

CITY OF PORTAGE, MICHIGAN POPULAR ANNUAL FINANCIAL REPORT

2023-2024

Fiscal Year Ending June 30, 2024

CITY OF PORTAGE
7900 SOUTH WESTNEDGE AVENUE
PORTAGE, MICHIGAN 49002
 portagemi.gov | (269) 329-4534



CITY OF PORTAGE

POPULAR ANNUAL

FINANCIAL REPORT

The information in this Popular Annual Financial Report (PAFR) has been drawn from selected segments of the City of Portage Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. Complete financial statements of the City of Portage with additional demographic and economic information are published in the ACFR. Detailed information where the totals are represented by function can be found in the ACFR.

The PAFR and the ACFR are both available on the City of Portage website at portagemi.gov/638. A printed copy of both reports can be obtained by calling the Portage Finance Department at (269) 329-4534.



The new Charles & Lynn Zhang Portage Community Senior Center



A Department of Technology Services employee inspects a city servers



Members of the Portage Emergency Communications Center team conduct a table-top exercise



A Ramona Beach Lifeguard scans the water for swimmers

FINANCIAL AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award for Distinguished Budget Presentation to the City of Portage for its annual budget for the fiscal year beginning July 1, 2024.

The GFOA has also awarded the Certificate of Achievement for Excellence in Financial Reporting to City of Portage for its annual comprehensive financial report for the fiscal year ended June 30, 2023. The report has been judged by an impartial panel to meet the high standards of the program, which includes demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the report.

The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, and as a communications device.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

**City of Portage
Michigan**

For the Fiscal Year Beginning

July 01, 2024

Christopher P. Morill

Executive Director



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Portage
Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

FINANCIAL BRIEF

The City of Portage, Michigan, has completed its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. Responsibility for the accuracy and fairness of the report lies with the City Administration, ensuring disclosures provide a complete understanding of the city's financial activities.

Location and Land Use

Portage spans 35.2 square miles in southwest Michigan, halfway between Chicago and Detroit. The city's land use is 73% residential, 19% industrial, and 8% commercial, supported by its strategic location near major highways.

Economic Condition and Outlook

Property tax revenue increased by \$1.8 million (6.8%), with additional growth in investment income and local contributions. Pfizer, the city's largest taxpayer, completed a \$480 million facility expansion for COVID-19 vaccine production. Housing demand remains high, with significant developments including Trilogy Senior Housing Facility, Oakland Commons, and Tall Timbers Apartments. Commercial investments include a \$7 million Meijer remodel and a \$10 million TST of Portage, LLC, facility, adding 55 new jobs and retaining 110.

Planning and Development Initiatives

1. **Strategic Residential Market Analysis (2023):** A detailed evaluation to attract quality residential investments.
2. **Crossroads Mall Reinvestment:** Strategies to re-purpose the struggling mall area.
3. **Rezoning Projects:** Updates for the Lake Center District to align with the Portage Forward Together 2045 Master Plan.
4. **Unified Development Ordinance:** A comprehensive overhaul of zoning codes to support mixed-use developments and affordable housing.
5. **Industrial Development Districts:** Streamlined tax abatement processes to encourage industrial growth.

Financial Information

Portage employs a five-year financial model and a six-year capital improvement budget to ensure long-term stability. The General Fund balance as of June 30, 2024, was \$17.8 million (50% of expenditures), exceeding the 20% minimum target. S&P Global reaffirmed the city's AA+ credit rating in 2023, reflecting strong financial management. The Sewer and Water Funds maintain robust financial health, with net positions of \$59.8 million and \$56.4 million, respectively, supported by annual rate reviews.

Awards and Acknowledgments

Portage received the GFOA Certificate of Achievement for Excellence in Financial Reporting for the 37th consecutive year, the Distinguished Budget Presentation Award for the 38th year, and the Popular Annual Financial Reporting (PAFR) Award for the third year, earning "Triple Crown" recognition. These achievements highlight the dedication of the Finance Department and the City Council's commitment to financial excellence.

COMMUNITY PROFILE

DEMOGRAPHIC AND ECONOMIC STATISTICS

FY Ended June 30	Population	Personal Income (Thousands of Dollars) (est)	Per Capita Personal Income (est)	Median Household Income ¹	Median Age (est)	School Enrollment ²	Unemployment Rate ³
2020	48,421	\$1,990,121	\$41,100	\$62,997	38	8,913	11.9%
2021	49,975	\$2,200,099	\$44,024	\$62,941	38	8,644	5.5%
2022	49,411	\$2,272,610	\$45,994	\$65,571	37	8,673	4.6%
2023	48,767	\$1,900,840	\$38,978	\$68,755	37	8,704	4.4%
2024	48,936	\$2,061,282	\$42,122	\$74,837	37	8,593	4.7%

Notes:

(1) Estimates from the US Census Bureau and Southwest Michigan First

(2) Portage Public Schools

(3) Bureau of Labor Statistics

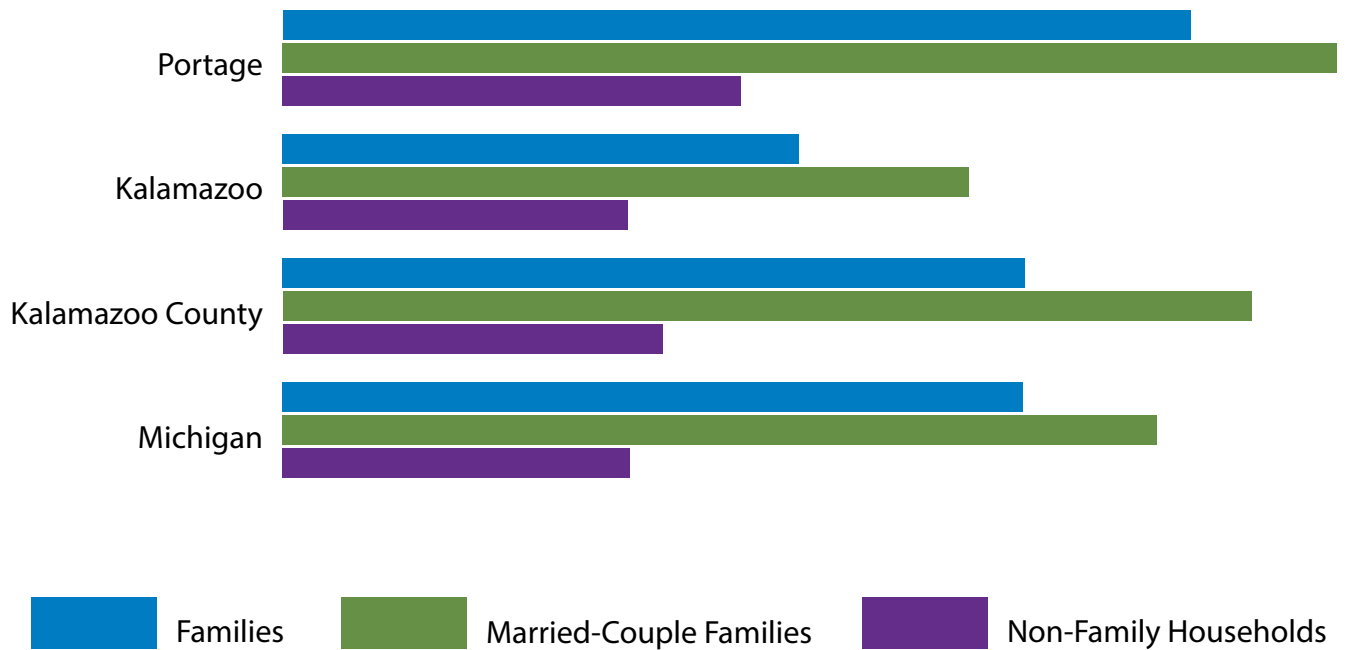
Source: Finance Director

PRINCIPAL EMPLOYERS - 2024

Employer	Employees	Rank	Percentage of Total City Employment
Stryker Instruments	3,500	1	10.74%
Pfizer , Inc. (fka Pharmacia & Upjohn, Inc)	3,000	2	9.21%
Portage Public Schools	1,400	3	4.30%
Summit Polymers / Mueller Plastics	980	4	3.01%
Mann + Hummel	680	5	2.09%
Meijer, Inc.	583	6	1.79%
FedEx	401	7	1.23%
WKW Extrusion Ersloeh Aluminum Solutions, Inc	400	8	1.23%
Wal-Mart	290	9	0.89%
FEMA	230	10	0.71%
Total employees	11,887		35.18%

Source: Southwest Michigan First

MEDIAN INCOME BY TYPES OF FAMILIES



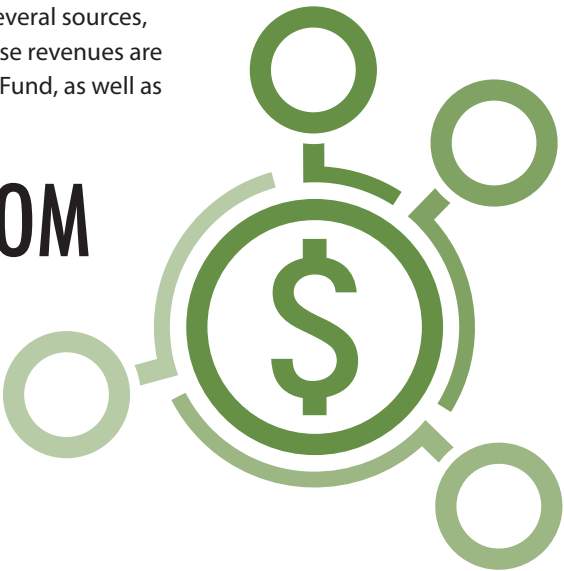
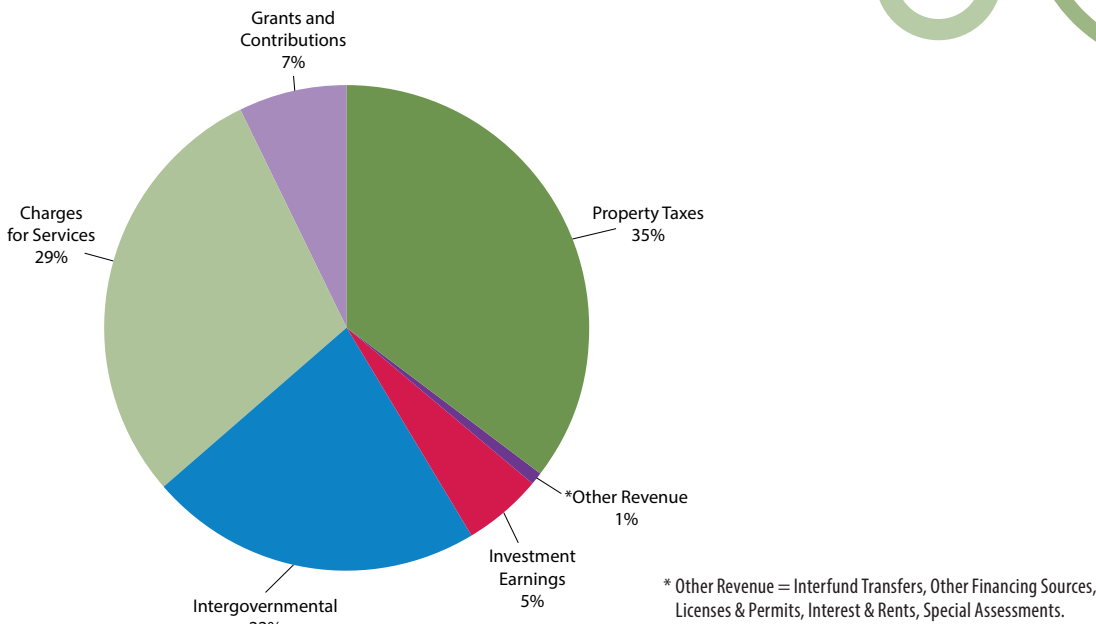
Median Income by Types of Families	Portage	Kalamazoo	Kalamazoo County	Michigan
Families	\$108,510	\$61,735	\$88,699	\$88,499
Married-Couple Families	\$126,052	\$82,036	\$115,813	\$104,537
Non-Family Households	\$54,796	\$41,207	\$45,390	\$41,497

Source: <https://data.census.gov/table?q=median%20income%20by%20types%20of%20families&q=160XX00US2665560>

The City of Portage operates on a balanced budget. Revenues are received from several sources, primarily property taxes, charges for services and intergovernmental funding. Those revenues are distributed primarily to the city's General Fund and Capital Improvement Program Fund, as well as other various funds.

WHERE THE MONEY CAME FROM

Sources of Funding - All Funds
Fiscal Year 2023-2024



WHERE YOUR PROPERTY TAXES WENT

In Fiscal Year 2023-2024, the City Treasurer distributed property taxes to the schools, county, library and city as shown below.

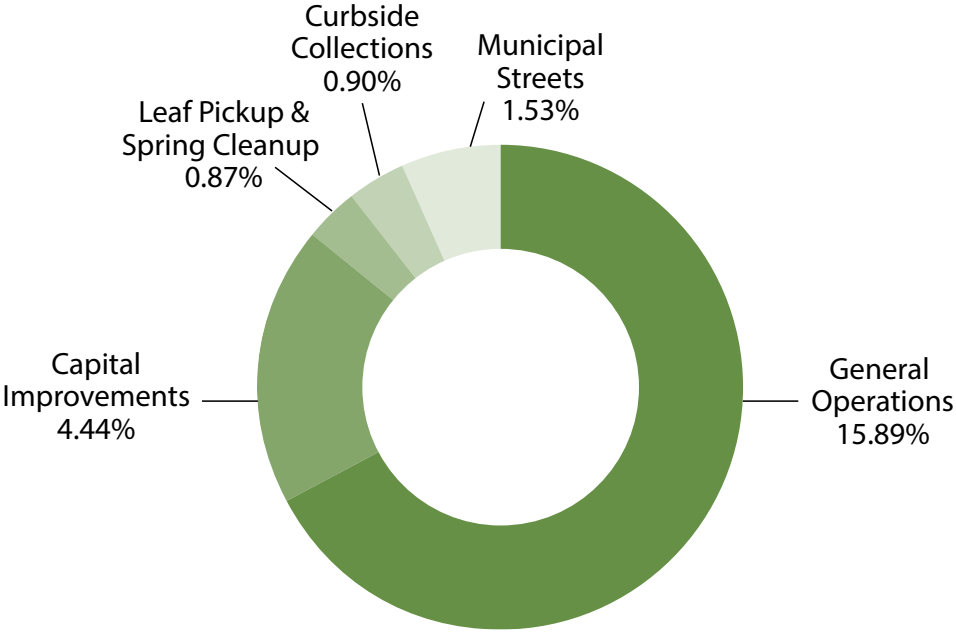
Taxing Unit	Percentage of Tax Levy
Local Schools	31.83%
City of Portage	23.63%
Kalamazoo County	20.61%
State Education	13.33%
Community College	6.17%
Library	4.43%



* State Education Tax, Public Schools, Community College.

HOW THE CITY OF PORTAGE USED YOUR PROPERTY TAXES

In Fiscal Year 2023-2024, **only 23.63 percent of Portage resident property taxes were distributed to the City of Portage.** The remaining funds were distributed to other taxing jurisdictions. The city portion of your property taxes were used in this way:



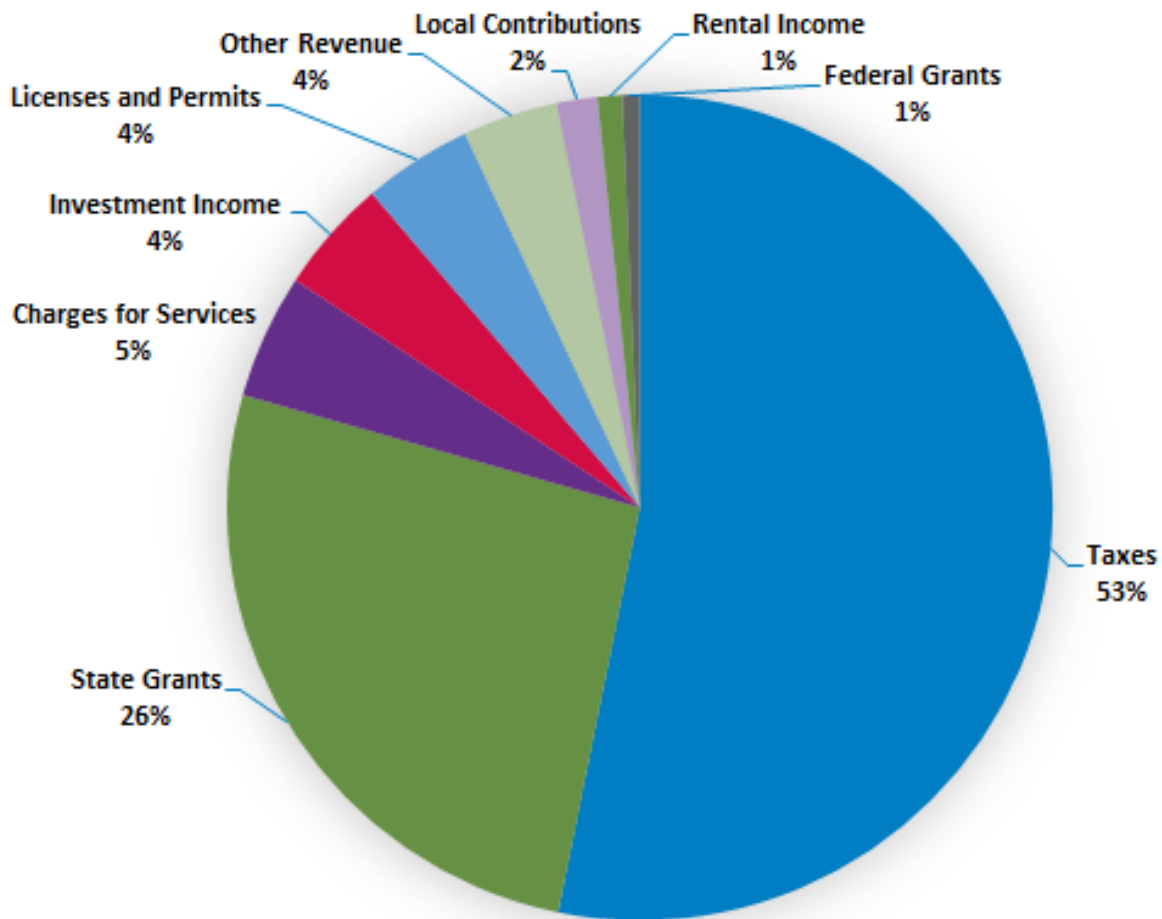
COST OF CITY SERVICES TO THE TYPICAL RESIDENCE

In Fiscal Year 2023-2024, the total cost of city services for the typical residence in Portage, including property taxes and utilities, was \$1,904.77 shown below. The cost in Fiscal Year 2023-2024 will increase by \$137.75.

	Property Taxes	Utilities	Total
Fiscal Year 2023-24	\$1,071.08	\$833.69	\$1,904.77
Fiscal Year 2024-25	\$1,138.48	\$904.04	\$2,042.52

GENERAL FUND REVENUES BY SOURCE

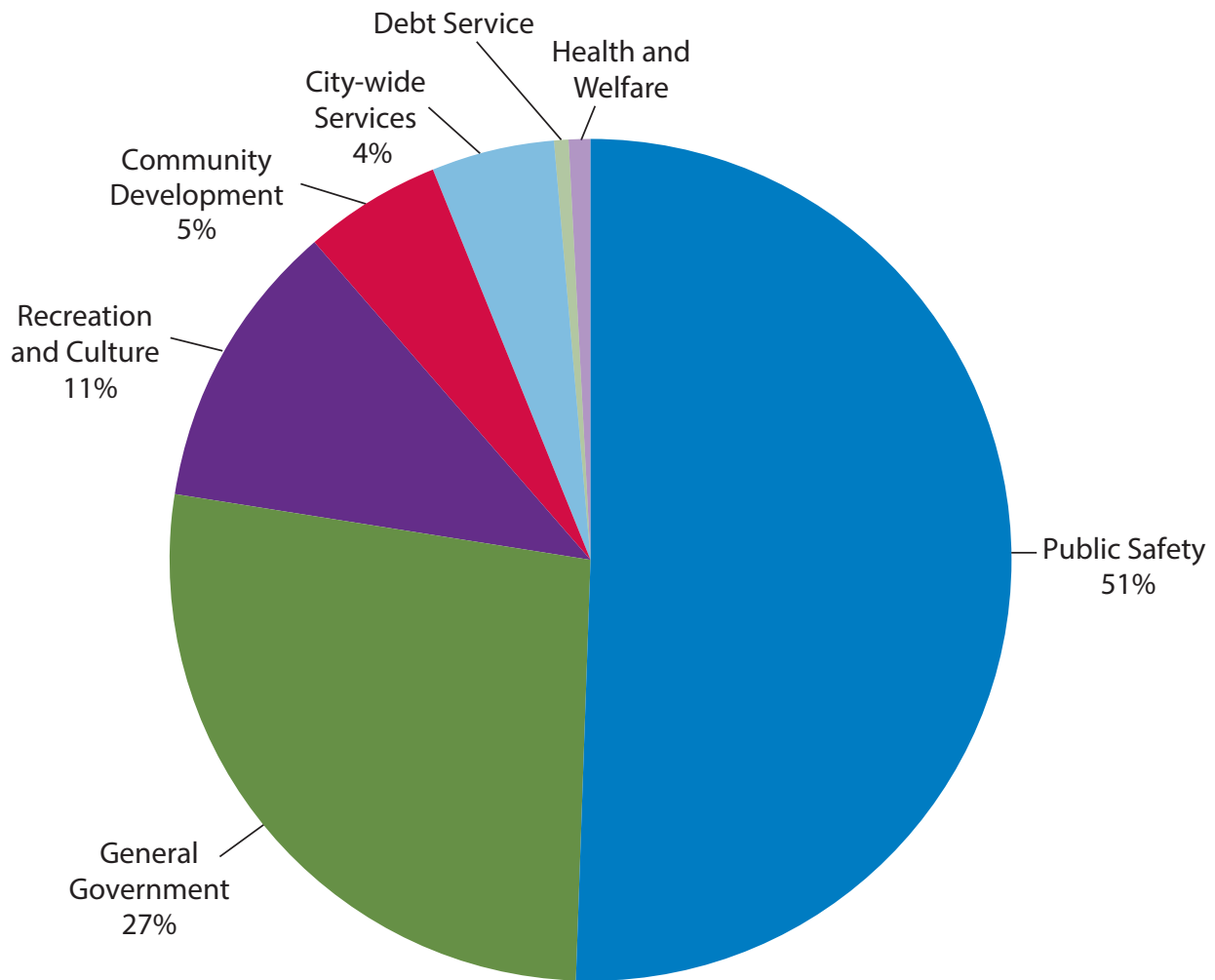
Fiscal Year 2023-2024



General Fund Revenues	Amount	Percentage
Taxes	\$18,656,037	53.18%
State Grants	\$9,198,037	26.22%
Charges for Services	\$1,711,486	4.88%
Investment Income	\$1,570,681	4.48%
Licenses and Permits	\$1,500,632	4.28%
Other Revenue	\$1,303,139	3.71%
Local Contributions	\$563,125	1.61%
Rental Income	\$335,421	0.96%
Federal Grants	\$240,630	0.69%
Total Revenues	\$35,079,188	100%

GENERAL FUND EXPENDITURES BY DEPARTMENT OR FUNCTION

Fiscal Year 2023-2024

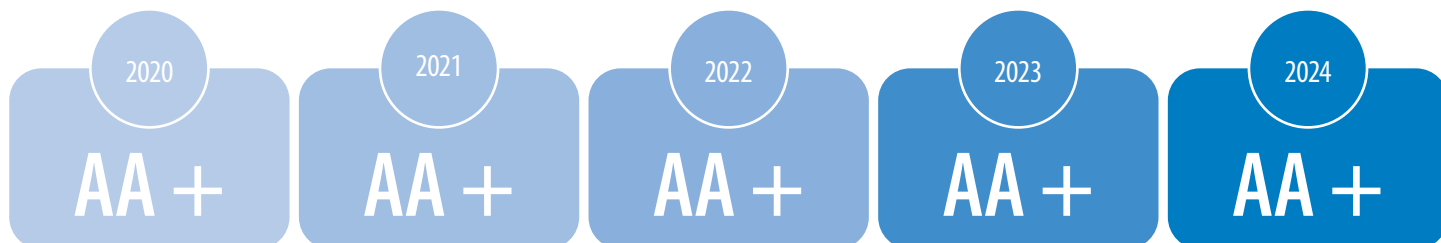


General Fund Expenditures	Amount	Percentage
Public Safety	\$15,212,676	50.67%
General Government	\$8,136,687	27.10%
Recreation and Culture	\$3,288,090	10.95%
Community Development	\$1,553,132	5.17%
City-wide Services	\$1,435,257	4.78%
Debt Service	\$212,548	0.71%
Health and Welfare	\$182,668	0.61%
Total Expenditures	\$30,021,058	100.00%

FISCAL STABILITY

The City of Portage is a regional leader in economic strength. The spending priorities have always included a strong focus on road improvements, along with parks, trails, and public facilities. “AA+” rating allows the city to create a strong demand from investors and deliver low borrowing costs for the city and its taxpayers.

Standard & Poor’s Bond Rating



S&P Global raised the city’s general obligation bonding to AA+ in May 2017. In May 2023, the city achieved an AA+ rating for the sixth consecutive year. This solid rating has the effect of reducing borrowing costs and is another positive indicator of the financial viability of the city.

S & P Global commented, “Portage’s AA+ rating reflects our view of its well-embedded fiscal planning and policies, which guide its consistently positive operations and growing reserves. The ongoing and projected population growth and strength of its well-balanced economy, characterized by a good mix of manufacturing, wholesale and retail trade, and service activity in southwestern Michigan’s Kalamazoo County, are also credit strengths. Property tax revenues account for over 50% of revenues and are expected to continue to increase, and combined with strong fiscal management will likely drive ongoing positive financial operations.”

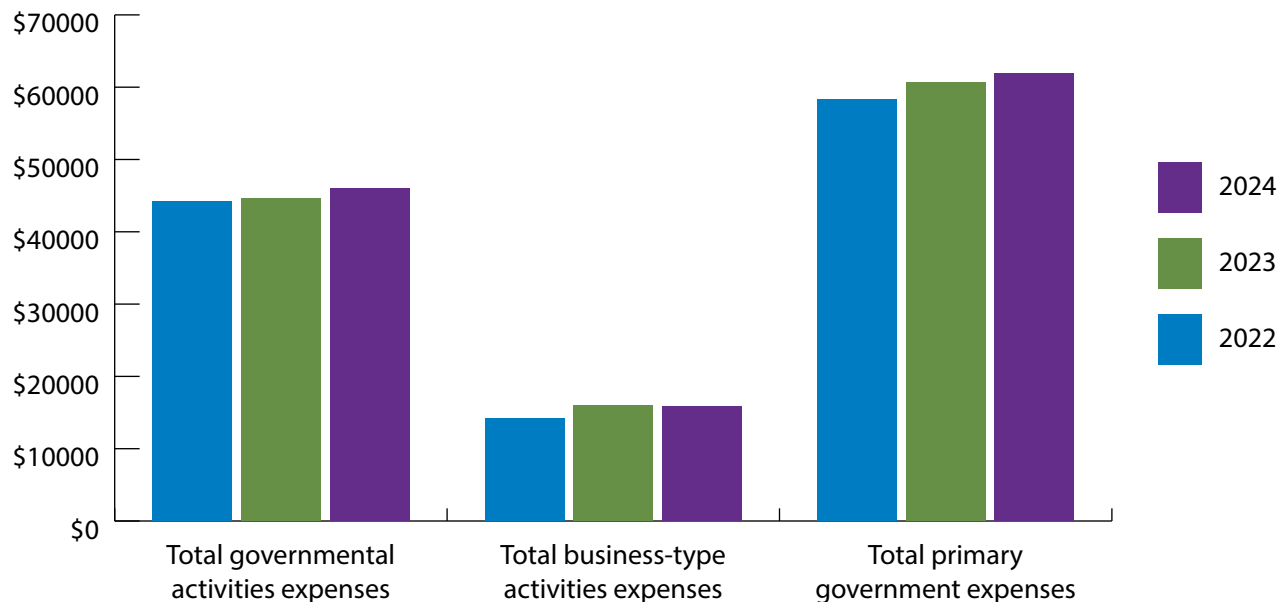
THREE YEARS AT A GLANCE

STATEMENT OF ACTIVITIES - EXPENSES

Accrual Basis of Accounting

Expressed in Thousands

Expenses	2022	2023	2024
Governmental activities:			
General government	\$9,465	\$7,261	\$9,430
Public safety	\$16,950	\$16,713	\$17,053
Public works	\$11,475	\$11,931	\$11,332
Health and welfare	\$664	\$1,253	\$732
Community development	\$1,650	\$1,921	\$1,939
Recreation and culture	\$3,320	\$4,081	\$4,344
Interest	\$600	\$1,470	\$1,219
Total governmental activities expenses	\$44,124	\$44,630	\$46,049
Business-type activities:			
Sewer	\$9,485	\$10,710	\$10,935
Water	\$4,728	\$5,283	\$4,845
Total business-type activities expenses	\$14,213	\$15,993	\$15,780
Total primary government expenses	\$58,337	\$60,623	\$61,829

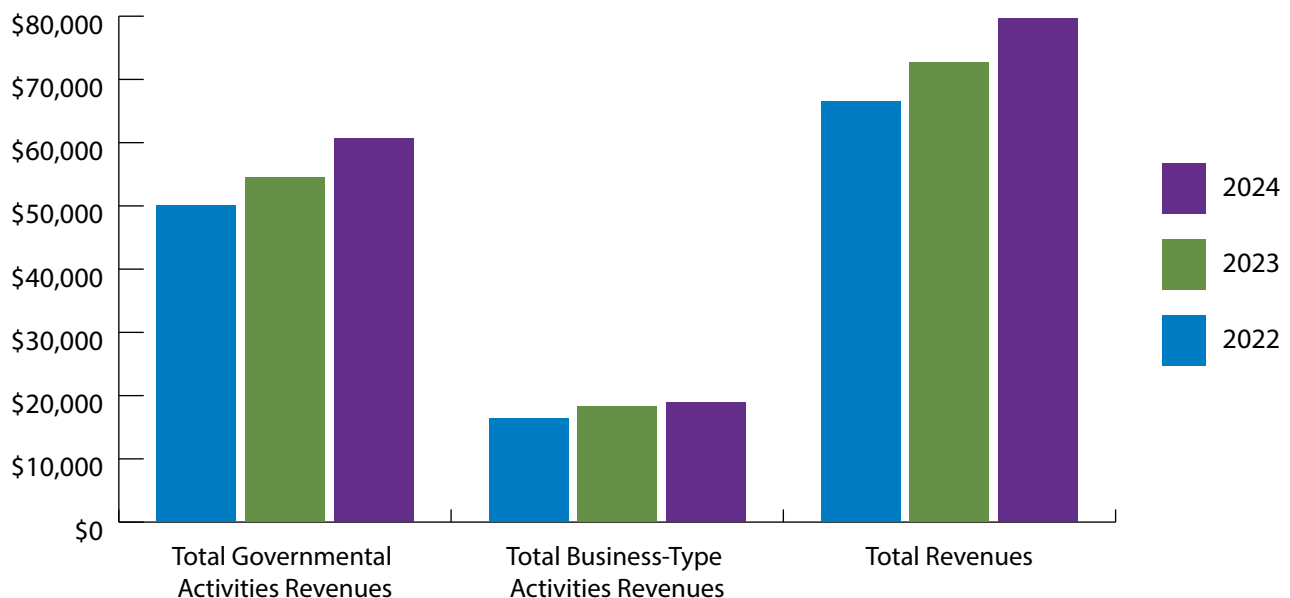


STATEMENT OF ACTIVITIES - REVENUES

Accrual Basis of Accounting

Expressed in Thousands

Revenues	2022	2023	2024
Governmental Activities:			
<i>Program revenues:</i>			
Charges for services	\$3,068	\$4,420	\$5,176
Operating grants	\$11,153	\$12,214	\$3,331
Capital grants	\$71	\$49	\$1,902
<i>General revenues:</i>			
Property taxes	\$25,465	\$26,498	\$28,185
State-shared revenue and grants	\$9,921	\$10,325	\$17,825
Unrestricted investment earnings	\$0	\$739	\$3,308
Miscellaneous	\$102	\$191	\$209
Gain (loss) on sale of capital assets	\$335	\$0	\$697
Total Governmental Activities Revenues	\$50,115	\$54,436	\$60,633
Business-type Activities:			
<i>Program revenues:</i>			
Charges for services	\$16,413	\$17,493	\$17,973
Operating grants	\$0	\$474	\$16
<i>General revenues:</i>			
Unrestricted investment earnings	\$0	\$292	\$886
Miscellaneous	\$0	\$0	\$97
Total Business-Type Activities Revenues	\$16,413	\$18,259	\$18,972
Total Revenues	\$66,528	\$72,695	\$79,605

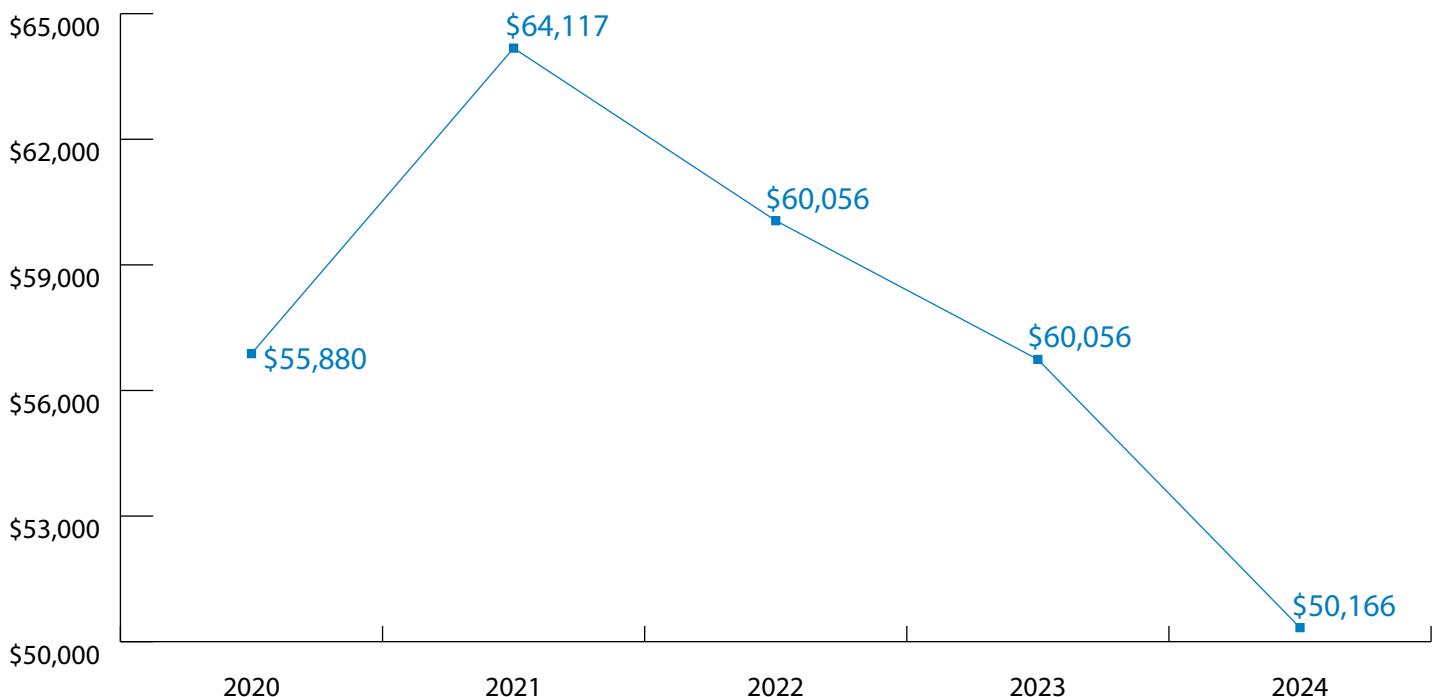


DEBT FIVE-YEAR GLANCE

TOTAL DEBT OVER FIVE YEARS

Expressed in Thousands

June 30	2020	2021	2022	2023	2024
Governmental activities:					
General Obligation bonds	\$132	\$78	\$40	\$0	\$0
Special Assessment bonds	\$1,025	\$0	\$0	\$0	\$0
Motor Vehicle Highway bonds	\$930	\$350	\$0	\$0	\$0
Capital Improvement bonds	\$30,044	\$42,133	\$42,428	\$42,622	\$39,070
Notes from direct placement	\$1,480	\$1,468	\$2,106	\$1,621	\$1,478
Redevelopment bonds	\$6,625	\$5,270	\$3,905	\$2,880	\$2,295
Issuance premiums/discounts (net)	\$1,140	\$2,298	\$2,183	\$2,471	\$2,326
Total governmental activities debt	\$40,236	\$49,299	\$48,479	\$47,123	\$45,169
Business-type activities:					
Capital Improvement bonds	\$14,761	\$11,998	\$8,959	\$6,862	\$4,978
General Obligation bonds	\$218	\$137	\$70	\$0	\$0
Issuance premiums/discounts (net)	\$525	\$445	\$365	\$285	\$188
Total business-type activities debt	\$15,504	\$12,580	\$9,394	\$7,147	\$5,166
Total primary government debt	\$56,880	\$64,177	\$60,056	\$56,741	\$50,335



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