,526	\$ 7,526
Cash and investments - non-pooled	-	3,574,818	3,574,818
Investments in fixed income securities	3,347,059	-	3,347,059
Total assets	\$ 3,347,059	\$ 3,582,344	\$ 6,929,403
 <u>NET ASSETS</u>			
Restricted for pension benefits	\$ 3,347,059	\$ -	\$ 3,347,059
Restricted for retiree benefits	-	3,582,344	3,582,344
Total net assets	\$ 3,347,059	\$ 3,582,344	\$ 6,929,403

CITY OF PORTAGE, MICHIGAN

**Combining Statement of Changes in Fiduciary Net Assets
Pension Trust Funds**

Fiscal Year Ended June 30, 2010

	Pension Trust Fund	Retiree Health Care Fund	Total Pension and Employee Benefit Trust Funds
	<u> </u>	<u> </u>	<u> </u>
ADDITIONS			
Employer contributions	\$ -	\$ 500,000	\$ 500,000
Investment income			
Net increase in the fair value of investments	407,249	-	407,249
Interest income	169,886	294,442	464,328
Net investment earnings	<u>577,135</u>	<u>294,442</u>	<u>871,577</u>
Total additions	577,135	794,442	1,371,577
DEDUCTIONS			
Benefits to plan members	(253,206)	-	(253,206)
Administrative expenses	<u>(14,278)</u>	<u>-</u>	<u>(14,278)</u>
Total deductions	<u>(267,484)</u>	<u>-</u>	<u>(267,484)</u>
Change in net assets	309,651	794,442	1,104,093
Net assets - beginning	<u>3,037,408</u>	<u>2,787,902</u>	<u>5,825,310</u>
Net assets - ending	<u>\$ 3,347,059</u>	<u>\$ 3,582,344</u>	<u>\$ 6,929,403</u>

CITY OF PORTAGE, MICHIGAN

**Combining Statement of Net Assets
Agency Funds**

June 30, 2010

<u>ASSETS</u>	<u>Current Year Tax Collection</u>	<u>Investment Interest Allocation</u>	<u>Payroll Fund</u>	<u>Trust and Agency</u>	<u>Historic Book</u>	<u>Total Agency Funds</u>
Cash and investments	\$ 120,638	\$ -	\$ -	\$ 447,074	\$ 69	\$ 567,781
Accounts receivable	34,987	-	242,311	-	-	277,298
Due from other governments	23,264	-	-	-	-	23,264
Accrued interest receivable	-	53,459	-	-	-	53,459
Total assets	<u>\$ 178,889</u>	<u>\$ 53,459</u>	<u>\$ 242,311</u>	<u>\$ 447,074</u>	<u>\$ 69</u>	<u>\$ 921,802</u>
<u>LIABILITIES</u>						
Accounts payable	\$ -	\$ -	\$ -	\$ 132	\$ 69	\$ 201
Checks issued against future deposits	-	-	177,643	-	-	177,643
Payroll withholdings payable	-	-	3,999	-	-	3,999
Accrued interest payable	-	53,459	-	-	-	53,459
Due to other governments	178,889	-	-	-	-	178,889
Deposits	-	-	60,669	446,942	-	507,611
Total liabilities	<u>\$ 178,889</u>	<u>\$ 53,459</u>	<u>\$ 242,311</u>	<u>\$ 447,074</u>	<u>\$ 69</u>	<u>\$ 921,802</u>

CITY OF PORTAGE, MICHIGAN
Statement of Changes in Agency Fund Assets and Liabilities
Fiduciary Funds
Fiscal Year Ended June 30, 2010

Current year Tax Collection Fund	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
ASSETS				
Cash and investments	\$ 156,912	\$ 93,409,732	\$ 93,446,006	\$ 120,638
Accounts receivable	33,169	2,181,378	2,156,296	58,251
TOTAL ASSETS	\$ 190,081	\$ 95,591,110	\$ 95,602,302	\$ 178,889
LIABILITIES				
Accounts payable	\$ 190,081	\$ 184,556,236	\$ 184,567,428	\$ 178,889
TOTAL LIABILITIES	\$ 190,081	\$ 184,556,236	\$ 184,567,428	\$ 178,889

Investment Interest Allocation Fund	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
ASSETS				
Accrued interest receivable	\$ 70,978	\$ 258,637	\$ 276,156	\$ 53,459
TOTAL ASSETS	\$ 70,978	\$ 258,637	\$ 276,156	\$ 53,459
LIABILITIES				
Accounts payable	\$ 70,978	\$ 258,637	\$ 276,156	\$ 53,459
TOTAL LIABILITIES	\$ 70,978	\$ 258,637	\$ 276,156	\$ 53,459

Payroll Fund	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
ASSETS				
Cash and investments	\$ -	\$ 20,410,098	\$ 20,410,098	\$ -
Accounts receivable	56,443	463,279	277,411	242,311
TOTAL ASSETS	\$ 56,443	\$ 20,873,377	\$ 20,687,509	\$ 242,311
LIABILITIES				
Checks issued against future deposits	\$ 47,449	\$ 130,194	\$ -	\$ 177,643
Accounts payable	4,200	15,945,666	15,945,867	3,999
Deposits	4,794	1,226,417	1,170,542	60,669
TOTAL LIABILITIES	\$ 56,443	\$ 17,302,277	\$ 17,116,409	\$ 242,311

CITY OF PORTAGE, MICHIGAN
Statement of Changes in Agency Fund Assets and Liabilities
Fiduciary Funds
Fiscal Year Ended June 30, 2010
(concluded)

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
Trust and Agency Fund				
<u>ASSETS</u>				
Cash and investments	\$ 295,830	\$ 468,306	\$ 317,062	\$ 447,074
TOTAL ASSETS	<u>\$ 295,830</u>	<u>\$ 468,306</u>	<u>\$ 317,062</u>	<u>\$ 447,074</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 6,800	\$ 81,973	\$ 88,641	\$ 132
Deposits	289,030	468,306	310,394	446,942
TOTAL LIABILITIES	<u>\$ 295,830</u>	<u>\$ 550,279</u>	<u>\$ 399,035</u>	<u>\$ 447,074</u>
Historic Book Fund				
<u>ASSETS</u>				
Cash and investments	\$ 19	\$ 104	\$ 54	\$ 69
TOTAL ASSETS	<u>\$ 19</u>	<u>\$ 104</u>	<u>\$ 54</u>	<u>\$ 69</u>
<u>LIABILITIES</u>				
Deposits	\$ 17	\$ 53	\$ 70	\$ -
Accounts payable	2	67	-	69
TOTAL LIABILITIES	<u>\$ 19</u>	<u>\$ 120</u>	<u>\$ 70</u>	<u>\$ 69</u>
Combined Fiduciary Funds				
<u>ASSETS</u>				
Cash and investments	\$ 452,761	\$ 114,288,240	\$ 114,173,220	\$ 567,781
Accounts receivable	160,590	2,903,294	2,709,863	354,021
TOTAL ASSETS	<u>\$ 613,351</u>	<u>\$ 117,191,534</u>	<u>\$ 116,883,083</u>	<u>\$ 921,802</u>
<u>LIABILITIES</u>				
Checks issued against future deposits	\$ 47,449	\$ 130,194	\$ -	\$ 177,643
Accounts payable	272,061	200,842,579	200,878,092	236,548
Deposits	293,841	1,694,776	1,481,006	507,611
TOTAL LIABILITIES	<u>\$ 613,351</u>	<u>\$ 202,667,549</u>	<u>\$ 202,359,098</u>	<u>\$ 921,802</u>

CITY OF PORTAGE, MICHIGAN

Capital Assets Used in the Operation of Governmental Funds Comparative Schedules by Source ⁽¹⁾ June 30, 2010

	TOTAL
Governmental funds capital assets:	
Land	\$ 8,126,435
Land improvements	6,677,840
Buildings	11,886,134
Machinery and equipment	5,606,915
Vehicles	4,099,154
Infrastructure	196,790,258
Total governmental funds capital assets	\$ 233,186,736
Investments in governmental funds capital assets by source:	
General fund	\$ 35,791,667
Cable television fund	314,355
Leaf Pickup / Spring Cleanup fund	290,456
Capital projects funds	196,790,258
Total investment in governmental funds capital assets	\$ 233,186,736

⁽¹⁾ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF PORTAGE, MICHIGAN
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity ⁽¹⁾
June 30, 2010

Function and Activity	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Infrastructure	TOTAL
General government:							
Legislative	\$ -	\$ -	\$ -	\$ 5,404	\$ -	\$ -	\$ 5,404
Executive	-	-	-	381,362	-	-	381,362
Clerk	-	-	-	15,250	-	-	15,250
Finance/treasury	-	-	-	955,582	-	-	955,582
Assessor	-	-	-	8,546	-	-	8,546
Community Development	-	-	-	187,960	-	-	187,960
Other - unclassified	5,935,209	318,254	3,111,661	311,779	-	-	9,676,903
Total general government	5,935,209	318,254	3,111,661	1,865,883	-	-	11,231,007
Public safety:							
Police	19,000	38,236	3,117,088	1,776,008	763,065	-	5,713,397
Fire	365,036	77,056	3,082,777	524,724	3,168,711	-	7,218,304
Total public safety	384,036	115,292	6,199,865	2,300,732	3,931,776	-	12,931,701
Public works:	-	-	-	27,805	-	-	27,805
Highways and streets:							
Land	-	-	-	-	-	1,462,427	1,462,427
Right of way	-	-	-	-	-	4,163,555	4,163,555
Water & sewer system	-	-	-	-	-	1,047,381	1,047,381
Streets and alleys	-	-	-	-	-	175,043,034	175,043,034
Bikeways	-	-	-	-	-	713,616	713,616
Sidewalks	-	-	-	-	-	8,019,420	8,019,420
Bridges	-	-	-	-	-	1,188,922	1,188,922
Retaining walls	-	-	-	-	-	502,656	502,656
Traffic signals	-	-	-	-	-	4,649,247	4,649,247
Total highways and streets:	-	-	-	-	-	196,790,258	196,790,258
Recreation and cultural:							
Senior Citizen Center	44,000	38,200	457,452	25,825	-	-	565,477
Parks and recreation	1,646,442	6,164,264	2,117,156	1,107,815	-	-	11,035,677
Cable Television	-	-	-	278,855	35,500	-	314,355
Total recreation and cultural:	1,690,442	6,202,464	2,574,608	1,412,495	35,500	-	11,915,509
Health and welfare:							
Leaf Pickup / Spring Clean	116,748	41,830	-	-	131,878	-	290,456
Total governmental funds capital assets:	\$ 8,126,435	\$ 6,677,840	\$ 11,886,134	\$ 5,606,915	\$ 4,099,154	\$ 196,790,258	\$ 233,186,736

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets

CITY OF PORTAGE, MICHIGAN

Capital Assets Used in the Operation of Governmental Funds Schedule of Changes by Function and Activity ⁽¹⁾ Fiscal Year Ended June 30, 2010

<u>Function and Activity</u>	<u>Capital Assets July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Capital Assets June 30, 2010</u>
General government:				
Legislature	\$ 5,404	\$ -	\$ -	\$ 5,404
Executive	381,362	-	-	381,362
Clerk	15,250	-	-	15,250
Finance/treasury	980,082	-	(24,500)	955,582
Assessor	8,546	-	-	8,546
Community Development	187,960	-	-	187,960
Other - unclassified	9,574,628	142,997	(40,722)	9,676,903
Total general government	<u>11,153,232</u>	<u>142,997</u>	<u>(65,222)</u>	<u>11,231,007</u>
Public safety:				
Police	5,621,351	145,904	(53,858)	5,713,397
Fire	7,218,304	-	-	7,218,304
Total public safety	<u>12,839,655</u>	<u>145,904</u>	<u>(53,858)</u>	<u>12,931,701</u>
Public works	<u>27,805</u>	-	-	<u>27,805</u>
Infrastructure	<u>195,042,651</u>	<u>1,747,607</u>	-	<u>196,790,258</u>
Recreation and cultural:				
Senior citizen center	565,477	-	-	565,477
Parks and recreation	10,872,167	220,233	(56,723)	11,035,677
Cable television	314,355	-	-	314,355
Total recreation and cultural	<u>11,751,999</u>	<u>220,233</u>	<u>(56,723)</u>	<u>11,915,509</u>
Leaf pickup / Spring cleanup	<u>290,456</u>	-	-	<u>290,456</u>
Total governmental funds capital assets	<u>\$ 231,105,798</u>	<u>\$ 2,256,741</u>	<u>\$ (175,803)</u>	<u>\$ 233,186,736</u>

⁽¹⁾ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

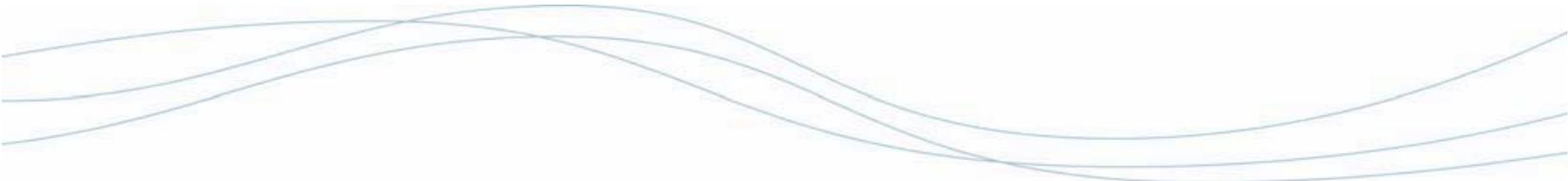
STATISTICAL SECTION

This part of the City of Portage's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	117
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	122
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	126
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.</i>	131
Operating Information <i>These schedules contain information about the City's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.</i>	133

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.*

this page intentionally blank



CITY OF PORTAGE, MICHIGAN

**Net Assets by Component
Last Eight Fiscal Years
(accrual basis of accounting)
(expressed in thousands)**

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities								
Invested in capital assets, net of related debt	\$ 55,223	\$ 30,168	\$ 24,041	\$ 15,355	\$ 30,047	\$ 23,625	\$ 20,417	\$ 18,165
Restricted	7,351	9,243	7,839	8,249	6,375	5,909	5,641	6,029
Unrestricted	5,351	19,806	17,952	20,132	2,193	5,030	5,296	6,379
Total governmental activities net assets	\$ 67,925	\$ 59,217	\$ 49,832	\$ 43,736	\$ 38,615	\$ 34,564	\$ 31,354	\$ 30,573
Business-type activities								
Invested in capital assets, net of related debt	\$ 67,375	\$ 66,191	\$ 63,612	\$ 62,917	\$ 65,553	\$ 58,047	\$ 59,984	\$ 63,221
Restricted	700	700	200	200	200	200	200	200
Unrestricted	4,131	1,400	2,208	1,134	(1,507)	4,994	2,080	(1,378)
Total business-type activities net assets	\$ 72,206	\$ 68,291	\$ 66,020	\$ 64,251	\$ 64,246	\$ 63,241	\$ 62,264	\$ 62,043
Primary Government								
Invested in capital assets, net of related debt	\$ 122,598	\$ 96,359	\$ 87,653	\$ 78,271	\$ 95,600	\$ 81,672	\$ 80,401	\$ 81,386
Restricted	8,051	9,943	8,039	8,449	6,575	6,109	5,841	6,229
Unrestricted	9,482	21,206	20,160	21,266	686	10,024	7,376	5,001
Total primary governmental net assets	\$ 140,131	\$ 127,508	\$ 115,852	\$ 107,986	\$ 102,861	\$ 97,805	\$ 93,618	\$ 92,616

CITY OF PORTAGE, MICHIGAN

**Changes in Net Assets
Last Eight Fiscal Years
(accrual basis of accounting)
(expressed in thousands)**

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental activities:								
Legislative	\$ 50	\$ 45	\$ 48	\$ 54	\$ 49	\$ 61	\$ 61	\$ 61
Judicial	145	7	12	17	25	49	47	50
General government	5,233	5,873	6,014	5,515	5,581	5,455	5,641	5,000
Public safety	12,471	13,968	14,352	14,383	14,967	15,078	15,210	13,870
Public works	361	363	357	420	440	432	477	445
Health and welfare	1,878	1,469	1,714	1,560	1,535	1,534	1,751	1,683
Economic development	-	-	2,535	1,952	-	-	13	-
Recreation and cultural	3,227	3,159	3,125	3,240	3,339	3,365	3,378	2,999
Public transportation	78	112	118	151	58	-	-	-
Highways and streets	3,750	5,747	5,483	2,327	3,945	4,026	3,734	2,966
Unallocated depreciation expense	6,901	7,007	7,023	7,107	7,103	6,874	6,094	6,708
Interest on long-term debt	2,116	3,016	2,739	3,251	2,946	2,756	2,974	2,553
Total governmental activities expenses	<u>36,210</u>	<u>40,766</u>	<u>43,520</u>	<u>39,977</u>	<u>39,988</u>	<u>39,630</u>	<u>39,380</u>	<u>36,335</u>
Business-type activities:								
Sewer	4,238	5,143	5,472	5,723	5,351	6,105	6,883	6,895
Water	3,229	6,742	4,969	4,931	4,004	4,509	4,473	4,545
Total business-type activities expenses	<u>7,467</u>	<u>11,885</u>	<u>10,441</u>	<u>10,654</u>	<u>9,355</u>	<u>10,614</u>	<u>11,356</u>	<u>11,440</u>
Total primary government expenses	<u>\$ 43,677</u>	<u>\$ 52,651</u>	<u>\$ 53,961</u>	<u>\$ 50,631</u>	<u>\$ 49,343</u>	<u>\$ 50,244</u>	<u>\$ 50,736</u>	<u>\$ 47,775</u>
Program revenues								
Governmental activities:								
Charges for services								
Recreation and cultural	\$ 742	\$ 782	\$ 806	\$ 862	\$ 898	\$ 923	\$ 997	\$ 1,069
Public safety	981	988	1,068	978	966	747	753	657
Other activities	673	544	601	600	495	482	486	467
Operating grants and contributions								
Highways & streets	3,406	3,706	3,623	3,578	3,474	3,504	3,360	3,305
Other activities	1,457	944	1,369	1,248	896	1,028	860	982
Capital grants and contributions								
Public works	1,024	1,138	978	1,053	285	197	157	125
Health & welfare	1,003	1,282	1,182	1,242	1,239	1,286	1,337	1,173
Other activities	0	48	150	61	5	11	5	6
Total governmental activities program revenues	<u>\$ 9,286</u>	<u>\$ 9,432</u>	<u>\$ 9,777</u>	<u>\$ 9,622</u>	<u>\$ 8,258</u>	<u>\$ 8,178</u>	<u>\$ 7,955</u>	<u>\$ 7,784</u>

CITY OF PORTAGE, MICHIGAN

	Fiscal Year							
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Business-type activities:								
Charges for services								
Sewer	\$ 4,106	\$ 4,148	\$ 4,432	\$ 4,879	\$ 4,739	\$ 5,356	\$ 5,822	\$ 6,088
Water	3,391	3,302	3,540	3,869	3,813	4,076	4,547	5,129
Operating grants and contributions	105	78	98	97	70	64	98	25
Capital grants and contributions	-	-	-	2	-	-	-	-
Total business-type activities program revenues	<u>7,602</u>	<u>7,528</u>	<u>8,070</u>	<u>8,847</u>	<u>8,622</u>	<u>9,496</u>	<u>10,467</u>	<u>11,242</u>
Total primary government program revenues	<u>\$ 16,888</u>	<u>\$ 16,960</u>	<u>\$ 17,847</u>	<u>\$ 18,469</u>	<u>\$ 16,880</u>	<u>\$ 17,674</u>	<u>\$ 18,422</u>	<u>\$ 19,026</u>
Net (expense)/revenue								
Governmental activities:	\$ (26,924)	\$ (31,334)	\$ (33,743)	\$ (30,355)	\$ (31,730)	\$ (31,452)	\$ (31,425)	\$ (28,551)
Business-type activities	135	(4,357)	(2,371)	(1,807)	(733)	(1,118)	(889)	(198)
Total primary government net expense	<u>\$ (26,789)</u>	<u>\$ (35,691)</u>	<u>\$ (36,114)</u>	<u>\$ (32,162)</u>	<u>\$ (32,463)</u>	<u>\$ (32,570)</u>	<u>\$ (32,314)</u>	<u>\$ (28,749)</u>
General Revenues & Other Changes in Net Assets								
Governmental activities:								
Property taxes	\$ 15,306	\$ 16,584	\$ 17,928	\$ 17,936	\$ 20,042	\$ 21,649	\$ 22,626	\$ 22,770
Unrestricted grants & contributions	6,211	6,242	6,207	5,758	5,443	5,334	5,130	4,804
Unrestricted investment earnings	104	161	296	593	388	482	342	137
Gain on sale of capital assets	6	2	26	9	1,347	50	27	37
Transfers	82	(442)	(100)	(37)	(611)	(114)	88	22
Total governmental activities	<u>21,709</u>	<u>22,547</u>	<u>24,357</u>	<u>24,259</u>	<u>26,609</u>	<u>27,401</u>	<u>28,213</u>	<u>27,770</u>
Business-type activities:								
Unrestricted grants & contributions	1,474	-	-	-	117	-	-	-
Transfers	(82)	442	100	37	611	114	(88)	(22)
Total business-type activities	<u>1,392</u>	<u>442</u>	<u>100</u>	<u>37</u>	<u>728</u>	<u>114</u>	<u>(88)</u>	<u>(22)</u>
Total primary government	<u>\$ 23,101</u>	<u>\$ 22,989</u>	<u>\$ 24,457</u>	<u>\$ 24,296</u>	<u>\$ 27,337</u>	<u>\$ 27,515</u>	<u>\$ 28,125</u>	<u>\$ 27,748</u>
Change in Net Assets								
Governmental activities	\$ (5,215)	\$ (8,787)	\$ (9,386)	\$ (6,096)	\$ (5,121)	\$ (4,051)	\$ (3,212)	\$ (781)
Business-type activities	1,527	(3,915)	(2,271)	(1,770)	(5)	(1,004)	(977)	(220)
Total primary government	<u>\$ (3,688)</u>	<u>\$ (12,702)</u>	<u>\$ (11,657)</u>	<u>\$ (7,866)</u>	<u>\$ (5,126)</u>	<u>\$ (5,055)</u>	<u>\$ (4,189)</u>	<u>\$ (1,001)</u>

CITY OF PORTAGE, MICHIGAN
Fund Balances of Governmental Funds
Last Eight Fiscal Years
(modified accrual basis of accounting)
(expressed in thousands)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
General fund								
Reserved	\$ 749	\$ 1,324	\$ 1,109	\$ 1,077	\$ 1,513	\$ 1,784	\$ 1,829	\$ 2,053
Unreserved	2,568	2,405	2,967	3,337	2,782	3,054	3,613	4,087
Total general fund	<u>\$ 3,317</u>	<u>\$ 3,729</u>	<u>\$ 4,076</u>	<u>\$ 4,414</u>	<u>\$ 4,295</u>	<u>\$ 4,838</u>	<u>\$ 5,442</u>	<u>\$ 6,140</u>
All other governmental funds								
Reserved	\$ 2,418	\$ 4,313	\$ 2,818	\$ 5,142	\$ 3,489	\$ 3,646	\$ 3,850	\$ 6,189
Unreserved, reported in:								
Special revenue funds	3,824	939	1,081	940	1,199	1,120	1,316	1,966
Debt service funds		6,288	2,801	4,440	3,989	3,623	3,201	105
Capital Improvement fund	-	-	-	-	(2,237)	168	549	1,374
Total all other governmental funds	<u>\$ 6,242</u>	<u>\$ 11,540</u>	<u>\$ 6,700</u>	<u>\$ 10,522</u>	<u>\$ 6,440</u>	<u>\$ 8,557</u>	<u>\$ 8,916</u>	<u>\$ 9,634</u>

CITY OF PORTAGE, MICHIGAN
Changes in Fund Balances of Governmental Funds
Last Eight Fiscal Years
(modified accrual basis of accounting)
(expressed in thousands)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Revenues								
Taxes and special assessments	\$ 17,127	\$ 18,152	\$ 19,737	\$ 21,612	\$ 21,846	\$ 23,529	\$ 24,426	\$ 24,376
Licenses and permits	1,177	1,185	1,271	1,189	1,170	965	1,017	941
Intergovernmental	8,783	8,393	8,274	8,296	7,772	7,722	7,489	7,198
Charges for services	2,528	2,872	2,854	2,492	2,226	2,277	2,157	2,338
Fines and forfeits	116	-	4	-	-	-	-	-
Interest and rents	760	879	955	1,522	1,158	1,274	1,063	797
Other	409	315	998	458	1,683	493	397	398
Total revenues	<u>30,900</u>	<u>31,796</u>	<u>34,093</u>	<u>35,569</u>	<u>35,855</u>	<u>36,260</u>	<u>36,549</u>	<u>36,048</u>
Expenditures								
Legislative	50	45	48	54	49	61	61	61
Judicial	145	7	12	17	25	49	47	50
General government	4,724	5,047	5,264	5,220	5,097	5,026	4,897	4,604
Public safety	11,529	12,538	13,278	13,460	14,247	14,358	14,528	13,568
Public works	332	335	339	357	372	374	432	423
Health and welfare	1,862	1,437	1,694	1,545	1,551	1,584	1,754	1,923
Recreation and cultural	2,815	2,736	2,699	2,841	2,974	2,955	2,993	2,782
Public transportation	78	107	113	149	61	-	-	-
Highways and streets	3,694	3,310	3,755	3,021	3,301	3,428	2,742	2,814
Refund of tax revenues	-	-	-	10	-	-	-	-
Development	-	-	2,535	1,952	-	-	13	-
Capital outlay	9,265	8,460	10,488	5,511	5,605	5,681	3,835	2,574
Debt service:								
Principal	2,207	2,943	3,366	3,223	3,892	4,258	4,407	5,001
Interest and fiscal charges	1,981	2,224	2,591	2,803	3,040	2,900	2,847	2,744
Total expenditures	<u>38,682</u>	<u>39,189</u>	<u>46,182</u>	<u>40,163</u>	<u>40,214</u>	<u>40,674</u>	<u>38,556</u>	<u>36,544</u>
Excess of revenues over (under) expenditures	(7,782)	(7,393)	(12,089)	(4,594)	(4,359)	(4,414)	(2,007)	(496)
Other financing sources (uses)								
Issuance of debt	8,443	13,242	8,063	8,794	785	7,089	2,800	1,890
Transfers in	4,448	6,012	5,245	5,731	7,347	8,520	8,102	9,372
Transfers out	(4,366)	(6,753)	(5,712)	(5,768)	(7,958)	(8,635)	(8,014)	(9,350)
Total other financing sources (uses)	<u>8,525</u>	<u>12,501</u>	<u>7,596</u>	<u>8,757</u>	<u>174</u>	<u>6,974</u>	<u>2,888</u>	<u>1,912</u>
Net change in fund balances	<u>\$ 743</u>	<u>\$ 5,108</u>	<u>\$ (4,493)</u>	<u>\$ 4,163</u>	<u>\$ (4,185)</u>	<u>\$ 2,560</u>	<u>\$ 881</u>	<u>\$ 1,416</u>
Debt service as a percentage of noncapital expenditures	14.2%	14.9%	15.3%	17.9%	19.5%	20.1%	20.8%	22.6%

CITY OF PORTAGE, MICHIGAN
(unaudited)
Assessed Value and Estimated Market Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended June 30,	Real Property		Personal Property	Total Taxable Assessed Value	Tax Exempt Real Property	Exempt as % of Total Tax Base	Total Direct Tax Rate	Estimated Market Value	Assessed Value as a Percentage of Market Value ⁽²⁾
	Residential Property	Commercial Property	Manufacturing Equipment						
2001	\$ 839,661	\$ 388,647	\$ 261,469	\$ 1,489,777	N/A ⁽¹⁾	N/A ⁽¹⁾	10.000	\$ 2,979,554	50.0%
2002	879,707	433,605	277,597	1,590,909	N/A ⁽¹⁾	N/A ⁽¹⁾	10.000	3,181,818	50.0%
2003	946,563	510,153	288,828	1,745,544	N/A ⁽¹⁾	N/A ⁽¹⁾	10.302	3,491,088	50.0%
2004	1,017,451	540,840	319,845	1,878,136	N/A ⁽¹⁾	N/A ⁽¹⁾	10.144	3,756,272	50.0%
2005	1,090,639	565,780	330,008	1,986,427	N/A ⁽¹⁾	N/A ⁽¹⁾	10.144	3,972,854	50.0%
2006	1,155,351	590,184	330,667	2,076,202	61,804	2.98%	10.144	4,152,404	50.0%
2007	1,218,346	620,179	346,668	2,185,193	83,924	3.84%	10.144	4,370,386	50.0%
2008	1,262,594	642,889	336,229	2,241,712	95,111	4.24%	10.489	4,483,424	50.0%
2009	1,258,938	655,587	380,325	2,294,850	96,933	4.22%	10.660	4,589,700	50.0%
2010	1,216,115	675,591	381,101	2,272,807	93,998	4.14%	10.660	4,545,614	50.0%

(1) Tax exempt real property estimates were not made prior to 2006.

(2) According to State Statute, all property is to be assessed at 50 percent of market value (State Equalized Value).

SOURCE: City Assessor's Office, L-4022 Report

CITY OF PORTAGE, MICHIGAN
(unaudited)
Property Tax Rates
Direct and Overlapping¹ Governments
(Per \$1,000 of Taxable Value)
Last Ten Fiscal Years

Fiscal Year Ended June 30,	City of Portage						Total City Millage
	General Fund	Capital Improvements	Debt Service	Curbside Recycling	Fall Leaf/ Spring Clean ⁽¹⁾	Municipal Streets	
2001	7.0849	2.0000	0.1931	0.4350	0.2870	-	10.0000
2002	7.1480	2.0000	0.1920	0.3730	0.2870	-	10.0000
2003	7.4672	2.0000	0.1575	0.2900	0.3870	-	10.3017
2004	7.3592	2.0000	-	0.3850	0.4000	-	10.1442
2005	7.4712	2.0000	-	0.3200	0.3530	-	10.1442
2006	7.4372	2.0000	-	0.3070	0.4000	-	10.1442
2007	7.5000	2.0000	-	0.2742	0.3700	-	10.1442
2008	7.5000	2.0000	-	0.2742	0.3700	0.3450	10.4892
2009	7.5000	2.0000	-	0.2922	0.3520	0.5156	10.6598
2010	7.5000	2.0000	-	0.2710	0.2950	0.5938	10.6598

Fiscal Year Ended June 30,	Overlapping Rates						Total Direct & Overlapping Rates
	State Education Tax	Portage Public Schools ⁽²⁾	Portage District Library	Kalamazoo County	Kalamazoo Regional Educational Service Agency	Kalamazoo Valley Community College	
2001	6.0000	3.7000	1.4900	6.1400	3.0416	2.8151	33.1867
2002	6.0000	3.7000	1.4900	6.1400	3.0416	2.8151	33.1867
2003	6.0000	3.7000	1.4900	6.1362	3.0416	2.8139	33.4834
2004	5.0000	3.7000	1.4900	6.1362	3.0416	2.8139	32.3259
2005	6.0000	3.7000	1.4900	6.1362	3.0416	2.8135	33.3255
2006	6.0000	2.7000	1.4900	6.1362	4.5416	2.8135	33.8255
2007	6.0000	2.7000	1.4900	6.5862	4.5416	2.8135	34.2755
2008	6.0000	2.7000	1.4900	6.7162	4.5416	2.8135	34.7505
2009	6.0000	5.0400	1.4900	6.3311	4.8316	2.8135	37.1660
2010	6.0000	5.0400	1.5000	6.7212	4.8316	2.8135	37.5661

Notes:

(1) Overlapping rates are those of local and county government that apply to property owners within the City of Portage. Not all overlapping rates apply to all City of Portage property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district.)

(2) Non homestead properties add 18 mills

CITY OF PORTAGE, MICHIGAN
(unaudited)
Principal Property Taxpayers
Current Year and Nine Years Ago
June 30, 2010

Name	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Pfizer , Inc. (fka Pharmacia & Upjohn, Inc)	\$ 329,324,439	1	16.35 %	\$ 338,890,500	1	19.47 %
Crossroads Mall (Connecticut Gen'l Life Ins Co)	22,887,344	2	1.14	13,416,800	4	0.77
Stryker Corporation	22,098,385	3	1.10	17,029,000	3	0.98
Consumers Energy Co.	21,339,357	4	1.06	24,683,400	2	1.42
Edward Rose Associates	11,347,100	5	0.56	10,766,600	5	0.62
Meijer, Inc.	8,224,122	6	0.41			
Southland Mall Ltd	7,982,200	7	0.40	6,419,300	7	0.37
Stryker Medical	7,704,968	8	0.38			
Bowers Manufacturing	7,192,800	9	0.36			
Mann+Hummel	7,104,300	10	0.35	6,632,800	6	0.38
Summit Polymers, Inc.				6,207,300	8	0.36
Cablevision of Michigan, Inc.				6,191,400	9	0.36
Dayton Hudson Corp.				6,031,700	10	0.35
Totals	\$ 445,205,015		22.11 %	\$ 436,268,800		25.08 %

SOURCE: City Assessor's Office

CITY OF PORTAGE, MICHIGAN
(unaudited)
Property Tax Levies and Collections
Last Ten Fiscal Years
(expressed in thousands)

Fiscal Year Ended June 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy			Total Collections to Date	
		Collected by due date	Percentage of Levy	Collections in subsequent years	Amount	Percentage of Levy
2001	\$ 14,300	\$ 13,992	97.8%	\$ 10	\$ 14,002	97.9%
2002	15,575	14,833	95.2%	19	14,852	95.4%
2003	15,849	15,542	98.1%	23	15,565	98.2%
2004	16,661	16,372	98.3%	25	16,397	98.4%
2005	17,714	17,530	99.0%	16	17,546	99.1%
2006	18,589	18,334	98.6%	238	18,572	99.9%
2007	19,674	18,719	95.1%	643 *	19,362	98.4%
2008	21,090	20,258	96.1%	437	20,695	98.1%
2009	22,277	21,834	98.0%	57	21,891	98.3%
2010	22,269	21,727	97.6%	14	21,741	97.6%

Notes:

The City holds only delinquent personal property taxes: any real estate taxes not collected by the date due are turned over to Kalamazoo County as of March 1st each year, and the City receives full settlement.

* Includes a one-time settlement of \$355,000 from Pfizer Corp, the City's largest taxpayer.

SOURCE: Treasury Office

CITY OF PORTAGE, MICHIGAN
(unaudited)
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(expressed in thousands, except per capita)

June 30,	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities										
General Obligation bonds	\$ 2,652	\$ 2,254	\$ 2,920	\$ 2,666	\$ 2,913	\$ 2,543	\$ 2,162	\$ 1,860	\$ 1,556	\$ 1,342
Special Assessment bonds	6,789	6,529	8,394	8,314	8,054	7,415	7,280	6,350	5,525	4,720
Motor Vehicle Highway bonds	12,675	15,390	14,900	14,230	13,530	12,780	11,925	11,090	10,285	9,630
Capital Improvement bonds	-	-	5,480	10,985	17,643	22,418	21,165	29,931	31,184	30,500
Redevelopment bonds	12,500	18,965	18,480	24,000	23,065	25,455	24,585	20,690	19,565	18,575
Other debt	148	98	48	-	-	-	-	-	-	-
Total governmental activities	34,764	43,236	50,222	60,195	65,205	70,611	67,117	69,921	68,115	64,767
Business-Type Activities										
Utility Revenue bonds	11,505	14,325	17,770	19,525	16,155	15,600	14,970	1,105	860	620
Capital Improvement bonds	-	-	-	-	8,732	9,932	9,352	31,414	30,501	30,880
General Obligation bonds	4,379	4,290	5,055	5,299	4,202	3,742	3,221	2,815	2,389	2,093
Capital Lease	750	500	250	-	-	-	-	-	-	-
Total business-type activities	16,634	19,115	23,075	24,824	29,089	29,274	27,543	35,334	33,750	33,593
Total primary government	\$ 51,398	\$ 62,351	\$ 73,297	\$ 85,019	\$ 94,294	\$ 99,885	\$ 94,660	\$ 105,255	\$ 101,865	\$ 98,360
Percentage of personal income ⁽¹⁾	0.195%	0.231%	0.267%	0.295%	0.318%	0.328%	0.302%	0.327%	0.313%	0.302%
Per capita	1,150	1,387	1,605	1,869	2,083	2,202	2,093	2,285	2,208	2,117

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

⁽¹⁾ See the Schedule of Demographic and Economic Statistics on a later page for personal income and population data.

SOURCE: City Annual Financial Statements

CITY OF PORTAGE, MICHIGAN
(unaudited)
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(expressed in thousands, except per capita)

Fiscal Year Ended June 30,	General Bonded Debt		Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
	Governmental	Business Type				
2001	\$ 34,764	\$ 5,129	\$ (1,479)	\$ 38,414	1.29%	859
2002	43,236	4,790	(2,503)	45,523	1.43%	1,013
2003	50,222	5,305	(3,621)	51,906	1.49%	1,136
2004	60,195	5,299	(6,469)	59,025	1.57%	1,298
2005	65,205	12,934	(3,737)	74,402	1.87%	1,643
2006	70,611	13,674	(6,435)	77,850	1.87%	1,717
2007	67,117	12,573	(6,170)	73,520	1.68%	1,625
2008	69,921	34,229	(5,934)	98,216	2.19%	2,132
2009	68,115	32,890	(5,727)	95,278	2.08%	2,065
2010	64,767	32,973	(5,018)	92,722	2.04%	1,996

SOURCE: City Annual Financial Statements

CITY OF PORTAGE, MICHIGAN
(unaudited)
Computation of Direct and Overlapping Bonded Debt
June 30, 2010

Name of Governmental Unit	Bonds Outstanding	Percent Applicable to City	City's Share of Debt
City of Portage:			
General Obligation Bonds	\$ 3,435,000	100.00%	\$ 3,435,000
Building Authority Bonds	7,405,000	100.00%	7,405,000
Downtown Development Authority Bonds	5,320,000	100.00%	5,320,000
Local Development Finance Authority Bonds	5,850,000	100.00%	5,850,000
Special Assessment Bonds	4,720,000	100.00%	4,720,000
Motor Vehicle Highway Fund Bonds	9,630,000	100.00%	9,630,000
Capital Improvement Bonds	61,380,000	100.00%	61,380,000
Total	<u>\$ 97,740,000</u>		<u>\$ 97,740,000</u>
Portage Public Schools ⁽¹⁾	130,750,000	87.40%	114,275,500
Vicksburg Public Schools ⁽¹⁾	17,154,000	7.61%	1,305,419
Comstock Public Schools ⁽¹⁾	5,171,000	2.35%	121,519
Schoolcraft Public Schools ⁽¹⁾	19,129,025	2.09%	399,797
Kalamazoo Valley Intermediate School District ⁽¹⁾	22,575,000	27.28%	6,158,460
Kalamazoo County ⁽¹⁾	35,727,264	25.24%	9,017,561
Total			<u>\$ 131,278,256</u>
Total of City's share of debt			<u>\$ 229,018,256</u>

Note:

⁽¹⁾ Overlapping jurisdictions outstanding and overlapping debt as of May 14, 2010

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Portage. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

SOURCE: Municipal Financial Consultants Incorporated

CITY OF PORTAGE, MICHIGAN

(unaudited)

Computation of Legal Debt Margin

Last Ten Fiscal Years

(expressed in thousands)

For Special Assessment Bonds

State Equalized Assessed Value - June 30, 2010	<u>\$ 2,272,807</u>
Debt limit - twelve percent of Adjusted State Equalized Assessed Value	272,737
Amount of debt applicable to debt limit- Special Assessment Bonds	<u>4,720</u>
Legal debt margin	<u>\$ 268,017</u>

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$199,963	\$216,411	\$225,376	\$238,371	\$249,144	\$258,015	\$266,509	\$275,382	\$271,297	\$ 272,737
Debt applicable to limit	7,269	6,529	9,644	8,314	8,054	7,415	7,280	6,350	5,525	4,720
Legal debt margin	<u>\$192,694</u>	<u>\$209,882</u>	<u>\$215,732</u>	<u>\$230,057</u>	<u>\$241,090</u>	<u>\$250,600</u>	<u>\$259,229</u>	<u>\$269,032</u>	<u>\$265,772</u>	<u>\$ 268,017</u>

Computation of Legal Debt Margin

For General Obligation Bonds

State Equalized Assessed Value - June 30, 2010	<u>\$ 2,272,807</u>
Debt limit - ten percent of Adjusted State Equalized Assessed Value	227,281
Amount of debt applicable to debt limit- General Obligation Debt	<u>88,110</u>
Legal debt margin	<u>\$ 139,171</u>

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$166,636	\$180,343	\$187,814	\$198,643	\$207,620	\$215,012	\$222,091	\$229,485	\$226,081	\$ 227,281
Debt applicable to limit	23,979	33,509	32,588	37,984	53,365	62,415	67,765	93,060	90,720	88,110
Legal debt margin	<u>\$142,657</u>	<u>\$146,834</u>	<u>\$155,226</u>	<u>\$160,659</u>	<u>\$154,255</u>	<u>\$152,597</u>	<u>\$154,326</u>	<u>\$136,425</u>	<u>\$135,361</u>	<u>\$ 139,171</u>

SOURCE: Assessor (SEV), L-4022 report
City Annual Financial Statements (debt balances)

Note: Under state finance law (Section 4a, Act 279 or 1909 and Act 202, P.A. 1943 as amended by Act 42 P.A. 1960), the City's outstanding general obligation debt should not exceed 10 percent of adjusted State Equalized Value.

CITY OF PORTAGE, MICHIGAN
(unaudited)
Pledged Revenue Coverage
Last Ten Fiscal Years
(expressed in thousands)

Fiscal Year Ended June 30,	Utility Bonds						Special Assessment Bonds				
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service Requirements			Special Assessment Collections	Debt Service Requirements			
				Principal	Interest	Coverage		Principal	Interest	Coverage	
2001	\$ 7,005	\$ 5,033	\$ 1,972	\$ 854	\$ 927	1.11	\$ 481	\$ 756	\$ 362	0.43	
2002	7,693	4,389	3,304	1,038	838	1.76	2,005	780	351	1.77	
2003	7,498	5,295	2,203	1,314	956	0.97	1,075	841	309	0.93	
2004	7,450	7,637	(187)	1,279	1,029	(0.08)	1,069	955	375	0.80	
2005	7,972	7,158	814	1,365	1,143	0.32	941	910	354	0.74	
2006	8,720	7,260	1,460	1,585	1,187	0.53	2,893	919	336	2.31	
2007	8,618	7,250	1,368	1,731	1,172	0.47	773	920	304	0.63	
2008	9,432	7,942	1,490	1,520	1,140	0.56	863	930	299	0.70	
2009	10,369	8,380	1,989	1,535	1,469	0.66	669	825	265	0.61	
2010	11,216	8,394	2,822	2,049	1,422	0.81	581	805	232	0.56	

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

CITY OF PORTAGE, MICHIGAN
(unaudited)
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population	Personal Income (thousands of dollars) ^(est)	Per Capita Personal Income (est)	Median Household Income ⁽¹⁾	Median Age ^(est)	Education Level in Years of Schooling ^(est)	School Enrollment ⁽³⁾	Unemployment Rate ⁽⁴⁾
2001	44,707	\$ 1,178,858	\$ 26,369	\$ 50,029	36	14	8,600	3.9%
2002	44,943	1,210,664	26,938	50,544	36	14	8,600	2.8%
2003	45,679	1,254,894	27,472	50,974	36	14	8,900	3.4%
2004	45,478	1,309,013	28,783	51,332	36	14	8,838	4.4%
2005	45,277	1,341,433	29,627	51,631	36	14	8,962	3.9%
2006	45,354	1,381,973	30,471	51,900	36	14	8,816	4.0%
2007	45,236	1,416,559	31,315	51,600	36	14	8,800	4.0%
2008	46,066	1,481,422	32,159	51,350	36	14	8,776	4.7%
2009	46,133	1,503,040	32,581	51,142	36	14	8,692	9.2%
2010	46,453	1,348,577	29,031	53,538	36	14	8,692	9.1%

Notes:

- ⁽¹⁾ 2001 thru 2009 estimated using US Census Bureau, City-Data.com
2010 figure based on 2010 census
- ⁽²⁾ Portage Public Schools Community Relations
- ⁽³⁾ Municipal Financial Consultants Incorporated

Source: Finance Director

CITY OF PORTAGE, MICHIGAN

(unaudited)

Principal Employers

Current Year and Nine Years Ago

June 30, 2010

Employer	2010			2001		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Pfizer , Inc. (fka Pharmacia & Upjohn, Inc)	3,000	1	11.22 %	4,200	1	17.16 %
Stryker Corporation	1,600	2	5.98	900	5	3.68
Portage Public Schools	1,121	3	4.19	1,193	4	4.87
State Farm Mutual Auto Insurance Co.	750	4	2.81			
Meijer, Inc.	689	5	2.58	675	6	2.76
Summit Polymers / Mueller Plastics	550	6	2.06	1,200	3	4.90
Wal-Mart	406	7	1.52			
Kal. Regional Educational Service Agency	350	8	1.31			
J C Penney Co., Inc	300	9	1.12	350	7	1.43
Bowers Manufacturing	295	10	1.10	320	8	1.31
Wise Personnel Service, Inc.				2,516	2	10.28
Hudson Department Stores				300	9	1.23
Harding's Galesburg Market				248	10	1.01
Totals	9,061		33.89 %	11,902		48.63 %
Total employees	26,734			24,476		

SOURCE: Municipal Financial Consultants Incorporated

CITY OF PORTAGE, MICHIGAN
Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government										
Assessor	6	6	5	6	6	6	6	6	5	5
Clerk	3	3	3	3	3	3	3	3	3	3
City Administration	8	8	8	9	9	8	8	8	8	8
Finance	11	11	10	10	10	10	10	9	9	9
Human Resources	7	7	9	8	8	8	9	9	9	7
Management Information Svcs.	0	0	0	0	0	0	0	0	0	0
Purchasing	3	3	2	2	2	3	3	3	3	2
Police Protection										
Administrative	4	4	4	4	4	4	4	4	4	4
Operations	75	75	72	74	75	75	74	70	70	68
Fire Protection										
Administrative	4	4	4	4	4	4	4	4	4	4
Operations	31	31	31	31	31	31	31	32	31	31
Streets and Equipment	26	26	26	25	24	25	23	23	21	20
Community Development	19	18	18	18	18	18	18	17	16	15
Transportation and Utilities	9	10	9	9	9	9	9	9	7	7
Parks and recreation	16	16	15	15	17	17	17	14	14	12
Senior Center	4	4	4	4	5	6	6	3	3	2
Total	226	226	220	222	225	227	225	214	207	197

SOURCE: City Annual Budget

CITY OF PORTAGE, MICHIGAN
Operating Indicators by Function/Program
Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Function										
Police										
Arrests	3,571	2,766	2,676	2,754	4,010	4,695	4,700	3,850	4,455	3,672
Traffic citations	6,605	5,748	5,542	5,208	4,533	3,616	3,600	2,850	2,800	3,654
Calls for service (Police & Fire)	24,102	20,206	24,358	24,718	23,913	24,934	24,000	24,500	24,800	24,808
Fire										
Number of calls answered										
Fire	136	148	122	118	117	134	120	126	140	120
Emergency medical	1,977	1,966	1,836	2,019	1,620	1,761	1,750	1,962	2,100	1,778
Inspections	1,823	1,804	1,896	2,143	3,000	2,971	3,100	3,588	3,026	3,025
Parks and Recreation										
Acreage of intensive maintenance	191	196	197	200	203	207	207	207	208	209
Acreage of boulevard mowing	116	122	125	129	129	129	130	131	131	131
Highways and streets										
Miles of major streets plowed	70	70	71	71	71	71	71	72	72	72
Miles of streets resurfaced	46	6	3	1	2	33	3	1	2	4
Miles of right-of-way mowed	10	10	41	50	58	52	66	50	50	50
Miles of streets swept	2,662	3,477	3,017	4,688	4,800	4,500	5,000	5,000	5,000	4,985
Water utility										
Water pumped & treated (millions of gallons)	1,886	1,540	2,043	1,968	2,000	2,170	2,200	2,200	2,110	2,002
Water main breaks	25	24	35	28	21	24	24	19	19	24
Sewer utility										
Sewage transported (millions of gallons)	1,595	1,606	1,759	1,778	1,818	1,850	1,890	1,784	1,800	1,800
Miles of sewers cleaned	89	105	96	133	96	95	95	81	78	77
Lift station inspections	2,988	3,848	4,004	3,894	3,950	3,750	3,800	1,980	2,200	1,900

SOURCE: Department of Transportation & Utilities, Police Department, Fire Department, and Department of Parks & Recreation

CITY OF PORTAGE, MICHIGAN
Capital Asset Statistics by Function
Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Function										
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	30	30	30	30	32	32	35	35	32	32
Fire:										
Stations	3	3	3	3	3	3	3	3	3	3
Vehicles	16	16	16	17	14	14	14	14	14	14
Health and welfare										
Number of parks	14	14	14	14	15	15	15	16	16	16
Acres of parks	712	712	721	724	724	724	724	724	724	724
Senior citizen centers	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Miles of Streets	203	205	206	211	215	217	217	219	220	220
Water utility										
Water mains (miles)	205	209	217	220	226	233	237	240	243	245
Number of fire hydrants	1,900	2,150	2,242	2,327	2,498	2,455	2,500	2,587	2,600	2,627
Number of customers	11,888	12,194	12,533	12,757	13,025	13,133	13,300	13,420	13,520	13,626
Sewer utility										
Sewer lines (miles)	202	205	209	213	218	221	224	227	230	230
Lift stations	54	54	55	55	56	55	55	55	55	55
Number of customers	13,492	13,638	13,970	14,161	14,450	14,662	14,783	14,903	15,003	15,080

SOURCE: City Annual Budget

this page intentionally blank

