



Dave Yost • Auditor of State



CITY OF PORTSMOUTH  
SCIOTO COUNTY

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**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grants/State's Program			
Community Development Program	A-F-09-167-1	14.228	\$81,554
Community Development Program	A-F-10-2DH-1		134,453
Community Housing Improvement Program	A-C-10-2DH-1		49,910
CDBG Revolving Loan	N/A		75,000
<i>Passed Through Vinton County, Ohio:</i>			
Neighborhood Stabilization Program (NSP-1)	B-Z-08-075-1	14.228	4,000
Total Community Development Block Grants/State's Program			344,917
<i>Passed Through Ohio Department of Development:</i>			
Home Investment Partnerships Program	A-C-10-2DH-2	14.239	203,186
Total U.S. Department of Housing and Urban Development			548,103
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
<i>Passed Through Ohio Department of Public Safety - Office of Criminal Justice:</i>			
ARRA - Public Safety Partnership and Community Policing Grants	2009-RK-WX-0689	16.710	119,602
Edward Byrne Memorial Justice Assistance Grant Program	2009-DJ-BX-1480	16.738	10,141
	2009-JG-OPD-3741	16.738	2,398
	2010-JG-E01-6706	16.738	50,000
	2010-DJ-BX-0253	16.738	7,583
	2011-JG-E01-6943	16.738	13,770
Total Edward Byrne Memorial Justice Assistance Grant Program			83,892
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	2009-SB-B9-0988	16.804	13,885
Total U.S. Department of Justice			217,379
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
<i>Passed Through Ohio Department of Public Safety:</i>			
State and Community Highway Safety Grant	GG-2013-SA-00-00-00388-00 / GG-2012-SA-00-00-00260-00	20.600	39,839
Total U.S. Department of Transportation			39,839
<b><u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u></b>			
<i>Passed Through Ohio Environmental Protection Agency:</i>			
Air Pollution Control Program Support	2012	66.001	99,033
	2013		71,803
Total Air Pollution Control Program Support			170,836
Total U.S. Environmental Protection Agency			170,836
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<i>Direct from Federal Government:</i>			
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	N/A	93.918	228,973
<i>Passed Through Ohio Department of Health:</i>			
Public Health Emergency Preparedness (B)	73-200-12PH-0312	93.069	69,509
	73-200-12PH-0413		25,766
Total Public Health Emergency Preparedness (B)			95,275
Family Planning Services	73-2-001-1-RH-0112	93.217	23,174
	73-2-001-1-RH-0213		17,625
Total Family Planning Services			40,799
HIV Prevention Activities_Health Department Based	73-200-12HP-0512	93.940	530,141
Preventative Health Services_Sexually Transmitted Diseases Control Grant	73-200-12SD-0112	93.977	139,455
Preventative Health and Health Services Block Grant	73-200-001-4-IP-0512	93.991	55,209
Total Passed Through Ohio Department of Health			860,879

CITY OF PORTSMOUTH  
SCIOTO COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</u></b>			
<i>Passed Through Substance Abuse and Mental Health Services Administration:</i>			
Drug-Free Communities Support Program Grant	1H79SP018684-01	93.276	26,095
<i>Passed Through The Ohio State University:</i>			
Cancer Cause and Prevention Research	R01CA129771	93.393	<u>4,767</u>
Total U.S. Department of Health and Human Services			1,120,714
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
<i>Passed Through Ohio Department of Public Safety - Ohio Emergency Management Agency:</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	FEMA-4002-DR-145-64304-01 FEMA-4002-DR-145-64304-02	97.036	35,823 <u>8,030</u>
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			43,853
Assistance to Firefighters Grant Program	EMW-2010-FO-09668	97.044	<u>12,528</u>
Total U.S. Department of Homeland Security			<u>56,381</u>
<b>TOTAL FEDERAL AWARDS EXPENDITURES</b>			<b><u><u>\$2,153,252</u></u></b>

*The Notes to the Federal Awards Expenditures Schedule are an integral part of this Schedule.*

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE A – SIGNIFICANT ACCOUNT POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the City's federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - SUBRECIPIENTS**

The City passes certain federal awards received from the Ohio Department of Public Safety – Office of Criminal Justice to other governments or not-for-profit agencies (subrecipients). As Note A describes, the City reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the City has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

**NOTE C - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS**

The City has a revolving loan fund (RLF) to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and also to lend money to eligible persons to rehabilitate homes. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the City passed through the Ohio Department of Development. No new loans were issued during our audit period. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by mortgages on the property.

Activity in the CDBG revolving loan fund during 2012 is as follows:

Beginning loans receivable balance as of January 1, 2012	\$78,090
Loans made	0
Loan principal repaid	20,671
Ending loans receivable balance as of December 31, 2012	\$57,419
2012 Expenditure of Revolving Loan Funds to Distell Construction for Grant work on the Mound Park Project	75,000
2012 Transfer of Revolving Loan Funds to the Community Development Checking Account	11,772
Cash balance on hand in the revolving loan fund as of December 31, 2012	\$392,439

The table above reports gross loans receivable.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

City of Portsmouth  
Scioto County  
728 Second Street  
Portsmouth, Ohio 45662

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Portsmouth, Scioto County, Ohio (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 4, 2013, wherein we noted the City had a negative cash balance in the General Fund due to the cost of police, fire and other governmental services and that the City has adopted Governmental Accounting Standards Board Statements No. 62, 63 and 65.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings and Questioned Costs we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. We consider Findings 2012-001, 2012-002, 2012-007 and 2012-008 described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2012-006 described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency.

### **Compliance and Other Matters**

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Questioned Costs as items 2012-001 through 2012-006.

### **Entity's Response to Findings**

The City's responses to the Findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

### **Purpose of this Report**

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

September 4, 2013



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

City of Portsmouth  
Scioto County  
728 Second Street  
Portsmouth, Ohio 45662

To the City Council:

### ***Report on Compliance for Each Major Federal Program***

We have audited the City of Portsmouth's, Scioto County, Ohio (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the City's major federal programs for the year ended December 31, 2012. The *Summary of Audit Results* in the accompanying Schedule of Findings and Questioned Costs identifies the City's major federal programs.

### ***Management's Responsibility***

The City's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the City's compliance for each of the City's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the City's major programs. However, our audit does not provide a legal determination of the City's compliance.

***Basis for Qualified Opinion on Community Development Block Grants/State's Program and Home Investment Partnerships Program***

As described in Findings 2012-009, 2012-010, 2012-013 and 2012-014 in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding the following:

Finding #	CFDA #	Program Name	Compliance Requirement
2012-009	14.228	Community Development Block Grants/State's Program	Cash Management
2012-010	14.228	Community Development Block Grants/State's Program	Period of Availability
2012-013	14.239	Home Investment Partnerships Program	Cash Management
2012-014	14.239	Home Investment Partnerships Program	Period of Availability

Compliance with these requirements is necessary, in our opinion, for the City to comply with the requirements applicable to these programs.

***Qualified Opinion on Community Development Block Grants/State's Program and Home Investment Partnerships Program***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Community Development Block Grants/State's Program and Home Investment Partnerships Program* paragraph, the City of Portsmouth complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Community Development Block Grants/State's Program and Home Investment Partnerships Program* for the year ended December 31, 2012.

***Basis for Adverse Opinion on HIV Prevention Activities – Health Department Based***

As described in Findings 2012-018 through 2012-021 in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding the following:

Finding #	CFDA #	Program Name	Compliance Requirement
2012-018	93.940	HIV Prevention Activities – Health Department Based	Activities Allowed or Unallowed and Allowable Costs/Cost Principles
2012-019	93.940	HIV Prevention Activities – Health Department Based	Period of Availability
2012-020	93.940	HIV Prevention Activities – Health Department Based	Reporting
2012-021	93.940	HIV Prevention Activities – Health Department Based	Procurement and Suspension and Debarment

Compliance with these requirements is necessary, in our opinion, for the City to comply with the requirements applicable to this program.

***Adverse Opinion on HIV Prevention Activities – Health Department Based***

In our opinion, because of the effect of the noncompliance described in the *Basis for Adverse Opinion on HIV Prevention Activities – Health Department Based*, the City of Portsmouth did not comply, in all material respects with the requirements referred to above that could directly and materially affect its HIV Prevention Activities – Health Department Based.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying Schedule of Findings and Questioned Costs as items 2012-006, 2012-011, 2012-012 and 2012-015. These Findings did not require us to modify our compliance opinion on each major federal program.

The City's responses to our noncompliance findings are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

***Report on Internal Control Over Compliance***

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and a deficiency we consider to be a significant deficiency.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2012-009 through 2012-014, 2012-016 and 2012-018 through 2012-021 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2012-006 and 2012-017 to be significant deficiencies.

The City's responses to our internal control over compliance findings are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

***Report on Federal Awards Expenditures Schedule Required by OMB Circular A-133***

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Portsmouth, Scioto County, Ohio (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our unmodified report thereon dated September 4, 2013, wherein we noted the City had a negative cash balance in the General Fund due to the cost of police, fire and other governmental services. Our opinion also explained that the City adopted *Governmental Accounting Standard Nos. 62, 63 and 65* during the year. We conducted our audit to opine on the City's basic financial statements. The accompanying Federal Awards Expenditures Schedule (the Schedule) presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

Columbus, Ohio

September 4, 2013

CITY OF PORTSMOUTH  
SCIOTO COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2012

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	Yes
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Qualified for Community Development Block Grants/ States' Program - CFDA #14.228 and Home Investment Partnerships Program – CFDA #14.239  Adverse for HIV Prevention Activities - Health Department Based - CFDA #93.940
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Community Development Block Grants/ State's Program - CFDA #14.228  Home Investment Partnerships Program – CFDA #14.239  HIV Prevention Activities - Health Department Based - CFDA #93.940
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2012-001**

**Noncompliance, Material Weakness and Finding for Adjustment**

Ohio Rev. Code Section 5705.10(H) states that money paid into a fund must be used only for the purposes for which such fund has been established.

Schonhardt & Assoc. prepared a Cost Allocation Plan for the City in 2011 to allocate fiscal year 2012 costs to various City departments and cost objectives. During our testing of this Cost Allocation Plan, we noted the following:

- The Cost Allocation Plan included various indirect costs such as fringe benefits, utilities, etc. which may be subject to allocation. However, the City only posted allocations pertaining to wages.
- The Cost Allocation Plan as approved includes an iteration factor in the calculation to reallocate indirect costs received back into expending funds. This results in the potential to post the same expenditure multiple times.
- The Cost Allocation Plan did not include descriptions for all expenditure line items allocated.
- The Cost Allocation Plan included a line titled "General Government" which includes all funds not otherwise identified. This is an ambiguous posting covering several funds.
- The City posted allocations from departments not included in the Cost allocation plan: Fire Department (Fund 101.223), Traffic Lights (Fund 101.331), Grounds Maintenance (Fund 101.333), Community Development (Fund 101.661), Eng. Inspection (Fund 101.663), Street Maintenance (Fund 231.335), Water Collections (Fund 604.774), and Flood Defense (Fund 621.225).

These items resulted in monies being paid into funds and subsequently used contrary to their restricted purposes. We recommend the following adjustments for unallowable allocations:

- Decrease General Fund balance by \$274,609.
- Decrease Sewer Fund balance by \$73,319.
- Increase Flood Defense Fund by \$73,779.
- Increase Street Maintenance Fund balance by \$167,474.
- Increase Water Fund balance by \$87,601.
- Increase Sanitation Fund balance by \$19,074.

The adjustments above were made by the client and posted to the client's system. The adjustments were also made to the audited financial statements.

We recommend the City contract for preparation of a Cost Allocation Plan each year which establishes a reasonable methodology for the allocation between funds. We recommend the City post allocation adjustments in accordance with the approved Cost Allocation Plan.

**Officials' Response:** The City has contracted for preparation of a Cost Allocation Plan and is awaiting the results of the plan. This will be the second plan we have prepared in the past two years.



**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2012-002**

**Noncompliance and Material Weakness**

Ohio Rev. Code Section 5705.10(H) states that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund.

The following funds had negative cash fund balances at December 31, 2012: General Fund, (\$901,287); Municipal Court Grants Fund, (\$23,830); Federal Cops Hiring Recovery Program (CHRP) Fund, (\$64,459); Appalachian Regional Commission (ARC) Grants Fund, (\$8,254); Drug Free Communities Fund, (\$20,683); Title X Family Planning Fund, (\$1,961); Sewage System Revenue Fund, (\$305,563); and Insurance Account 'B' Fund, (\$886,199).

We recommend the City Auditor monitor to ensure that money from one fund is not used to cover the expenses of another fund.

**Officials' Response:** The Auditor will monitor to ensure that one fund is not used to cover another and recommend an advance from another fund to cover funds that are negative to cover until funding is received such as grant funds awaiting disbursements.

**FINDING NUMBER 2012-003**

**Noncompliance**

Ohio Rev. Code Section 5705.36(A)(4) states that upon determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

Appropriations were greater than actual resources at December 31, 2012 in the following funds:

<b>Fund:</b>	<b>Actual Resources</b>	<b>Appropriation Authority</b>	<b>Variance</b>
General Fund	\$10,825,670	\$11,733,195	(\$907,525)
Capital Improvement Fund	\$2,807,062	\$2,955,080	(\$148,018)
State Highway Fund	\$60,018	\$90,739	(\$30,721)

Since the expenditure of City funds is based on the estimated resources, instances when beginning fund balances plus actual receipts do not meet budgetary estimates have led to overspending as evidenced by negative funds balances as noted in Finding Number 2012-002.

We recommend the City Auditor monitor estimated and actual receipts. If it becomes apparent the City is not going to receive the amount of estimated resources, the City Auditor should obtain a reduced amended certificate from the County Budget Commission. We further recommend the City Council make corresponding reductions in appropriations.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2012-003 (Continued)**

**Officials' Response:** The Auditor will recommend that appropriations not exceed actual resources and obtain an amended certificate of resources if resources are seen to be significantly different than projected.

**FINDING NUMBER 2012-004**

**Noncompliance**

Ohio Rev. Code Section 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Appropriations were greater than estimated resources at December 31, 2012 in the following funds:

<b>Fund:</b>	<b>Estimated Resources</b>	<b>Appropriation Authority</b>	<b>Variance</b>
General Fund	\$10,840,006	\$11,733,195	(\$893,189)
Capital Improvement Fund	\$2,728,528	\$2,955,080	(\$226,552)
State Highway Fund	\$61,251	\$90,739	(\$29,488)

We recommend the City Council only adopt appropriations that do not exceed estimated resources.

**Officials' Response:** The Auditor will again recommend that appropriations not exceed estimated resources.

**FINDING NUMBER 2012-005**

**Noncompliance**

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2012-005 (Continued)**

**Noncompliance - Ohio Rev. Code Section 5705.41(D)(1) (Continued)**

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the City can authorize the drawing of a warrant for the payment of the amount due. The City has thirty days from receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the City.

2. Blanket Certificates - Fiscal officers may prepare so-called "blanket" certificates not running beyond the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Purchase orders may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend past the end of the fiscal year. In other words, blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.

3. Super Blanket Certificate - The City may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to exceed beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The City Auditor did not certify the availability of funds prior to making commitments for 39% of the disbursements tested for 2012, and there was no evidence that the City followed the aforementioned exceptions. We also noted that it is the practice of the City not to issue a purchase order for monthly utility bills. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the City's funds exceeding budgetary spending limitations, we recommend that the City Auditor certify that the funds are or will be available prior to an obligation being incurred by the City. When prior certification is not possible, "then and now" certification should be used.

We recommend the City obtain the City Auditor's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The City Auditor should sign the certification at the time the City incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The City Auditor should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. We recommend that the City issue purchase orders for utility payments.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2012-005 (Continued)**

**Officials' Response:** The Auditor will require that all departments obtain approval from the Mayor and City Auditor prior to making expenditures.

**FINDING NUMBER 2012-006**

**Noncompliance and Significant Deficiency**

OMB Circular A-133 Section .300(d) states that the auditee shall prepare appropriate financial statements, including the Federal Awards Expenditures Schedule (the Schedule) in accordance with Section .310. OMB Circular A-133 Section .310(b) states that the auditee shall prepared a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the Schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For Research and Development, total Federal awards expended shall be shown either by individual award of by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the Schedule.
- (5) To the extent practical, pass-through entities should identify in the Schedule the total number provided to subrecipients from each Federal program.
- (6) Include, in either the Schedule or a note to the Schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule.

During 2012, the City received and spent federal grant monies relating to 18 federal programs. The following discrepancies existed in the 2012 City-prepared federal schedule:

- Federal expenditures on the City-prepared federal schedule only contained 13 federal programs, where the final adjusted Schedule had 18.
- The City-prepared federal schedule total expenditure amount was understated by \$277,916.
- Grant names needed revisions, and several pass through numbers were incorrect.
- We also noted some federal grants were being comingled by the City in the same fund, which made it cumbersome to determine the proper amount of federal expenditures for each program.
- Due to the comingling of funds in the City Health Department, grants had to be tracked separately in their own spreadsheets by City Health Department personnel. However, when we tried to reconcile the spreadsheets to the City's records, the documents did not agree.
- The City backdated checks in fiscal year 2011 and fiscal year 2012 which affected federal expenditures. The total net amount of backdated checks was not material; however, this type of activity could create inaccurate reporting of federal expenditures.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2012-006 (Continued)**

**Noncompliance and Significant Deficiency - OMB Circular A-133 Section .300(d) (Continued)**

Errors in the Federal Award Expenditures Schedule resulted in inaccurate reporting of the federal awards under OMB A-133 requiring audit adjustments to the Schedule.

We recommend the City ensure proper reporting of federal expenditures, which includes reporting the proper amounts of expenditures; correct federal awarding agencies; correct pass-through entity names and numbers (where applicable); and the Catalog of Federal Domestic Assistance (CFDA) numbers. Additionally, source documentation should be maintained to support the City's schedule. We further recommend the City not commingle federal grants in their accounting system. Each federal program should be accounted for separately and must be able to be traced back to City accounting records. Lastly, we recommend the City not backdate checks related to federal funds.

**Officials' Response:** The Auditor will require departments receiving grants to provide the Auditor with corresponding CFDA numbers and set up funds necessary to separate grant funds.

**FINDING NUMBER 2012-007**

**Material Weakness**

The City maintains Insurance Account "B" Fund that is utilized to track the accumulation and payment of health, dental, vision, and life insurance premiums. The City transfers premiums for the covered employees into this fund from the respective funds where the employees are paid. The premiums are then disbursed from this fund to the insurance providers. This fund is also used to pay claims related to the City's self insurance health plan that provides additional reinsurance coverage above that provided by the traditional health insurance provided by United Healthcare. The self insurance is administered by a third party administrator, Avalon Benefit Services. Avalon processes the claims and submits a list of the approved claims to the City for payment. The City transfers the appropriate amount from its main bank account into its health claims bank account. Avalon then writes the checks to pay for the approved claims. The City then posts these disbursements made by Avalon to the Insurance Account "B" Fund. However, the City does not transfer any monies into the Insurance Account "B" Fund or bill other funds to recover the costs of the self insurance claims from the benefitting employees' funds. This resulted in the Insurance Account "B" Fund having a deficit cash balance of \$886,199 at December 31, 2012. In addition, the City has reported claims payable at December 31, 2012 that has not been funded into the Insurance Account "B" Fund for payment and there may be other unknown liabilities for unreported claims outstanding as of December 31, 2012 as well.

We recommend the City transfer funds into the Insurance Account "B" Fund to support the amount of the claims disbursements. The City should determine the funds from which the employees, to whom the claims relate, are paid and transfer the appropriate amounts from those funds into the Insurance Account "B" Fund.

**Officials' Response:** The Auditor has already met with the Mayor and staff to prepare a plan to identify appropriate funds to allocate back the proper health insurance expenses and to bring the insurance fund back into balance. The Auditor has also recommended that the budget be prepared going forward to reflect this allocation with amounts in each department sufficient to maintain a balance in the health insurance fund.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2012-008**

**Material Weakness**

While the City has a capital assets policy, the policy was not updated to comply with the requirements of GASB Statement No. 34 for the reporting of capital assets. The capital assets policy should include, but not be limited to, the following: capitalization threshold, categories or classes of assets, method of cost determination, method of depreciation, useful lives and methods of acquisition. Further, the policy should establish procedures relating to the recording of infrastructure including the following items: determination of values / method of capitalization, useful lives, items to be included in infrastructure for both Governmental Activities and Business-Type Activities, condition by each type of asset, and documentation to indicate at what point an asset has had an improvement that increases its efficiency to the point the old asset value needs removed and the new value recorded (such as total repaving and not just patching of a street).

A review of the City's current capital asset policy in comparison to the City's recorded capital assets revealed the following:

- The current policy was revised several years ago to increase the capital asset threshold to \$5,000. However, the policy does not state whether this threshold applies to infrastructure.
- The current policy states, in part, that infrastructure fixed assets will not be reported for roads, bridges, curbs, gutters, streets, sidewalks, storm sewers and similar assets of value only to the City. The policy currently also states that proprietary infrastructure including all water and wastewater lines and appurtenances are to be included. However, in accordance with GASB Statement No. 34, the City properly included streets (including land and site preparation; pavement including the base course, intermediate course and surface course; and curbing and sidewalks directly related to the streets), curbing and sidewalks (related to parks).
- The current policy includes the classification of Improvements Other Than Buildings which is to include improvements such as park facilities, parking lots, baseball fields, tennis courts, swimming pools and infrastructure associated with City owned assets (water and sanitary sewer systems). However, Improvements Other Than Buildings is being reported on the City's financial statements under Business-Type Activities which only includes water and sanitary sewer lines and systems.
- Useful lives are indicated in the policy; however, the policy does not include the useful lives for Governmental Activities' infrastructure.
- The current policy states that depreciation will not be taken on general fixed assets. However, the City recorded depreciation expense for all Governmental Activities' capital assets with the exception of land.
- The current policy does not include a process for identifying unrecorded items such as reviewing the City Council's minute record, the City's detailed expense reports, etc.
- The City included leased vehicles in capital assets as additions in the first year of a capital lease. The current policy does not address leased vehicles.

The City is in direct conflict with their written policy in that Governmental Activities infrastructure along with Governmental Activities depreciation expense are reported on the financial statements while the policy indicates that it will not be included.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2012-008 (Continued)**

**Material Weakness (Continued)**

The City should ensure the capital assets policy is updated to comply with the requirements of GASB Statement No. 34 for the reporting of capital assets to prevent material misstatement of the City's financial statements.

We recommend the following regarding the City's Capital Assets Policy:

- The Capital Assets Policy should be revised to include the threshold for infrastructure. The policy should be reviewed to determine whether different thresholds are desired for infrastructure.
- The Capital Assets Policy should be revised to include the classification of infrastructure for both Governmental Activities and Business-Type Activities. The policy should include what assets are to be classified as infrastructure such as: streets (including land and site preparation; pavement including the base course, intermediate course and surface course; and curbing and sidewalks directly related to the streets), curbing and sidewalks (related to parks), bridges, culverts, cat basins, street lighting systems, floodwall and any other items the City determines are stationary in nature and can be preserved for a significantly greater number of years than most capital assets.
- The Capital Assets Policy should be revised for the classification of Improvements Other Than Buildings to include only those assets that the City has reported under Business-Type Activities on the financial statements.
- The Capital Assets Policy should be reviewed to include the useful lives of all classes of assets being capitalized. Infrastructure should be reviewed their capital assets' consultant to determine the useful lives to be used for infrastructure.
- The Capital Assets Policy should be revised for depreciation to include that all capital assets, with exception of land and construction in progress will be depreciated. Calculation of depreciation for infrastructure should be reviewed with their capital assets' consultant and included in the policy.
- The Capital Assets Policy should include a method to identify unrecorded capital asset additions and deletions. Methods could include departmental reviews, reviewing City Council's minute record, auction results and expenditure listings.
- A detailed review should be performed to ensure that assets are being recorded on the financial statements according to the policy and/or that the policy agrees to how assets are being reported.
- The Capital Assets Policy should be revised to include leased vehicles and equipment being recorded as additions in the first year of a capital lease.

**Officials' Response:** The Auditor will update its capital assets policy so that it is in line with currently practiced procedures.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

<b>Finding Number</b>	2012-009
<b>CFDA Title and Number</b>	Community Development Block Grants/State's Program, CFDA #14.228
<b>Federal Award Number / Year</b>	A-F-10-2DH-1 and A-C-10-2DH-1
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance and Material Weakness – Cash Management**

24 C.F.R. Section 85.21(c) and Section (A)(3)(f) of the Ohio Department of Development, Office of Housing and Community Partnership's Financial Management Rules and Regulations Handbook, require grantees to develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds. This rule states that fund draw downs should be limited to amounts that will enable the grantee to disburse funds on hand to a balance of less than \$5,000 within fifteen days of receipt. Lump sum draw downs are not permitted. The State of Ohio Department of Development, Office of Housing and Community Partnership Financial Management Rules and Regulations Handbook, Section (A)(3)(l), states that the grantee should deposit federal funds received from OHCP in a non-interest bearing account. If the grantee deposits funds in an interest bearing account, the grantee must remit to OHCP, on at least a quarterly basis, any interest earned that totals more than \$100 per year. The check must be payable to the U.S. Department of Housing and Urban Development. In addition, the grantee must, on a monthly basis, credit any interest earned to the appropriate grant. The only exception is an escrow account for rehabilitation of private property.

Out of the twelve draw downs received in 2012 for this program, four draw downs (Grant AC-10-2DH-1 draws of \$12,466 and \$13,225 and Grant AF-10-2DH-1 draws of \$10,900 and \$69,100) were not disbursed to a balance of less than \$5,000 within fifteen days of receipt. This is 33% of the total received that was not properly paid out. We were not able to compute the amount of imputed interest that may have been earned by the State of Ohio due to the nature of the cash management records maintained by the City.

We recommend the City develop a cash management system to ensure compliance with the Fifteen Day Rule which relates to prompt disbursement of funds. This will help ensure that the monies drawn down are expended within the required time frame. We further recommend documentation supporting draw down requests be maintained by Community Development.

**Officials' Response:** The City of Portsmouth acknowledges the need to disperse state and federal funding in excess of \$5,000 within 15 days of receipt. A monetary ledger is now in place within the Community Development Department assuring each draw and expenditure is more easily tracked and dated.



**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)**

<b>Finding Number</b>	2012-010
<b>CFDA Title and Number</b>	Community Development Block Grants/State's Program, CFDA #14.228
<b>Federal Award Number / Year</b>	A-C-10-2DH-1
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance, Material Weakness and Questioned Cost – Period of Availability**

2012 OMB Circular A-133 Compliance Supplement, Part 3, provides guidance stating federal awards may specify a time period during which the non-Federal entity may use the Federal funds. Where a funding period is specified, a non-Federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency. Also, if authorized by the Federal program, unobligated balances may be carried over and charged for obligations of a subsequent funding period. Obligations means the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the non-Federal entity during the same or a future period.

The Community Housing Improvement Program Grant Agreement for A-C-10-2DH-1 states that grant period ended for this grant on December 31, 2012. Part 4 of the grant agreement states expenses to be reimbursed should not occur outside of the grant period. Also, attachment B of the grant agreement states that all projects are to be completed by October 31, 2012 and the final performance report should be submitted by December 31, 2012, which should report all expenditures.

We noted during testing expenditures for the A-C-10-2DH-1 that were made after the available period and the obligation date. They were as follows:

- Check 1346, dated February 1, 2013, to Iona Construction for \$10,800. There was no date on the invoice provided.
- Check 1351, dated June 19, 2013, to CDC of Ohio for \$8,728. The invoice was dated February 7, 2012; however, the expenditure was made after December 31, 2012.

Without any type of date provided on one invoice, one cannot determine when work was completed, and, since the both payments were made after the end of the grant period, we feel these expenditures were made out of the available period, thus, we consider the \$19,528 a questioned cost.

We recommend the City monitor expenditures to ensure that all payments are made in a timely fashion and within the available period of the grant.

**Officials' Response:** The City of Portsmouth is addressing the concerns regarding period of availability internally (within the City Finance Department) and externally with the current consultant. Unfortunately, the City relies on CDC of Ohio, Inc. to administer each grant within the grant agreement and is aware of their failure to do so. The City is now overseeing their current grant administration more critically which may result in failure of future contract renewal or contract termination.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)**

<b>Finding Number</b>	2012-011
<b>CFDA Title and Number</b>	Community Development Block Grants/State's Program, CFDA #14.228
<b>Federal Award Number / Year</b>	A-F-09-167-1, A-F-10-2DH-1 and A-C-10-2DH-1
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance and Material Weakness – Procurement and Suspension and Debarment**

2 C.F.R. Part 180 guidance provides government-wide requirements for nonprocurement suspension and debarment, which implements Executive Orders 12549 and 12689, Debarment and Suspension. The OMB guidance, which superseded the suspension and debarment common rule published November 26, 2003, is substantially the same as that rule. Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. 2 C.F.R. Section 180.220 of the government-wide nonprocurement debarment and suspension guidance contains those additional limited circumstances. All nonprocurement transactions (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions. When a non-federal entity enters into a covered transaction with an entity at a lower tier, the nonfederal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 C.F.R. Section 180.300). The information contained in the EPLS is available in printed and electronic formats. The printed version is published monthly. Copies may be obtained by purchasing a yearly subscription from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402, or by calling the Government Printing Office Inquiry and Order Desk at (202) 783-3238. The electronic version can be accessed on the Internet (<https://www.sam.gov/portal/public/SAM/>).

While the CDC of Ohio searched the Excluded Parties List System for some contracts, we noted no evidence that the City had searched the Excluded Parties List System for some of its other contracts associated with the Community Development Block Grant.

We recommend that the City search the Excluded Parties List System before granting any contract for a covered transaction as defined above. We further recommend the City maintain support of the search.

**Officials' Response:** The City of Portsmouth is aware and currently searching the Excluded Parties List System prior to all contract agreements overseen by the Community Development Department.

CITY OF PORTSMOUTH  
SCIOTO COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)**

<b>Finding Number</b>	2012-012
<b>CFDA Title and Number</b>	Community Development Block Grants/State's Program, CFDA #14.228
<b>Federal Award Number / Year</b>	A-F-09-167-1, A-F-10-2DH-1 and A-C-10-2DH-1
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance and Material Weakness – Special Tests and Provisions**

24 C.F.R Sections 91.115 and 570.486 require, prior to the submission to United States Department of Housing and Urban Development (HUD) for its annual grant, the grantee must certify to HUD that it has met the citizen participation requirements.

The City could not provide a copy of their Citizen Participation Plan. Thus, we could not test if the City did comply with its own plan.

We recommend that the City develop and implement a citizen participation plan. We also recommend that documentation be maintained to support any citizen meetings.

**Officials' Response:** The City of Portsmouth developed an updated Citizen Participation Plan in 2013. Citizen participation regarding use of all federal and state funding is encouraged and advertised as specified in the grant guidelines.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WARDS (Continued)**

<b>Finding Number</b>	2012-013
<b>CFDA Title and Number</b>	Home Investment Partnerships Program, CFDA #14.239
<b>Federal Award Number / Year</b>	A-C-10-2DH-2
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance and Material Weakness – Cash Management**

24 C.F.R. Section 85.21(c) and Section (A)(3)(f) of the Ohio Department of Development, Office of Housing and Community Partnership’s Financial Management Rules and Regulations Handbook, require grantees to develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds. This rule states that fund draw downs should be limited to amounts that will enable the grantee to disburse funds on hand to a balance of less than \$5,000 within fifteen days of receipt. Lump sum draw downs are not permitted. The State of Ohio Department of Development, Office of Housing and Community Partnership Financial Management Rules and Regulations Handbook, Section (A)(3)(l), states that the grantee should deposit federal funds received from OHCP in a non-interest bearing account. If the grantee deposits funds in an interest bearing account, the grantee must remit to OHCP, on at least a quarterly basis, any interest earned that totals more than \$100 per year. The check must be payable to the U.S. Department of Housing and Urban Development. In addition, the grantee must, on a monthly basis, credit any interest earned to the appropriate grant. The only exception is an escrow account for rehabilitation of private property.

During testing, the City was not able to provide clear documentation of monies received for the Home Investment Partnership Program were spent within the required fifteen day limit. Without this documentation, we had to attempt to line up draws with matching expenditures from the revenue and expenditure support maintained in the City Auditor’s office. Once this was done, the following was identified:

For Administration expenses, we noted the following instances where monies were not expended as required:

- On draw #56, \$9,750 was drawn down and receipted by the City on February 13, 2012. However, it was not paid out until March 8, 2012. Thus, not meeting the fifteen day limit.
- On draw #60, \$9,750 was drawn down and receipted by the City on June 29, 2012. However, it was not paid out until July 25, 2012. Thus, not meeting the fifteen day limit.

For Project Related expenses, we noted the following instances where monies were not expended as required:

- 1818 High Street - This project had monies drawn and received in September 2011 (\$38,669). However, this project was never a project to be done under the program and thus, the draw was then shown as a negative receipt on draw #57 done in April 2012. The negative receipt was then charged against two other existing projects so that the monies received in 2011 were used on these projects in 2012. Thus, this money was not spent within the allowable fifteen day limit.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WARDS (Continued)**

<b>Finding Number</b>	2012-013 (Continued)
<b>CFDA Title and Number</b>	Home Investment Partnerships Program, CFDA #14.239
<b>Federal Award Number / Year</b>	A-C-10-2DH-2
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance and Material Weakness – Cash Management (Continued)**

- 2130 Ninth Street - This project had monies drawn and received in September 2011 (\$28,669). However, this project was never a project to be done under the program and thus, the draw was then shown as a negative receipt on draw #64 done in November 2012. The negative receipt was then charged against two other existing projects so that the monies received in 2011 were used on these projects in 2012. Thus, this money was not spent within the allowable fifteen day limit.
- 1929 18th Street - This project (\$26,369) was included on draw #64 as a project that was charged against the negative receipt stated above for 2130 9th Street Project as an offset. So, the expenditures that occurred for this project, dated September 14, 2012 & December 31, 2012, were actually expenditures of funds that were received in 2011. Thus, this money was not spent within the allowable fifteen day limit.
- 1422 McConnell Avenue - This project (\$35,005) was included on draw #57 as a project that was charged against the negative receipt stated above for 1818 High Street Project as an offset. So, the expenditures that occurred for this project, dates ranging from April 13, 2012 through August 27, 2012, were actually expenditures of funds that were received in 2011. Thus, this money was not spent within the allowable fifteen day limit.
- 1326 Lincoln Street - This project's funds were received on October 8, 2012 (\$29,575) and November 7, 2012 (\$600). The first expenditure, incurred on October 5, 2012 for \$14,525, was made in the 15 day limit. The remaining expenditures, dated November 19, 2012, November 28, 2012 and December 31, 2012, were all made after the fifteen day limit. Thus, the remaining \$15,650 was not spent within the allowable fifteen day limit.
- 1411 17th Street - This project's funds were received on October 8, 2012 (\$38,186). The expenditures relating to this were dated October 29, 2012, November 19, 2012, November 28, 2012 and December 31, 2012, which made all of them outside the fifteen day limit. Thus, this money was not spent within the allowable fifteen day limit.
- 1414 McConnell Avenue - This project's funds were partly received through a draw and partly charged to the 2130 9th Street projects mentioned above. The draw of \$24,286 was received on November 7, 2012. Then, \$2,300 was charged against the 2130 9th Street project on draw #64. The first expenditure, incurred on November 19, 2012 for \$4,500, was made in the 15 day limit. The remaining expenditures, dated December 31, 2012 and February 2, 2013, were all made after the fifteen day limit. Thus, the remaining \$22,086 was not spent within the allowable fifteen day limit.

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
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FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WARDS (Continued)**

<b>Finding Number</b>	2012-013 (Continued)
<b>CFDA Title and Number</b>	Home Investment Partnerships Program, CFDA #14.239
<b>Federal Award Number / Year</b>	A-C-10-2DH-2
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance and Material Weakness – Cash Management (Continued)**

Due to the nature of the cash management records maintained by the City, we were not able to compute the amount of imputed interest that may have been earned by the State of Ohio. However, we are certain there would have been imputed interest owed back to the State, but the amount could not be accurately estimated.

We recommend the City develop a cash management system to ensure compliance with the Fifteen Day Rule which relates to prompt disbursement of funds. This will help ensure that the monies drawn down are expended within the required time frame. We further recommend documentation supporting draw down requests be maintained by Community Development.

**Officials' Response:** The City of Portsmouth acknowledges the need to disperse state and federal funding in excess of \$5,000 within 15 days of receipt. A monetary ledger is now in place within the Community Development Department assuring each draw and expenditure is more easily tracked and dated.

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WARDS (Continued)**

<b>Finding Number</b>	2012-014
<b>CFDA Title and Number</b>	Home Investment Partnerships Program, CFDA #14.239
<b>Federal Award Number / Year</b>	A-C-10-2DH-2
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance, Material Weakness and Questioned Cost – Period of Availability**

2012 OMB Circular A-133 Compliance Supplement, Part 3, provides guidance stating federal awards may specify a time period during which the non-Federal entity may use the Federal funds. Where a funding period is specified, a non-Federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency. Also, if authorized by the Federal program, unobligated balances may be carried over and charged for obligations of a subsequent funding period. Obligations means the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the non-Federal entity during the same or a future period.

The Community Housing Improvement Program Grant Agreement for A-C-10-2DH-2 states that grant period ended for this grant on December 31, 2012. Part 4 of the grant agreement states expenses to be reimbursed should not occur outside of the grant period. Also, attachment B of the grant agreement states that all projects are to be completed by October 31, 2012, and the final performance report should be submitted by December 31, 2012, which should report all expenditures.

During testing, we noted expenditures for the A-C-10-2DH-2 that were made after the available period and the obligation date. They were as follows:

- Check 1345, dated February 1, 2013, to Iona Construction for \$8,400. There was no date on the invoice provided.
- Check 1349, dated June 6, 2013, to Iona Construction for \$6,500. There was no date on the invoice provided.

Without any type of date provided on the invoices, it is not possible determine when work was completed, and, since the both payments were made after the end of the grant period, we feel these expenditures were made out of the available period, thus, we will consider the \$14,900 a questioned cost.

We recommend the City monitor expenditures to ensure that all payments are made in a timely fashion and within the available period of the grant.

**Officials’ Response:** The City of Portsmouth is addressing the concerns regarding period of availability internally (within the City Finance Department) and externally with the current consultant. Unfortunately, the City relies on CDC of Ohio, Inc. to administer each grant within the grant agreement and is aware of their failure to do so. The City is now overseeing their current grant administration more critically which may result in failure of future contract renewal or contract termination.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WARDS (Continued)**

<b>Finding Number</b>	2012-015
<b>CFDA Title and Number</b>	Home Investment Partnerships Program, CFDA #14.239
<b>Federal Award Number / Year</b>	A-C-10-2DH-2
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance – Reporting**

The OHCP Financial Management Rules and Regulations handbook requires Community Development Block Grant Program funds to be reported to the State of Ohio, Department of Development (ODOD). This handbook, along with attachment C of the agreements, outlines the three reports required for reporting purposes. They were the Form DS5 - Request for Payment and Status of Funds Report; Status Report (done every six months); and Final Performance Report.

During testing, we noted all "Requests for Payment and Status of Funds Reports" were properly completed and filed. However, we did note only one semi-annual "Status Report" filed and dated in 2012. There was another semi-annual Status Report provided, but it was not dated and thus, we could not determine when it was filed. We also noted the Final Performance Report for this grant was not filed in a timely fashion. This report should have been submitted by December 31, 2012, but was not filed at the time of the testing in June 2013. The lack of filing reports and or filing in a timely fashion could create difficulty for the oversight agency to properly monitor the activity of the program.

We recommend the Community Development Director complete all required reports and file them in a timely fashion.

**Officials' Response:** The City of Portsmouth is aware of the incomplete Final Performance Report for the A-C-10-2DH-2 which was administered by CDC of Ohio, Inc. Unfortunately, the City has relied on them to administer this grant with the utmost professionalism which they have obviously failed to do. The Community Development Department will complete all required reports and file them in a timely manner.



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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
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FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WARDS (Continued)**

<b>Finding Number</b>	2012-016
<b>CFDA Title and Number</b>	Home Investment Partnerships Program, CFDA #14.239
<b>Federal Award Number / Year</b>	A-C-10-2DH-2
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Material Weakness – Activities Allowed or Unallowed and Allowable Costs/Cost Principles**

The City has a Community Development Director in place to administer both the Community Development Block Grant and the Home Investment Partnership Programs. The Community Development Director is responsible for monitoring all projects undertaken with these grants and is responsible for approving all expenditures relating to them. However, it was noted during testing that 3 out of 10 expenditures tested (30%) were not approved by the Community Development Director. Without this approval, the City did not have a qualified individual approving the expenditure and this could have led to improper use of federal funds.

We recommend the City ensure that all expenditures related to this program are approved by the appropriate personnel.

**Officials' Response:** It is the policy of the Community Development Department that all payments (purchase orders) be signed by the Director.

<b>Finding Number</b>	2012-017
<b>CFDA Title and Number</b>	Home Investment Partnerships Program, CFDA #14.239
<b>Federal Award Number / Year</b>	A-C-10-2DH-2
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Significant Deficiency – Eligibility**

The City contracted with a company, CDC of Ohio, to help administer their Home Investment Partnership Program. In doing this, they relied on the company to ensure compliance with certain aspects of the grant agreement. One area where CDC of Ohio ensured compliance was the homeowner's income eligibility determination for the program. The CDC of Ohio consultant made a file for every project and included in that file was their determination concerning if a homeowner met the income eligibility requirements for assistance. However, the City did not have any controls in place to monitor those determinations and ensure they were correct. The City did not review these determinations in any manner to ensure they were correct. Another area where the CDC of Ohio was ensuring compliance was determining that all applicants did not receive assistance that exceeded the FHA mortgage limits. Again, this was not being monitored or reviewed by the City in any capacity. Without proper monitoring by the City, they could not be certain they were in compliance with all federal regulations.

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
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FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WARDS (Continued)**

<b>Finding Number</b>	2012-017 (Continued)
<b>CFDA Title and Number</b>	Home Investment Partnerships Program, CFDA #14.239
<b>Federal Award Number / Year</b>	A-C-10-2DH-2
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Significant Deficiency (Continued)**

We recommend the City's Community Development Director review and approve all individual's applying for assistance in relation to this program. We further recommend he or she ensure that assistance given to individuals do not exceed the allowable amounts.

**Officials' Response:** It is the policy of the Community Development Department to oversee and initial all eligible CHIP/HOME applications to ensure eligibility.

<b>Finding Number</b>	2012-018
<b>CFDA Title and Number</b>	HIV Prevention Activities – Health Department Based, CFDA #93.940
<b>Federal Award Number / Year</b>	73-200-12HP-0512
<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Agency</b>	Ohio Department of Health

**Noncompliance, Material Weakness and Questioned Cost – Activities Allowed or Unallowed and Allowable Costs/Cost Principles**

2 C.F.R. Part 225 outlines the allowable costs/activities for local governments. Included in these requirements are the following basic guidelines affecting allowability of costs (direct and indirect) as identified in A-87, Appendix A, paragraph C.

1. To be allowable under Federal awards, costs must meet the following general criteria (A-87, Appendix A, paragraph C.1):
  - (a) Be necessary and reasonable for the performance and administration of Federal awards.
  - (b) Be allocable to Federal awards under the provisions of A-87.
  - (c) Be authorized or not prohibited under State or local laws or regulations.

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
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(Continued)**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WARDS (Continued)**

<b>Finding Number</b>	2012-018 (Continued)
<b>CFDA Title and Number</b>	HIV Prevention Activities – Health Department Based, CFDA #93.940
<b>Federal Award Number / Year</b>	73-200-12HP-0512
<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Agency</b>	Ohio Department of Health

**Noncompliance, Material Weakness and Questioned Cost – Activities Allowed or Unallowed and Allowable Costs/Cost Principles (Continued)**

- (d) Conform to any limitations or exclusions set forth in A-87, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
- (e) Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
- (f) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- (g) Be determined in accordance with generally accepted accounting principles, except as otherwise provided in A-87.
- (h) Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award, except as specifically provided by Federal law or regulation.
- (i) Be net of all applicable credits.
- (j) Be adequately documented.

In addition to this, the Ohio Department of Health, Grants Administration Policy and Procedures Manual (GAPP), states that program funds may be used to compensate employees (including fringe benefits) for the time and effort devoted specifically to the execution of grant programs.

During testing it was noted that the City charged personnel costs to the HIV Prevention Activities Grant. There were six employees charged to the grant; however, only one of those employee's wages were fully charged to the HIV Prevention Activities Grant. The other employees only had a portion of their payroll charged to this grant and other portions charged to other grants. We have included a table below showing a breakdown of each employee and the wages charged to the HIV Prevention Activities Grant. When this is the case, the employees are required to maintain time and effort documentation supporting the amount of time spent working on the grant. However, it was noted during testing that proper documentation of time spent working on the grant was not maintained. Due to this, we will consider the following wages questioned costs:

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
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(Continued)**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WARDS (Continued)**

<b>Finding Number</b>	2012-018 (Continued)
<b>CFDA Title and Number</b>	HIV Prevention Activities – Health Department Based, CFDA #93.940
<b>Federal Award Number / Year</b>	73-200-12HP-0512
<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Agency</b>	Ohio Department of Health

**Noncompliance, Material Weakness and Questioned Cost – Activities Allowed or Unallowed and Allowable Costs/Cost Principles (Continued)**

<b>Position</b>	<b>Gross Wage</b>	<b>Portion Paid from HIV Prevention Grant</b>	<b>% Paid from HIV Prevention Grant</b>
Rural AIDS/Community Grants Coordinator	\$51,844	\$46,659	90%
HIV/STD DIS Supervisor	\$44,006	\$26,404	60%
Special Projects Officer	\$40,369	\$34,314	85%
Billing Clerk	\$21,825	\$1,121	5%
Health Commissioner	\$56,669	\$4,217	7%
	<b>\$214,713</b>	<b>\$112,715</b>	

In addition to the totals above, there were related fringe benefits paid to these employees in the amount of \$74,728. These, too, will be considered questioned costs for a total of \$187,443 (\$112,715 + \$74,728) in questioned costs.

We recommend the City Health Department begin maintained proper time and effort documentation for all wages and fringe benefits charged to the HIV Prevention Activities Grant.

**Officials' Response:** The Portsmouth City Health Department HIV Prevention and STD Prevention staff, as of Monday, August 19, 2013, implemented time and activity daily documentation logs. These daily documentation logs will be maintained for a month to assure accurate accountability of time spent. Following the month daily documentation, coded weekly time and activity reporting will be instituted. Also, any employee paid 100% from the HIV Prevention and/or STD Prevention grants will sign a form stating as such.

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**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WARDS (Continued)**

<b>Finding Number</b>	2012-019
<b>CFDA Title and Number</b>	HIV Prevention Activities – Health Department Based, CFDA #93.940
<b>Federal Award Number / Year</b>	73-200-12HP-0512
<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Agency</b>	Ohio Department of Health

**Noncompliance, Material Weakness and Questioned Cost – Period of Availability**

2012 OMB Circular A-133 Compliance Supplement, Part 3, provides guidance stating federal awards may specify a time period during which the non-Federal entity may use the Federal funds. Where a funding period is specified, a non-Federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency. Also, if authorized by the Federal program, unobligated balances may be carried over and charged for obligations of a subsequent funding period. Obligations means the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the non-Federal entity during the same or a future period.

The 2003 ODH Grants Administration Policy and Procedures Manual states that an obligation occurs when funds are encumbered on a valid purchase order or requisition to cover the cost of purchasing an authorized item on or after the start date and up to the last day of the program period. Any funds not properly obligated by the subgrantee within the program period will lapse and revert back to ODH. Obligations listed on the interim report (i.e., fourth quarter expenditure report) must be liquidated within forty-five (45) calendar days after the end of the program period. The closeout and liquidation deadlines may be extended by ODH, with a written request via GMIS. The request must be received 30 days prior to the designated deadline. The program period ended December 31, 2012 for the HIV Prevention Activities Grant.

During testing, we noted expenditures that were made after the available period and were not liquidated within the required forty-five days. They were as follows:

- Check 95346, dated March 8, 2013, to Lamar Advertising of Huntington for \$14,740. The date on the requisition was January 11, 2013. The date on the invoice was January 3, 2013. Based on this information, we do not feel this money was obligated by December 31, 2012. Also, the expenditure was not liquated within 45 days as required. Based on this, we consider the \$14,740 a questioned cost.
- Check 95347, dated March 8, 2013, to Night Sweat and T-Cells for \$5,910. This expenditure was obligated by December 31, 2012; however it was not liquidated within the required 45 days. Due to the fact the obligation was incurred by December 31, 2012, we will not consider this amount a questioned cost, but we do feel this is not in compliance with the required liquidation period.

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**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WARDS (Continued)**

<b>Finding Number</b>	2012-019 (Continued)
<b>CFDA Title and Number</b>	HIV Prevention Activities – Health Department Based, CFDA #93.940
<b>Federal Award Number / Year</b>	73-200-12HP-0512
<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Agency</b>	Ohio Department of Health

**Noncompliance, Material Weakness and Questioned Cost – Period of Availability (Continued)**

We recommend the City monitor expenditures to ensure that all payments are made in a timely fashion and within the available period of the grant.

**Officials’ Response:** The Rural AIDS/Community Grants Coordinator along with the Rural Special Projects Officer will monitor and work with the City Auditor’s Office to ensure all payments are made in a timely fashion and all grant expenditures are liquidated within the 45 day requirement.

<b>Finding Number</b>	2012-020
<b>CFDA Title and Number</b>	HIV Prevention Activities – Health Department Based, CFDA #93.940
<b>Federal Award Number / Year</b>	73-200-12HP-0512
<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Agency</b>	Ohio Department of Health

**Noncompliance and Material Weakness – Reporting**

2003 ODH Grants Administration Policy and Procedures Manual (GAPP) states the following concerning reporting requirements of local governments to the Ohio Department of Health (ODH):

Subgrantees are required to submit program performance reports and financial status reports for each grant. The reports must adhere to the ODH, GAPP manual as outlined in Section 300. Reports must be received before the Department will release any additional funds. Submit reports as follows.

1. Program Reports (Also see ODH GAPP Manual, Section 303.0): All program reports must clearly identify the authorized program name and grant program number. The original and one copy must be submitted to the ODH, Grants Administration, Central Master Files (or via GMIS upon ODH full implementation of the program reporting module.) The performance reports are to be submitted as indicated in the RFP and NOA. The report should identify programmatic activities accomplished in the format required by the program.

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**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WARDS (Continued)**

<b>Finding Number</b>	2012-020 (Continued)
<b>CFDA Title and Number</b>	HIV Prevention Activities – Health Department Based, CFDA #93.940
<b>Federal Award Number / Year</b>	73-200-12HP-0512
<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Agency</b>	Ohio Department of Health

**Noncompliance and Material Weakness - Reporting (Continued)**

2. Financial Reports (Also see ODH GAPP Manual, Section 304.0): Subgrantee Program Expenditure Reports must be completed, reporting funds received, disbursed or obligated and submitted via the Internet within 15 calendar days following the end of the reporting period. Due dates can be found in the RFP, Application Guidance section. The report must correspond with the subgrantee’s accounting records and supporting documentation. The expenditures and revenues must be on the same accounting basis (i.e., cash or accrual) as the agency’s accounting system. A change in the accounting basis must be approved by ODH.
3. Final Expense Reports (Also see ODH GAPP Manual, Section 304.0 and Chapter 400): Subgrantee Final Expense Reports reflecting total expenditures for the program period must be completed and submitted via the Internet within 45 days after the end of the grant year. The information contained in this report must reflect the program accounting records and supporting documentation. Any cash balances must be returned to ODH with the Final Expense Report. See Chapter 400.
4. Inventory Report (Also see ODH GAPP Manual, Section 300.1, 304.0, and 400.6): A listing of all equipment purchased in whole or in part with current grant funds (Equipment Section of the approved budget) must be sent to ODH via the Internet as part of the Subgrantee Final Expense Report. At least once every two years, inventory must be physically inspected by the subgrantee. Equipment purchased with ODH grant funds must be tagged as property of ODH for inventory control. Such equipment may be required to be returned to ODH at the end of the grant program period. See Chapter 300 for details regarding equipment.

We noted during testing that the City Health Department did file the all necessary reports. However, when testing the accuracy of the final expenditure report, we noted the amounts reported to the Ohio Department of Health did not agree to the accounting records. The City Health Department kept a separate record of expenditures (via Excel spreadsheet) and this record, which was used to support the final expenditure report, was not reconciled to the City's accounting system. Since the amounts were not reconciled, this resulted in the amount reported on the final expenditure report varying from the accounting records as follows:

- Personnel costs on the final expenditure report were \$254,370; however, the amount on the City's accounting records was \$237,619, for a difference of \$16,751.
- Other direct costs on the final expenditure report were \$69,965; however, the amount on the City's accounting records was \$60,882, for a difference of \$9,083.
- Liquidated Obligation-other direct costs on the final expenditure report was \$25,820; however, the amount on the City's accounting records was \$24,673, for a difference of \$1,147.

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
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(Continued)**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WARDS (Continued)**

<b>Finding Number</b>	2012-020 (Continued)
<b>CFDA Title and Number</b>	HIV Prevention Activities – Health Department Based, CFDA #93.940
<b>Federal Award Number / Year</b>	73-200-12HP-0512
<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Agency</b>	Ohio Department of Health

**Noncompliance and Material Weakness - Reporting (Continued)**

We recommend the City Health Department ensure their records reconcile to the City's accounting system on a regular basis. Furthermore, we recommend the final expenditure report submitted to the Ohio Department of Health agree to the City's accounting system as well as the City Health Department's records.

**Officials' Response:** The Rural Special Projects Officer reconciled monthly with the City's accounting system. The final expenditure reconciliation is based upon the timely receipt of the City's accounting system final report for adjustments to be made, if necessary. The final expenditure report reconciliation will be completed once the City's final accounting report is received.



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(Continued)**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WARDS (Continued)**

<b>Finding Number</b>	2012-021
<b>CFDA Title and Number</b>	HIV Prevention Activities – Health Department Based, CFDA #93.940
<b>Federal Award Number / Year</b>	73-200-12HP-0512
<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Agency</b>	Ohio Department of Health

**Noncompliance and Material Weakness – Procurement and Suspension and Debarment**

2 C.F.R. Part 180 guidance provides government-wide requirements for nonprocurement suspension and debarment, which implements Executive Orders 12549 and 12689, Debarment and Suspension. The OMB guidance, which superseded the suspension and debarment common rule published November 26, 2003, is substantially the same as that rule. Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. 2 C.F.R. Section 180.220 of the government-wide nonprocurement debarment and suspension guidance contains those additional limited circumstances. All nonprocurement transactions (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions. When a non-federal entity enters into a covered transaction with an entity at a lower tier, the nonfederal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 C.F.R. Section 180.300). The information contained in the EPLS is available in printed and electronic formats. The printed version is published monthly. Copies may be obtained by purchasing a yearly subscription from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402, or by calling the Government Printing Office Inquiry and Order Desk at (202) 783-3238. The electronic version can be accessed on the Internet (<https://www.sam.gov/portal/public/SAM/>).

There was no evidence that the City Health Department had searched the Excluded Parties List System (EPLS) for any of its contracts associated with the HIV Prevention Activities Grant.

We recommend the City Health Department search the Excluded Parties List System before granting any contract for covered transactions as defined above. We further recommend the City Health Department maintain support of the search.

**Officials' Response:** The Rural AIDS/Community Grants Coordinator and the Rural Special Projects Officer will search and review the EPLS list for any non-compliance issues before any sub-grant contracts are awarded. A copy of the annual search/review will be maintained and filed.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2011-001	Ohio Rev. Code Section 5705.10(H) – Cost Allocation Plan not properly used	No	Not Corrected; Reissued as Finding Number 2012-001
2011-002	Ohio Rev. Code Section 5705.39 – Appropriations exceed total estimated resources.	No	Not Corrected; Reissued as Finding Number 2012-004
2011-003	Ohio Rev. Code Section 5705.36(A)(4)- Appropriations exceeded actual resources.	No	Not Corrected; Reissued as Finding Number 2012-003
2011-004	Ohio Rev. Code Section 5705.10(H) – Negative fund balances.	No	Not Corrected; Reissued as Finding Number 2012-002
2011-005	Ohio Rev. Code Section 5705.41(D)(1)- Disbursements were not properly encumbered.	No	Not Corrected; Reissued as Finding Number 2012-005
2011-006	Material Weakness – the City did not transfer funds into the Insurance Acct B.	No	Not Corrected; Reissued as Finding Number 2012-007
2011-007	OMB Circular A-133 Section .300(d) – Federal schedule not properly prepared.	No	Not Corrected; Reissued as Finding Number 2012-006
2011-008	Noncompliance/Material Weakness – Cash management requirement regarding Fifteen Day Rule for Community Development Block Grant.	No	Not Corrected; Reissued as Finding Number 2012-009
2011-009	Noncompliance/Material Weakness – documentation was not provided for Davis Bacon Requirements.	Yes	

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2011-010	Noncompliance/Material Weakness – Reporting requirement for Community Development Block Grant	No	Partially Corrected; Reissued as a Management Letter comment
2011-011	Noncompliance/Material Weakness – Completion of Federal Audit within Time Restraints	Yes	

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A-133 § .315 (c)  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2012-001	The City has contracted for preparation of a Cost Allocation Plan and is awaiting the results of the plan. This will be the second plan we have prepared in the past two years.	September 30, 2013	Mayor
2012-002	The Auditor will monitor to ensure that one fund is not used to cover another and recommend an advance from another fund to cover funds that are negative to cover until funding is received such as grant funds awaiting disbursement.	December 31, 2013	Auditor
2012-003	The Auditor will recommend that appropriations will not exceed actual resources and obtain an amended certificate of resources if resources are seen to be significantly different than projected.	December 31, 2013	Auditor
2012-004	The Auditor will again recommend that appropriations not exceed estimated resources.	December 31, 2013	Auditor
2012-005	The Auditor will require that all departments obtain approval from the Mayor and City Auditor prior to making expenditures.	December 31, 2013	Auditor
2012-006	The Auditor will required departments receiving grants to provide the Auditor with corresponding CFDA numbers and set up funds necessary to separate grant funds.	December 31, 2013	Auditor
2012-007	The Auditor has already met with the Mayor and staff to prepare a plan to identify appropriate funds to allocate back the proper health insurance expenses and to bring the insurance fund back into balance. The Auditor has also recommended that the budget be prepared going forward to reflect this allocation of amounts in each department sufficient to maintain a balance in the health insurance fund.	December 31, 2013	Auditor
2012-008	The Auditor will update its capital assets policy so that it is in line with currently practiced procedures.	December 31, 2013	Auditor
2012-009	The City of Portsmouth acknowledges the need to disperse state and federal funding in excess of \$5,000 within 15 days of receipt. A monetary ledger is now in place within the Community Development Department assuring each draw and expenditure is more easily tracked and dated.	December 31, 2013	Mayor

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A-133 § .315 (c)  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2012-010	The City of Portsmouth is addressing the concerns regarding period of availability internally (within the City Finance Department) and externally with the current consultant. Unfortunately, the City relies on CDC of Ohio, Inc. to administer each grant within the grant agreement and is aware of their failure to do so. The City is now overseeing their current grant administration more critically which may result in failure of future contract renewal or contract termination.	December 31, 2013	Mayor
2012-011	The City of Portsmouth is aware and currently searching the Excluded Parties List System prior to all contract agreements overseen by the Community Development Department.	December 31, 2013	Mayor
2012-012	The City of Portsmouth developed an updated Citizen Participation Plan in 2013. Citizen participation regarding us of all federal and state funding is encouraged and advertised as specified in the grant guidelines.	December 31, 2013	Mayor
2012-013	The City of Portsmouth acknowledges the need to disperse state and federal funding in excess of \$5,000 within 15 days of receipt. A monetary ledger is now in place within the Community Development Department assuring each draw and expenditure is more easily tracked and dated.	December 31, 2013	Mayor
2012-014	The City of Portsmouth is addressing the concerns regarding period of availability internally (within the City Finance Department) and externally with the current consultant. Unfortunately, the City relies on CDC of Ohio, Inc. to administer each grant within the grant agreement and is aware of their failure to do so. The City is now overseeing their current grant administration more critically which may result in failure of future contract renewal or contract termination.	December 31, 2013	Mayor
2012-015	The City of Portsmouth is aware of the incomplete Final Performance Report for the A-C-10-2DH-2 which was administered by CDC of Ohio, Inc. Unfortunately, the City has relied on them to administer this grant with the utmost professionalism which they have obviously failed to do. The Community Development Department will complete all required reports and file them in a timely manner.	December 31, 2013	Mayor

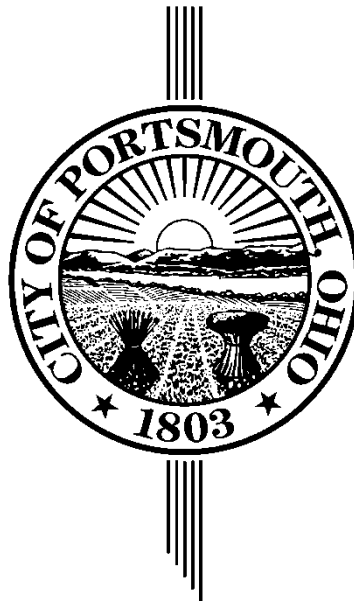
**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A-133 § .315 (c)  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2012-016	It is the policy of the Community Development Department that all payments (purchase orders) be signed by the Director.	December 31, 2013	Mayor
2012-017	It is the policy of the Community Development Department to oversee and initial all eligible CHIP/HOME applications to ensure eligibility.	December 31, 2013	Mayor
2012-018	The Portsmouth City Health Department HIV Prevention and STD Prevention staff, as of Monday, August 19, 2013, implemented time and activity daily documentation logs. These daily documentation logs will be maintained for a month to assure accurate accountability of time spent. Following the month daily documentation, coded weekly time and activity reporting will be instituted. Also, any employee paid 100% from the HIV Prevention and/or STD Prevention grants will sign a form stating as such.	December 31, 2013	Health Commissioner
2012-019	The Rural AIDS/Community Grants Coordinator along with the Rural Special Projects Officer will monitor and work with the City Auditor's Office to ensure all payments are made in a timely fashion and all grant expenditures are liquidated within the 45 day requirement.	December 31, 2013	Health Commissioner
2012-020	The Rural Special Projects Officer reconciled monthly with the City's accounting system. The final expenditure reconciliation is based upon the timely receipt of the City's accounting system final report for adjustments to be made, if necessary. The final expenditure report reconciliation will be completed once the City's final accounting report is received.	December 31, 2013	Health Commissioner
2012-021	The Rural AIDS/Community Grants Coordinator and the Rural Special Projects Officer will search and review the EPLS list for any non-compliance issues before any sub-grant contracts are awarded. A copy of the annual search/review will be maintained and filed.	December 31, 2013	Health Commissioner

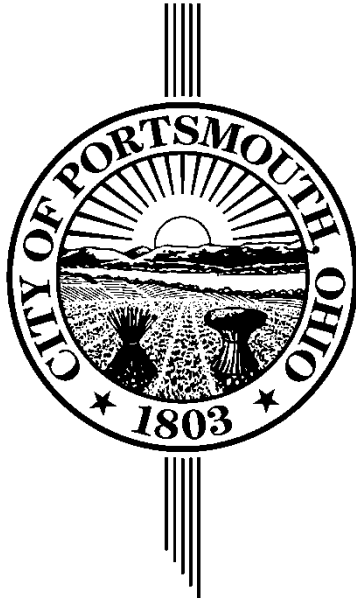
# ***CITY OF PORTSMOUTH, OHIO***

*Scioto County, Ohio*



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2012





COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2012

Prepared by:

***M. TRENT WILLIAMS, CPFA***

*City Auditor*

**Finance Department:**

**Constance J. Snipes**  
Deputy Auditor

**Jennifer E. Spriggs**  
Finance Clerk II

**Brenda D. Buffington**  
Finance Clerk I

***Sherry A. Boling***  
Finance Clerk I

**Income Tax Division:**

**Barbara A. Doyle**  
Tax Commissioner

**Vicki L. Musser**  
Deputy Tax Commissioner

**Melanie S. Turull**  
Finance Clerk I



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SCIOTO COUNTY, OHIO

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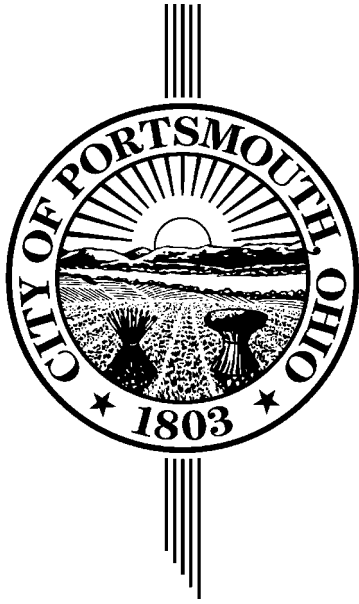
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# *INTRODUCTORY SECTION*

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# The City of Portsmouth

**"Where the Ohio and Scioto Meet"**

**Department of Finance**

Municipal Building, Room 3

Phone (740) 354-7751 ~ Fax (740) 354-7751

Web: [www.ci.portsmouth.oh.us](http://www.ci.portsmouth.oh.us) ~ Email: [cityauditor@mail.com](mailto:cityauditor@mail.com)

728 Second Street ~ P.O. Box 1323  
Portsmouth, Ohio 45662



State of Ohio

***M. Trent Williams, City Auditor***

September 4, 2013

Honorable President and Members of City Council  
Honorable Mayor  
Citizens of Portsmouth, Ohio

As City Auditor, it is my pleasure to present the seventeenth Comprehensive Annual Financial Report (CAFR) of the City of Portsmouth, Ohio for the year ended December 31, 2012. This report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

## INTRODUCTION

While there is no legal requirement for the preparation of this report, it represents a commitment by the City of Portsmouth (the "City") to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of my knowledge and belief, the enclosed data, as presented, is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and includes all disclosures necessary to enable the reader to gain an understanding of the City's financial activity.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Portsmouth's MD&A can be found immediately following the Independent Auditor's Report.

This CAFR was prepared in accordance with generally accepted accounting principles established by statements of the Governmental Accounting Standards Board (GASB) and other authoritative pronouncements. Auditor of State David Yost's office has issued an opinion on the City of Portsmouth's financial statements for the year ended December 31, 2012. The Independent Auditor's Report is located at the front of the Financial Section of this report.

***Letter of Transmittal  
For the Year Ended December 31, 2012***

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**The Reporting Entity**

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all the organizations, activities, functions and component units for which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide financial benefit to or impose a financial burden on the City.

Based on the foregoing, the reporting entity of the City includes the following services as authorized by its Charter: police and fire protection, parks and recreation, planning, zoning, street maintenance, cemetery, health and other governmental services. In addition, the City owns and operates the water treatment and distribution system, the wastewater treatment and collection system and the solid waste collection and disposal operation, each of which is reported as an enterprise fund.

**Historical Information**

In 1763 on the site of present day Portsmouth, the French surrendered the Ohio Valley to the English. At that time Major Belli platted the town of Alexandria, which was directly across the Scioto River from the present site of Portsmouth. After frequent flooding, Alexandria relocated to the higher east bank of the Scioto. The town was established by Major Henry Massie, who renamed the town Portsmouth to honor his former home of Portsmouth, Virginia.

Portsmouth's location at the confluence of the Scioto River and the Ohio River greatly contributed to its early growth. Portsmouth grew rapidly upon the completion of the Ohio-Erie Canal in 1832 due to the goods and people who traveled the canal and then transferred to steamboats navigating the Ohio and Mississippi Rivers. Smelting furnaces and the railroad were also major forces in the development of the area. After major flooding in 1913 and 1937, a flood wall system was installed to protect the City.

**Location**

Portsmouth, at an altitude of 533 feet above sea level, is located in southern Ohio approximately 90 miles south of Columbus, the state capital, and 100 miles east of Cincinnati, Ohio. Portsmouth, the county seat of Scioto County, encompasses an area of 12 square miles and serves a residential population of 20,226 (2010 Census). The City, which is bisected by U.S. Routes 23 and 52, is strategically located on the Ohio River providing distribution alternatives which include highways, railways and waterways. The City is also situated in close proximity to an abundance of fossil fuels, namely coal and natural gas from nearby Kentucky and West Virginia. The City is connected to Kentucky by two bridges: the U.S. Grant Bridge in downtown Portsmouth and the Carl Perkins Bridge located approximately two miles west of the City. Portsmouth is served by the CSX Railway System and the Norfolk Southern. The Greater Portsmouth Regional Airport, which is located in Minford, Ohio and owned by Scioto County, has a 5,000 foot paved runway which can accommodate corporate jets the size of a Boeing 727.

***Letter of Transmittal  
For the Year Ended December 31, 2012***

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**Form of Government**

Portsmouth, a charter city which has a Mayor-Council form of government, is divided into six wards. Each ward is represented on City Council by one person elected to a four year term. Additionally, one person is elected by Council to serve as President of Council. Other elected officials serving four year terms are the Mayor, Solicitor, and Auditor/Treasurer. Currently the City Auditor/Treasurer is serving his fourth term and the Mayor and Solicitor are serving their first terms.

**Municipal Services**

The City provides many services to its citizens, including police and fire protection, street maintenance, traffic control, recreation facilities, engineering, zoning, code enforcement, planning, community development, building inspection, electrical inspection, cemetery, health services, litter control and general administrative services. The City does not operate hospitals or schools, nor is it responsible for public assistance programs.

The City also operates four enterprise activities: water treatment and distribution, wastewater collection and treatment, solid waste collection and disposal services, and primary health care services. The enterprise funds are used to account for activities that are operated in a manner similar to a private business. The intent of the City is that the costs of providing the services to the general public on a continuing basis be financed or recovered primarily through user charges.

The City's enterprise activities are not subject to rate review or determination by the Public Utilities Commission of Ohio or any similar regulatory body. The Mayor has the necessary authority to establish and amend appropriate user rates as required. The rates are monitored on an on-going basis to insure their adequacy to meet operation, maintenance, debt service and capital replacement needs. Responsibility for the frequency and amount of rate changes lies solely with the Mayor upon recommendation of the Public Service Director.

***Letter of Transmittal  
For the Year Ended December 31, 2012***

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**ECONOMIC CONDITION AND OUTLOOK**

**Business and Industry**

Among the principal products and services provided by Portsmouth area businesses are shoelaces, castings, concrete products, and health services. Portsmouth is served by one daily and one weekly newspapers and by three local radio stations. Cable television is available, offering education and community access channels in addition to entertainment channels. Financial services are provided to the city by six banks and two credit unions. A complete range of medical services is provided to the Portsmouth area by the Southern Ohio Medical Center (SOMC). The SOMC recently completed and opened a new wing at Scioto Memorial Hospital. The new addition houses an expanded, well equipped, emergency room and trauma center as well as a new intensive care unit and maternity facility. Several new physician office buildings and service facilities have been erected on the Scioto Memorial Campus and East Campus. SOMC has expanded its Mercy Hospital Campus with the addition of a new Urgent Care Center, Dialysis Center and a new Cancer Center and offers alternatives to its Mercy LIFE Center fitness and rehabilitation location with similar facilities recently constructed outside the city. SOMC recently unveiled its 10 year plan that promises to be a tremendous benefit in meeting the health care needs of the Southern Ohio region. Construction began in late 2007 on this \$100+ million project that will give a new face to the hospital along with further expansion of its emergency department, more private rooms for inpatients and implementation of cardiac services center that will enable the hospital to provide open heart procedures locally for the first time in Portsmouth. These expansions were completed in 2009.

Kings Daughters Medical Center (KDMC), another regional hospital based in nearby Ashland, Kentucky, has recently began to make a presence in the southern Ohio area acquiring property from the City of Portsmouth for its Medical Specialties and Urgent Care offices as well as similar facilities springing up in communities outside the City.

**Unemployment Rates**

Data obtained from the State of Ohio Department of Jobs and Family Services indicates that the percentage of unemployment for Portsmouth and Scioto County averaged 10.7% for the 2012 calendar year, which is substantially above the state average of 7.2% and the national average of 8.1%. While the local unemployment number is high in comparison to the state and national average, it remains lower than the majority of surrounding counties. While the state of the local economy has been somewhat declined, local initiatives are serving to promote a renewed spirit of pride in the community.

***Letter of Transmittal  
For the Year Ended December 31, 2012***

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**Utilities**

Public utilities providing services to the City of Portsmouth are as follows:

- Electric                                      American Electric Power
- Telephone                                    Frontier Communications
- Natural Gas                                   Columbia Gas of Ohio

City water, wastewater and solid waste services are provided to residents of the area as indicated below:

Water is provided by the City of Portsmouth to approximately 13,600 customers both within the City and in some areas of Scioto County. The City filtration plant has the capacity to produce 12 million gallons of treated water daily and is currently producing six to seven million gallons of water per day. There are approximately 25 million gallons of water stored in reservoirs and tanks located in and around the City.

Serving 8,200 connections are two separate facilities for wastewater treatment. The main plant located in Portsmouth has the capacity to treat ten million gallons daily and is currently treating approximately five million gallons daily. A small plant is located in Sciotoville. The City is currently collecting and treating sewage for Portsmouth, New Boston Village, the Rosemount area located in Clay Township and most recently in the Rigrish Addition area of Minford.

Solid waste collection and disposal is operated by the City of Portsmouth providing service to approximately 7,600 customers. The solid waste transfer station officially commenced operations in the fall of 1993. Improved efficiency at the transfer station has allowed the City to maintain operating costs at current levels for the solid waste collection and disposal function.

**Recreation and Cultural Facilities and Events**

Portsmouth boasts seventeen City owned parks and numerous sports facilities, including Spartan Stadium, Branch Rickey Park and several tennis courts. West of Portsmouth is the Shawnee State Park providing recreation, camping, cabins, a lodge and many other attractions for residents and out-of-town visitors.

Another citizen sponsored project, which started in 1992 and has recently been completed, is the painting of murals on the flood wall on Front Street in the Boneyfiddle District. These murals tell the "story" of Portsmouth and are proving to be a great tourist attraction. The funds were raised for this project by the people of Portsmouth through donations and fund-raisers and a state grant. With the recent conclusion of the ten year project there are now 50 completed panels on the flood wall.

As a result of the popularity of the Portsmouth Murals, plans to provide a visitors center to accommodate those viewing the 2000 feet of spectacular Portsmouth history have also been recently completed with the construction of the new Scioto County Welcome Center. The Welcome Center is open every day and houses the offices of the Portsmouth Area Chamber of Commerce as well as the Portsmouth-Scioto County Visitors Bureau. Tourists and visitors to the murals and Boneyfiddle district of downtown Portsmouth can make use of the indoor restroom facilities and gift shop inside the Center along with a long corridor filled with Portsmouth memorabilia. The Center with its large meeting facility is also frequent host to wedding receptions, parties and civic and other conferences and meetings.

***Letter of Transmittal  
For the Year Ended December 31, 2012***

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An annual Roy Rogers Western Days Festival is held each spring to honor native son Roy Rogers, and a display of memorabilia from his collection is on permanent display in Portsmouth. Firstar Gallery offers month-long exhibits by area artists and hosts an annual area high school cash scholarship art contest. The Ackerman Collection is an exhibit of a collection of area photos dating from 1745. This is a private collection and is shown by appointment only.

Visitors can revel in Portsmouth's past by visiting the Boneyfiddle District Brewery Arcade, a unique and fascinating historic area for the antique enthusiast. Scioto County Historical Society presents the 1810 homestead, meticulously detailed and furnished to delight visitors. The Southern Ohio Museum/Cultural Center presents visual arts, science and history along with a theater and children's series which delights theater buffs. Exhibits change throughout the year.

Portsmouth is ideally located on the Ohio and Scioto Rivers for all types of water related activities, including fishing, boating and water skiing. There are camping facilities along the river which are usually filled to capacity during the summer months. These facilities are owned and operated by the City. As one of the largest festivals in Ohio, the annual Portsmouth River Days Festival is held over the Labor Day weekend and draws many visitors to our area. River Days provides quality, free entertainment to many tens of thousands of locals and visitors each year boasting the state's largest daytime parade as well as Ohio's largest queen's scholarship pageant. Each night features local, regional and national entertainment acts culminating with an annual fireworks extravaganza.

The cultural and recreational needs of the City have been enhanced by the 1993 formation of the Portsmouth Wind Symphony. Citizens from the Portsmouth area who have a love of music and the necessary talents have come together to fill a void in the community and provide many hours of entertainment for the people of this area.

During the 1995-1996 academic year, the \$17 million, 102,000 square foot acoustically correct Vern Riffe Center for the Arts opened and has featured some of the biggest names in Broadway Theater, jazz, big band, dance, folk, dramatic arts, and pop music.

The Shawnee State University Clark Planetarium opened April 24, 1998. The Clark Planetarium is one of only 34 Digistar II Planetariums in the world. The Planetarium office can be contacted about show topics, times and for reservations to a show.

**Education**

Portsmouth City Schools and Sciotoville Community Schools are comprised of three elementary schools, two middle schools and two high schools, with a total combined enrollment of approximately 2,500 students. The pupil-teacher ratio is approximately eleven to one. Adult education programs are offered by Portsmouth City Schools and Shawnee State University.

In November of 2001, voters of the Portsmouth City School District approved by an overwhelming three to one margin a bond issue to finance its portion of the construction of four new school buildings. New facilities include one new high school, one new middle school and two new elementary school buildings in the Portsmouth and Sciotoville areas. The bond issue provides the local share of financing of the construction with the large majority of the costs to be paid by state school facility funds. Construction is now complete and students have now completed the first six years of occupancy in the new facilities.

***Letter of Transmittal  
For the Year Ended December 31, 2012***

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In addition to the educational facilities, Portsmouth City Schools began construction of all new athletic facilities to complement the downtown school campus. The recreational facilities are being paid for entirely from private donations, primarily from an endowment of \$10,000,000 from a private foundation, the Clark Foundation. The facilities, now known as the Clark Athletic Complex have been mostly completed and include a new football stadium, known as the Trojan Coliseum. With all new field houses, stands, concession stand and restrooms, the Coliseum has been made to include many pieces of its past to resemble the floodwall that used to surround the old Spartan Stadium and many landmark items restored from the old high school. The complex also includes a new baseball park, six lighted tennis courts and a running track as well as being beautifully landscaped to include a walking path that is open to the public. The final phase of the Complex to be completed in 2013 will include a new softball diamond. Once complete, the Clark Athletic Complex will rival any high school facility in the state and many small to mid-size university campus athletic facilities.

Higher education facilities in the area include Daymar College (formerly Southeastern Business College) in New Boston, 4 miles east of the City; Ohio University in Ironton, 35 miles east of the City; and Shawnee State University in Portsmouth.

Shawnee State University is a four year university, the newest in the state. Portsmouth now has a Fine and Performing Arts Center on the campus and an indoor Physical Education Center. Seventy-seven Bachelor and Associate degree programs are currently available. Immediate plans are to make Shawnee State campus a pedestrian only campus. Second Street and several side streets have been closed and Third Street was recently widened in furtherance of this plan. Twelve new apartment style dormitories have been constructed at the SSU campus enabling the university to offer much needed additional student housing. Shawnee State enrollment is steadily growing, already at over 4,600 students and the university plans to continue its student housing expansion to accommodate the increasing demand.

**Employee Relations**

The City of Portsmouth has contracts with five employee bargaining units. These groups are Local 512 of the International Association of Firefighters, Lodge 33 of the Fraternal Order of Police, Police/Fire Dispatchers-Fraternal Order of Police, Local 1039 AFSCME, Ohio Council 8 and AFSCME 1039-C Finance Department Employees. Contract periods for all unions are three year terms ending in December 2014 except AFSCME 1039, which ends in April 2015.

**Long-term Financial Planning**

As fund balances have reduced over the past several years and expenses have been cut in many places where possible, by not filling positions as several employees have retired, along with other cost saving opportunities the City proposed a change in its charter in the coming year proposing an income tax increase of .6% to bring the rate from the current 1.4% to the proposed new rate of 2.0% on the incomes of those who live or work in the City. This proposal was placed on the November 2011 ballot and was approved by City voters to take effect beginning January 2012. The increased rate will provide an estimated minimum of an additional \$2,500,000 annually in general fund revenue to help fund police and fire departments and free up current revenue for additional public services.

Additionally, in an attempt to head off greater financial difficulties and to avoid a harsher watch or emergency declaration, the Auditor of State issued a Fiscal Caution declaration for the City of Portsmouth. Concerned with the financial condition of the City, the State issued the Fiscal Caution status in an early attempt to help the City restore its deficit fund balances and bring the City back into more sound fiscal health.

***Letter of Transmittal  
For the Year Ended December 31, 2012***

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**MAJOR INITIATIVES**

The City began planning and contracted for three major projects in 2012 that will carry over into 2013 for completion:

The Sanitary Sewer system began two of these projects to include the rehabilitation of sewer system lines in the North Moreland area and in the West Ruhlman Avenue area. The North Moreland project cost will be \$770,000 while the West Ruhlman project will be \$600,000 and will be split evenly between the City and Scioto County.

The City's Water Works system began work on a new \$300,000 full pump station on Stewart Hollow in Wheelersburg, to supply all of Porter Township and the eastern part of Sciotoville with improved water pressure and fire protection. This project was completed in 2012.

The Utilities system continued to make improvements to its wastewater and flood defense systems including pump station electrical system upgrades and several other pump station enhancements as well as many repairs to flood gate, floodwall, and pump station lighting and heating facilities at its various locations throughout the city. All these improvements at the Waste Water Treatment Plant have been completed in 2012. Scioto County has recently constructed a new sewer system in the Rigrish Addition, near the east of the City that will be accepted by the Sciotoville sewage treatment plant.

Renovations have been completed to a large downtown building that have become home to a number of senior apartments. A former furniture store was purchased and renovated for use now as upscale, modern loft apartments and providing urban convenient living in the downtown. The new dormitory facilities at Shawnee State University continue to multiply and several new businesses have begun to spring up in the downtown and Boneyfiddle districts of Portsmouth. Kings Daughters Medical Center, a Kentucky based health care services provider, recently expanded into Portsmouth with a full-service primary care physician's medical specialties office just to the north of the downtown area. The health care company continues its construction, looking to provide additional hospital facilities on this campus.

The Charles Street wastewater treatment plant completed pump, plant upgrades and will see continued storm gate upgrades, sewer linings and the creation and implementation of a Storm Water Utility Program, working with the City's Graphical Information System to utilize three-dimensional modeling capabilities. Plans are being made for a total upgrade of the wastewater treatment plant itself, which along with the Sciotoville plant services 160 miles of primary sewers within the City limits and surrounding areas. The City is continuing to work toward an overhaul of its sewer lines in the hilltop area to mitigate flooding after extreme rains. This project will carry over into 2013 and beyond for implementation.

The Public Service department will continue upgrades within its Recreation division in 2013 with planned additional improvements to the Court Street Riverfront area, Mound Park and Spartan Municipal Stadium in Portsmouth and Cyndee Secrest Park and Rose Street parks in Sciotoville with various surface and structure improvements at the city's many baseball and softball fields.



***Letter of Transmittal  
For the Year Ended December 31, 2012***

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**FINANCIAL INFORMATION**

**Internal Control, Budgetary Control and the Accounting System**

Development of the City's accounting system included substantial consideration of the adequacy of the internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance that:

1. The City's assets are protected against loss and unauthorized use or disposition; and
2. Reliable financial reports for preparing financial statements and providing accountability for assets are maintained.

The concept of reasonable assurance states that internal controls should be evaluated applying the following criteria:

1. The expense associated with providing the internal controls should not exceed the benefits likely to be derived from their implementation; and
2. The evaluation of the offsetting costs and benefits involves estimates and judgment by the City administration and members of the finance office.

All internal control evaluations occur within this framework. It is the belief of the administrative and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions. The Auditor's Office (the "Fiscal Office") is responsible for the auditing and analysis of all purchase orders and vouchers of the City. Fiscal Office personnel review and process requisitions, purchase orders and vouchers. Their responsibilities are carefully conducted to ensure the availability of monies in the proper funds and accounts prior to the certification and payment of approved invoices. The City utilizes a fully automated accounting system as well as an automated system of controls for capital assets, accounting and payroll. These systems, coupled with the review and examination performed by the Fiscal Office, ensure that the financial information generated is both accurate and reliable.

Budgetary control is maintained at the department level for each function within each fund via legislation approved by City Council. Lower levels within each character are accounted for and reported internally. Such lower levels are referred to as line items of expenditure. Estimated amounts must be encumbered prior to final approval of purchase orders or other contracts to vendors. Encumbrances in excess of the available character level appropriations are not approved unless additional appropriations are authorized. Unencumbered appropriations return (lapse) to the unappropriated balances in the individual funds at the end of each fiscal year, which coincides with the calendar year.

**Relevant Financial Policies**

In order to maintain emergency funding for its flood defense system, Portsmouth City Council established, upon the advice of the City Auditor, a policy to always maintain a minimum operating balance level of at least \$500,000 within its Flood Defense Levy fund.

***Letter of Transmittal  
For the Year Ended December 31, 2012***

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**OTHER INFORMATION**

**Independent Audit**

The basic financial statements of the City of Portsmouth were audited by the office of David Yost, Auditor of State. The auditor's opinion has been included in this report.

**Awards**

The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards in state and local government financial reporting. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report with contents conforming to all program standards. The report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements respective to the reporting entity. A Certificate of Achievement is valid for a period of one year. I believe this, our seventeenth Comprehensive Annual Financial Report, meets the high standards set by the GFOA Certificate of Achievement program, and I am submitting the report to the GFOA for its review and critique.

**Public Disclosure**

The publication of this Comprehensive Annual Financial Report is indicative of the City's commitment to provide significantly enhanced financial information and accountability to its citizens. In addition to the citizens of Portsmouth, the recipients of this report include City, state and federal officials, schools, libraries, newspapers, investment banking firms, banks and rating agencies. The report is made available to any person or organization requesting it and is conveniently located on the City's Auditor's section of the official website of the City of Portsmouth under the Financial Division at:

<http://portsmouthoh.org/>

The extensive effort to prepare and distribute this report is indicative of the City Auditor's goal of full disclosure of the City's finances.

**Acknowledgments**

This report is the result of hard work and dedication on the part of many employees and individuals. Special thanks to David Green, Scioto County Auditor, and staff; City of Portsmouth Deputy Auditor Connie Snipes and the employees of the Portsmouth City Auditor's office and all other City of Portsmouth employees who have contributed to this endeavor.

Sincere appreciation to Donald J. Schonhardt & Associates, Inc. for their continued support and assistance in the preparation of this report.

***CITY OF PORTSMOUTH, OHIO***

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***Letter of Transmittal  
For the Year Ended December 31, 2012***

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I especially want to thank the citizens of Portsmouth for the opportunity to continue to improve the professionalism in financial reporting that they expect and deserve.

Thank you to the members of City Council, Mayor and other city administrators, without whose support we would have been unable to prepare this report.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Trent Williams", with a long horizontal flourish extending to the right.

M. Trent Williams, CPM, CPFA  
City Auditor

**CITY OF PORTSMOUTH, OHIO**

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**List of Principal Officials  
For the Year Ended December 31, 2012**

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<u>Position</u>	<u>Name</u>	<u>Term of Office</u>	<u>Years with City</u>	
<b><u>Executive</u></b> (Elected)				
Mayor	David A. Malone	12/21/10 - 01/05/14	9	
City Auditor	M. Trent Williams	01/02/12 - 01/02/16	14	
City Solicitor	Michael L. Jones	01/02/12 - 01/02/16	5	
<b><u>Legislative</u></b> (Elected)				
		<u>Ward</u>		
Member of Council	Kevin W. Johnson	1st	01/04/10 - 01/05/14	3
Member of Council	James R. Saddler II	2nd	01/02/12 - 01/02/16	2
Member of Council	Nicholas R. Basham	3rd	01/04/10 - 01/05/14	3
Member of Council	James D. Kalb	4th	01/02/12 - 01/02/16	15
Member of Council (President)	John R. Haas	5th	01/04/10 - 01/05/14	4
Member of Council	R. Steven Sturgill	6th	01/02/12 - 01/02/16	1
<b><u>Judicial</u></b> (Elected)				
Municipal Court Judge	Russell D. Kegley		01/01/06 - 12/31/11	10
Municipal Court Judge	Steven L. Mowery		01/01/10 - 12/31/15	3
<b><u>Administrative</u></b> (Appointed)				
Police Chief	Robert K. Ware	Indefinite	18	
Fire Chief	William V. Raison	Indefinite	22	
Public Service Director	William M. Beaumont	Indefinite	5	
Director of Water	Samuel J. Sutherland	Indefinite	24	
Director of Waste Water	Richard D. Duncan	Indefinite	18	
Community Development Director	Tracy A. Shearer	Indefinite	2	
City Clerk	Diana L. Ratliff	Indefinite	1	
Municipal Court Clerk	R. Leroy Kegley	Indefinite	34	
Health Commissioner	Christopher S. Smith	Indefinite	17	
Income Tax Commissioner	Barbara A. Doyle	Indefinite	27	
Civil Service Secretary	Jo Ann Aeh	Indefinite	27	

**Executive Offices:**

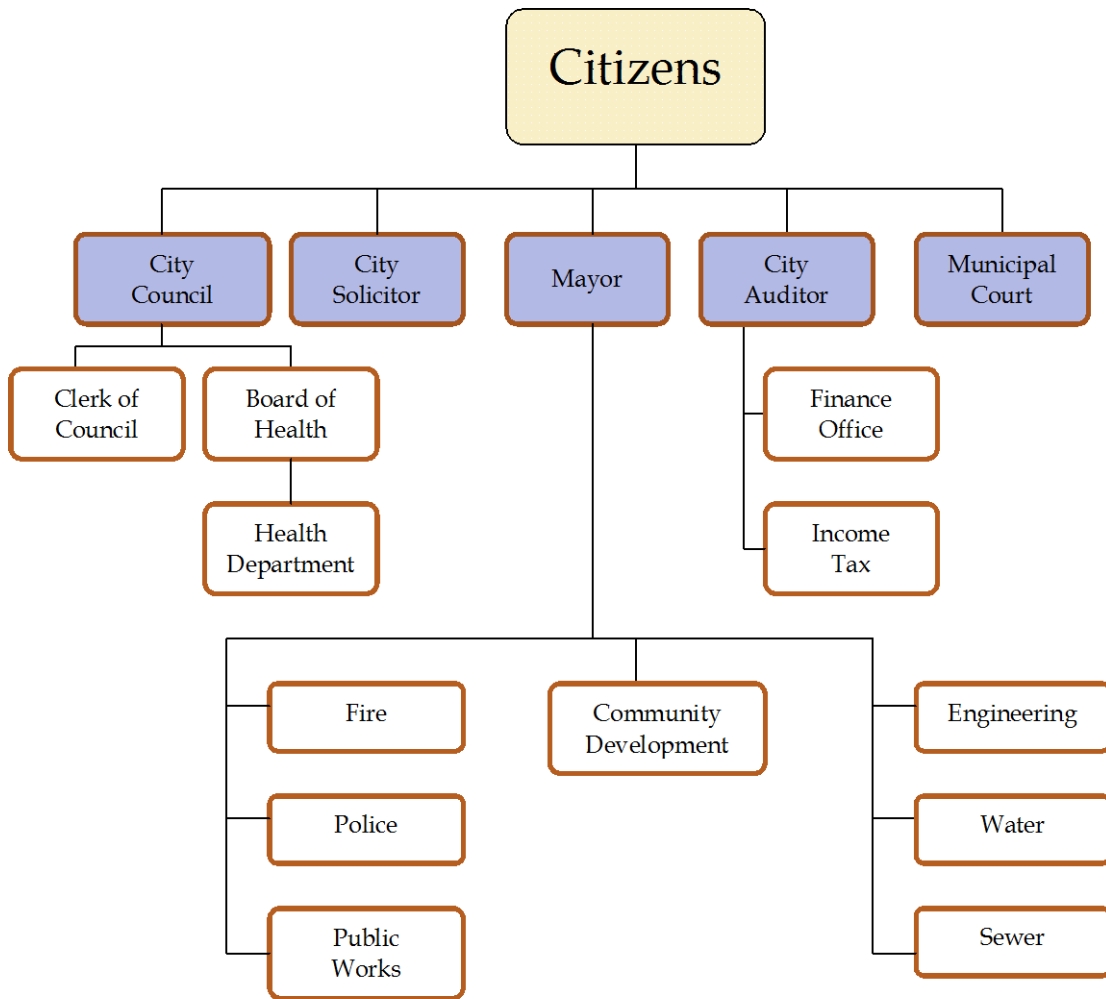
**David A. Malone, Mayor**  
City of Portsmouth  
728 Second Street, Room 1  
Portsmouth, Ohio 45662  
Ph: 740-354-8807 Fax: 740-354-8809  
Email: dmalone@portsmouthoh.org

**M. Trent Williams, Auditor**  
City of Portsmouth  
728 Second Street, Room 3  
Portsmouth, Ohio 45662  
Ph: 740-354-7751 Fax: 740-353-458  
Email: cityauditor@mail.com

**Michael L. Jones, Solicitor**  
City of Portsmouth  
728 Second Street, Room 22  
Portsmouth, Ohio 45662  
Ph: 740-353-5229 Fax: 740-353-0136  
Email: mljones@pmcourt.org

**City Organizational Chart  
For the Year Ended December 31, 2012**

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 Elected

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

City of Portsmouth  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2011

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.



*Christopher P. Moynell*

President

*Jeffrey R. Enos*

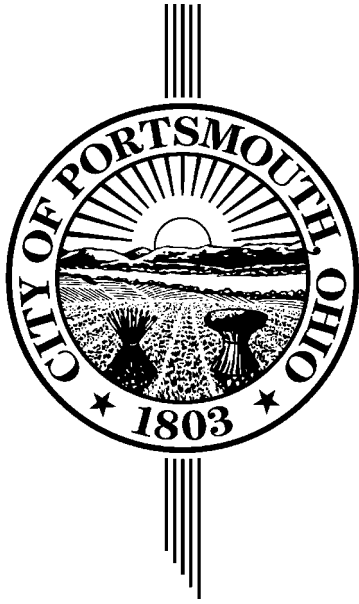
Executive Director

# *FINANCIAL SECTION*

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

City of Portsmouth  
Scioto County  
728 Second Street  
Portsmouth, Ohio 45662

To the City Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Portsmouth, Scioto County, Ohio (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Portsmouth, Scioto County, Ohio, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 2 to the basic financial statements, during the year ended December 31, 2012, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

As discussed in Note 17 to the basic financial statements, the City had a negative cash balance in the General Fund due to the cost of police, fire and other governmental services, which are mainly supported with General Fund monies. The City made an advance from the Capital Improvement Fund and the Community Development Block Grant Fund in the amount of \$893,687 and \$274,609, respectively, to eliminate the negative cash balance in the General Fund. Further, as of September 4, 2013, the cash basis unencumbered balance of the General Fund was \$49,383. In addition, as discussed in Note 18 to the basic financial statements, on April 9, 2013, the Auditor of State declared the City to be in a state of fiscal watch under Section 118.02(E) of the Ohio Revised Code. The financial statements do not include any adjustments that may result from the outcome of this uncertainty.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and required budgetary comparison schedules as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

#### *Supplementary and Other Information*

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2013, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

September 4, 2013



The discussion and analysis of the City of Portsmouth's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2012. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

## **FINANCIAL HIGHLIGHTS**

Key financial highlights for 2012 are as follows:

- ❑ In total, net position increased \$129,501. Net position of governmental activities decreased \$766,767, which represents a 3.1 % decrease from 2011. Net position of business-type activities increased \$896,268, or 5.3% from 2011.
- ❑ General revenues accounted for \$12,972,839 in revenue or 44.5% of all revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$16,156,582 or 55.5% of total revenues of \$29,129,421.
- ❑ The City had \$18,591,180 in expenses related to governmental activities; only \$4,851,574 of these expenses were offset by program specific charges for services and sales, grants or contributions.
- ❑ Among major funds, the General Fund had \$12,393,226 in revenues and other financing sources and \$11,484,519 in expenditures and other financing uses. The General Fund's fund balance increased from \$(1,658,384) to \$(762,231).

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – *management's discussion and analysis*, the *basic financial statements*, and an optional section that presents *combining and individual statements* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

**Government-wide Statements**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net-position (the difference between the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City one needs to consider additional nonfinancial factors such as the City's tax base and the condition of the City's capital assets.

The government-wide financial statements of the City are divided into two categories:

- *Governmental Activities* – Most of the City's programs and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, transportation and general government.
- *Business-Type Activities* – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's water, sewer, sanitation, and primary care services are reported as business-type activities.

**Fund Financial Statements**

Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole.

***Governmental Funds*** – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The City's major funds are the General Fund, the General Obligation Bond Retirement Fund, and the Capital Improvement Fund. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**CITY OF PORTSMOUTH, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2012**

**Unaudited**

**Proprietary Funds** – Proprietary funds use the same basis of accounting as business-type activities; therefore, the Statement of Net Position and the Statement of Activities will essentially match the fund financial statements. The proprietary fund financial statements provide separate information for the Water, Sewer, Sanitation, and Primary Care services. All except the Primary Care Fund are considered major funds.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Changes in Net Position.

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

The following table provides a summary of the City's net position for 2012 compared to 2011:

	Governmental		Business-type		Total	
	Activities		Activities			
	2012	Restated 2011	2012	Restated 2011	2012	2011
Current and other assets	\$8,561,010	\$9,229,383	\$4,613,785	\$4,741,162	\$13,174,795	\$13,970,545
Capital assets, Net	21,157,617	21,231,008	28,458,402	26,927,777	49,616,019	48,158,785
Total assets	29,718,627	30,460,391	33,072,187	31,668,939	62,790,814	62,129,330
Long-term debt outstanding	2,918,957	2,756,094	14,352,512	14,000,261	17,271,469	16,756,355
Other liabilities	749,988	2,706,848	849,025	694,296	1,599,013	3,401,144
Total liabilities	3,668,945	5,462,942	15,201,537	14,694,557	18,870,482	20,157,499
Deferred inflows of resources	1,819,000	0	0	0	1,819,000	0
Net position:						
Net investment in capital assets	20,630,492	20,921,788	14,995,902	14,001,292	35,626,394	34,923,080
Restricted	5,446,225	6,931,652	953,034	942,914	6,399,259	7,874,566
Unrestricted	(1,846,035)	(2,855,991)	1,921,714	2,030,176	75,679	(825,815)
Total net position	\$24,230,682	\$24,997,449	\$17,870,650	\$16,974,382	\$42,101,332	\$41,971,831

**CITY OF PORTSMOUTH, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2012**

**Unaudited**

Changes in Net Position – The following table shows the changes in net position for 2012 compared to 2011:

	Governmental		Business-type		Total	
	Activities		Activities			
	2012	Restated 2011	2012	Restated 2011	2012	2011
Revenues						
Program Revenues:						
Charges for Services and Sales	\$1,924,682	\$1,650,247	\$10,896,778	\$10,361,297	\$12,821,460	\$12,011,544
Operating Grants and Contributions	2,926,892	2,727,791	0	0	2,926,892	2,727,791
Capital Grants and Contributions	0	0	408,230	500,210	408,230	500,210
Total Program Revenues	<u>4,851,574</u>	<u>4,378,038</u>	<u>11,305,008</u>	<u>10,861,507</u>	<u>16,156,582</u>	<u>15,239,545</u>
General revenues:						
Property Taxes	1,913,977	2,076,833	0	0	1,913,977	2,076,833
Income Taxes	9,620,121	6,684,933	0	0	9,620,121	6,684,933
Other Local Taxes	330,303	296,427	0	0	330,303	296,427
Intergovernmental Revenue, Unrestricted	806,287	2,536,309	0	0	806,287	2,536,309
Investment Earnings	40	44	0	0	40	44
Miscellaneous	302,111	251,205	0	0	302,111	251,205
Total General Revenues	<u>12,972,839</u>	<u>11,845,751</u>	<u>0</u>	<u>0</u>	<u>12,972,839</u>	<u>11,845,751</u>
Total Revenues	<u>17,824,413</u>	<u>16,223,789</u>	<u>11,305,008</u>	<u>10,861,507</u>	<u>29,129,421</u>	<u>27,085,296</u>
Program Expenses						
Security of Persons and Property	8,608,663	8,579,519	0	0	8,608,663	8,579,519
Public Health and Welfare Services	2,840,139	2,621,773	0	0	2,840,139	2,621,773
Leisure Time Activities	126,749	79,666	0	0	126,749	79,666
Community Environment	822,320	693,688	0	0	822,320	693,688
Transportation	2,119,056	1,632,106	0	0	2,119,056	1,632,106
General Government	3,960,999	4,197,318	0	0	3,960,999	4,197,318
Interest and Fiscal Charges	113,254	121,302	0	0	113,254	121,302
Water	0	0	6,032,711	5,786,341	6,032,711	5,786,341
Sewer	0	0	2,894,710	2,896,984	2,894,710	2,896,984
Sanitation	0	0	1,431,274	1,314,807	1,431,274	1,314,807
Primary Care	0	0	50,045	44,432	50,045	44,432
Total Expenses	<u>18,591,180</u>	<u>17,925,372</u>	<u>10,408,740</u>	<u>10,042,564</u>	<u>28,999,920</u>	<u>27,967,936</u>
Total Change in Net Position	(766,767)	(1,701,583)	896,268	818,943	129,501	(882,640)
Beginning Net Position, Restated	<u>24,997,449</u>	<u>26,699,032</u>	<u>16,974,382</u>	<u>16,155,439</u>	<u>41,971,831</u>	<u>42,854,471</u>
Ending Net Position	<u>\$24,230,682</u>	<u>\$24,997,449</u>	<u>\$17,870,650</u>	<u>\$16,974,382</u>	<u>\$42,101,332</u>	<u>\$41,971,831</u>



**CITY OF PORTSMOUTH, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2012**

**Unaudited**

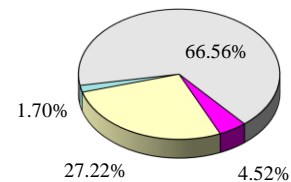
**Governmental Activities**

Net position of the City's governmental activities decreased by \$766,767. Although the City's revenue increased as a result of an increase in the City's income tax rate from 1.4% to 2.0%, expenditures have continued to be greater than revenues resulting in the decrease in net position.

The City receives an income tax, which is based on 2.0% of all salaries, wages, commissions and other compensation and on net profits earned from those working or doing business in the City.

Income taxes and property taxes made up 54.0% and 10.7% respectively of revenues for governmental activities for the City in fiscal year 2012. The City's reliance upon tax revenues is demonstrated by the following graph indicating 66.56% of total revenues from general tax revenues:

Revenue Sources	2012	Percent of Total
General Tax Revenues	\$11,864,401	66.56%
Intergovernmental Revenue, Unrestricted	806,287	4.52%
Program Revenues	4,851,574	27.22%
General Other	302,151	1.70%
<b>Total Revenue</b>	<b>\$17,824,413</b>	<b>100.00%</b>



**Business-Type Activities**

The net position of the business-type activities increased by \$896,268. The increase in net position is a result of maintaining expenses lower than revenues.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The City's governmental funds reported a combined fund balance of \$4,022,514, which is an increase from last year's balance of \$3,155,093. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2012 and 2011:

	Fund Balance December 31, 2012	Fund Balance December 31, 2011	Increase (Decrease)
General	(\$762,231)	(\$1,658,384)	\$896,153
General Obligation Bond Retirement	80,553	65,065	15,488
Capital Improvement	1,770,508	1,919,163	(148,655)
Other Governmental	2,933,684	2,829,249	104,435
<b>Total</b>	<b>\$4,022,514</b>	<b>\$3,155,093</b>	<b>\$867,421</b>

**CITY OF PORTSMOUTH, OHIO**

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***Management's Discussion and Analysis  
For the Year Ended December 31, 2012***

***Unaudited***

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General Fund – The City's General Fund balance increase is due to several factors. The tables that follow assist in illustrating the financial activities of the General Fund:

	2012	2011	Increase
	Revenues	Revenues	(Decrease)
Property and Other Taxes	\$9,715,590	\$7,089,636	\$2,625,954
Intergovernmental Revenue	1,391,170	2,407,487	(1,016,317)
Charges for Services	308,880	314,657	(5,777)
Licenses and Permits	183,180	200,268	(17,088)
Fines and Forfeitures	620,040	590,141	29,899
All Other Revenue	147,336	97,008	50,328
Total	<u>\$12,366,196</u>	<u>\$10,699,197</u>	<u>\$1,666,999</u>

General Fund revenues in 2012 increased approximately 15.6% compared to revenues in fiscal year 2011. The increase in revenue was the result of an increase in the City's income tax rate from 1.4% to 2.0%. Intergovernmental revenues were down due to a decrease in Estate Taxes collected and a 50% decrease in Local Government Revenue funds distributed by the State.

	2012	2011	Increase
	Expenditures	Expenditures	(Decrease)
Security of Persons and Property	\$7,306,552	\$7,582,103	(\$275,551)
Public Health and Welfare Services	627,061	650,074	(23,013)
Community Environment	186,137	258,574	(72,437)
Transportation	494,388	518,396	(24,008)
General Government	2,829,519	2,858,129	(28,610)
Total	<u>\$11,443,657</u>	<u>\$11,867,276</u>	<u>(\$423,619)</u>

General Fund expenditures decreased by \$423,619 or 3.6% compared to the prior year. The decrease is the result of a decrease in personnel costs due to employee attrition.

*General Obligation Bond Retirement Fund* – The General Obligation Bond Retirement Fund balance increased from \$65,065 to \$80,553. The fund remained stable compared to 2011.

*Capital Improvement Fund* - The Capital Improvement Fund balance decreased from \$1,919,163 to \$1,770,508. The City increased its capital improvement spending for items that had been delayed.

**CITY OF PORTSMOUTH, OHIO**

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***Management's Discussion and Analysis  
For the Year Ended December 31, 2012***

***Unaudited***

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The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2012 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of \$12,125,000 increased from original budget estimates of \$11,800,000 as a result of receiving higher than anticipated income taxes. The actual revenues of \$12,108,633 were not significantly different than the final budget basis revenue.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of 2012 the City had \$49,616,019 net of accumulated depreciation invested in buildings, improvements, machinery and equipment, and infrastructure. Of this total, \$21,157,617 was related to governmental activities and \$28,458,402 to the business-type activities. The following table shows 2012 and 2011 balances:

	Governmental Activities		Increase (Decrease)
	2012	Restated 2011	
Land	\$1,697,863	\$1,826,884	(\$129,021)
Buildings	6,363,202	6,459,261	(96,059)
Improvements	2,236,620	2,135,500	101,120
Machinery and Equipment	9,632,013	9,405,514	226,499
Infrastructure	29,405,666	28,519,108	886,558
Less: Accumulated Depreciation	(28,177,747)	(27,115,259)	(1,062,488)
Totals	<u>\$21,157,617</u>	<u>\$21,231,008</u>	<u>(\$73,391)</u>

Infrastructure increased because due to increased road, curb and storm sewer construction. This was offset by depreciation expense.

**CITY OF PORTSMOUTH, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2012**

**Unaudited**

	Business-Type Activities		Increase (Decrease)
	2012	2011	
Land	\$63,504	\$63,504	\$0
Construction in Progress	1,084,182	6,028,094	(4,943,912)
Buildings	6,499,589	1,954,975	4,544,614
Improvements other than Buildings	29,822,556	26,576,373	3,246,183
Machinery and Equipment	13,875,435	14,161,385	(285,950)
Less: Accumulated Depreciation	(22,886,864)	(21,856,554)	(1,030,310)
Totals	<u>\$28,458,402</u>	<u>\$26,927,777</u>	<u>\$1,530,625</u>

Business type capital assets increased by \$1,530,625. The major additions were the completion of several projects, including the Lawson Run Wastewater Treatment Plant Improvements, a primary clarifier and the Stewart Hollow pump station. A new project for 2012 was also completed, the water filtration rebuild. Additional information on the City's capital assets can be found in Note 10.

**Debt**

At December 31, 2012, the City had \$1,520,000 in General Obligation Bonds outstanding, \$70,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2012 and 2011:

	2012	Restated 2011
Governmental Activities:		
General Obligation Bond	\$1,520,000	\$1,585,000
Compensated Absences	558,522	497,890
Capital Leases	840,435	673,204
Total Governmental Activities	<u>\$2,918,957</u>	<u>\$2,756,094</u>
Business-Type Activities:		
Ohio Public Works Commission Loan	\$1,306,049	\$1,299,069
Water Refunding Revenue Bond	1,605,000	2,100,000
Ohio Water Development Authority Loan	6,944,097	5,237,048
Compensated Absences	73,134	79,621
Capital Leases	4,424,232	5,284,523
Total Business-Type Activities	<u>14,352,512</u>	<u>14,000,261</u>
Totals	<u>\$17,271,469</u>	<u>\$16,756,355</u>

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.5% of the total assessed value of real and personal property. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total assessed value of property. At December 31, 2012, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 13.

**ECONOMIC FACTORS**

The local economy continues to be stagnant, and revenues are flat. This resulted in a negative cash balance in the General Fund. This was due to the cost of police, fire and other governmental services which are mainly supported with General Fund monies. The City was placed in Fiscal Caution by the Auditor of State on November 22, 2011. As discussed in Subsequent Events Note 18, the Auditor of State declared the City to be in Fiscal Watch on April 9, 2013. Also, on August 26, 2013, the City Council the Mayor to approve and sign an Administrative Order on Consent (AOC) which has been negotiated with the U.S. Environmental Protection Agency (USEPA) Region V. The AOC includes construction of a number of improvements to the City's sewer system. The estimated cost of the project is \$4.3 million.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. M. Trent Williams, CPFA, City Auditor of the City of Portsmouth.

**CITY OF PORTSMOUTH, OHIO**

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**Statement of Net Position  
December 31, 2012**

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	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 2,297,980	\$ 1,208,306	\$ 3,506,286
Receivables:			
Taxes	3,626,044	0	3,626,044
Accounts	466,742	2,253,654	2,720,396
Intergovernmental	1,662,737	0	1,662,737
Loans	57,419	0	57,419
Internal Balances	213,945	(213,945)	0
Inventory of Supplies at Cost	44,752	67,999	112,751
Prepaid Items	17,328	23,238	40,566
Restricted Assets:			
Cash and Cash Equivalents	174,063	1,274,533	1,448,596
Capital Assets:			
Capital Assets Not Being Depreciated	1,697,863	1,147,686	2,845,549
Capital Assets Being Depreciated, Net of Accumulated Depreciation	19,459,754	27,310,716	46,770,470
<b>Total Assets</b>	<u>29,718,627</u>	<u>33,072,187</u>	<u>62,790,814</u>
<b>Liabilities:</b>			
Accounts Payable	80,596	348,510	429,106
Accrued Wages and Benefits	16,922	7,228	24,150
Intergovernmental Payable	593,884	155,136	749,020
Claims Payable	31,103	0	31,103
Refundable Deposits	0	321,499	321,499
Accrued Interest Payable	27,483	16,652	44,135
Long-term Liabilities:			
Due within one year	298,958	1,687,712	1,986,670
Due in more than one year	2,619,999	12,664,800	15,284,799
<b>Total Liabilities</b>	<u>3,668,945</u>	<u>15,201,537</u>	<u>18,870,482</u>
<b>Deferred Inflows of Resources:</b>			
Property Tax	1,819,000	0	1,819,000

**CITY OF PORTSMOUTH, OHIO**

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	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	20,630,492	14,995,902	35,626,394
Restricted For:			
Streets and Highways	557,890	0	557,890
Community Development	582,794	0	582,794
Security of Persons and Property	981,036	0	981,036
Public Health and Welfare	1,245,190	0	1,245,190
Capital Projects	1,795,862	0	1,795,862
Debt Service	109,390	953,034	1,062,424
Perpetual Care:			
Expendable	147,220	0	147,220
Nonexpendable	26,843	0	26,843
Unrestricted (Deficit)	(1,846,035)	1,921,714	75,679
<b>Total Net Position</b>	<b>\$ 24,230,682</b>	<b>\$ 17,870,650</b>	<b>\$ 42,101,332</b>

See accompanying notes to the basic financial statements

**CITY OF PORTSMOUTH, OHIO**

**Statement of Activities  
For the Year Ended December 31, 2012**

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Security of Persons and Property	\$ 8,608,663	\$ 862,367	\$ 0	\$ 0
Public Health and Welfare Services	2,840,139	414,378	1,972,094	0
Leisure Time Activities	126,749	86,633	1,915	0
Community Environment	822,320	89,638	0	0
Transportation	2,119,056	36,224	824,434	0
General Government	3,960,999	435,442	128,449	0
Interest and Fiscal Charges	113,254	0	0	0
<b>Total Governmental Activities</b>	<b>18,591,180</b>	<b>1,924,682</b>	<b>2,926,892</b>	<b>0</b>
<b>Business-Type Activities:</b>				
Water	6,032,711	6,332,121	0	408,230
Sewer	2,894,710	3,178,003	0	0
Sanitation	1,431,274	1,341,395	0	0
Primary Care	50,045	45,259	0	0
<b>Total Business-Type Activities</b>	<b>10,408,740</b>	<b>10,896,778</b>	<b>0</b>	<b>408,230</b>
<b>Totals</b>	<b>\$ 28,999,920</b>	<b>\$ 12,821,460</b>	<b>\$ 2,926,892</b>	<b>\$ 408,230</b>

**General Revenues**

Property Taxes Levied for:

General Purposes

Special Purpose

Debt Service

Income Taxes

Other Local Taxes

Intergovernmental Revenue, Unrestricted

Investment Earnings

Miscellaneous

**Total General Revenues**

Change in Net Position

Net Position Beginning of Year, Restated

**Net Position End of Year**

See accompanying notes to the basic financial statements



**CITY OF PORTSMOUTH, OHIO**

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Net (Expense) Revenue  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (7,746,296)	\$ 0	\$ (7,746,296)
(453,667)	0	(453,667)
(38,201)	0	(38,201)
(732,682)	0	(732,682)
(1,258,398)	0	(1,258,398)
(3,397,108)	0	(3,397,108)
(113,254)	0	(113,254)
<u>(13,739,606)</u>	<u>0</u>	<u>(13,739,606)</u>
0	707,640	707,640
0	283,293	283,293
0	(89,879)	(89,879)
0	(4,786)	(4,786)
<u>0</u>	<u>896,268</u>	<u>896,268</u>
<u>(13,739,606)</u>	<u>896,268</u>	<u>(12,843,338)</u>
1,465,856	0	1,465,856
300,613	0	300,613
147,508	0	147,508
9,620,121	0	9,620,121
330,303	0	330,303
806,287	0	806,287
40	0	40
302,111	0	302,111
<u>12,972,839</u>	<u>0</u>	<u>12,972,839</u>
(766,767)	896,268	129,501
<u>24,997,449</u>	<u>16,974,382</u>	<u>41,971,831</u>
<u>\$ 24,230,682</u>	<u>\$ 17,870,650</u>	<u>\$ 42,101,332</u>

**CITY OF PORTSMOUTH, OHIO**

**Balance Sheet  
Governmental Funds  
December 31, 2012**

	General	General Obligation Bond Retirement	Capital Improvement
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 39,761	\$ 80,553	\$ 119,158
Receivables:			
Taxes	2,809,877	183,187	259,068
Accounts	301,108	0	0
Intergovernmental	680,200	11,133	0
Loans	0	0	0
Due from Other Funds	0	0	1,490,819
Inventory of Supplies, at Cost	25,516	0	0
Prepaid Items	8,154	0	914
Restricted Assets:			
Cash and Cash Equivalents	0	0	0
<b>Total Assets</b>	<b>\$ 3,864,616</b>	<b>\$ 274,873</b>	<b>\$ 1,869,959</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 12,483	\$ 0	\$ 3,667
Accrued Wages and Benefits Payable	13,034	0	0
Intergovernmental Payable	381,316	0	0
Due to Other Funds	1,719,953	0	70,430
<b>Total Liabilities</b>	<b>2,126,786</b>	<b>0</b>	<b>74,097</b>
<b>Deferred Inflows of Resources:</b>			
Property Tax	1,411,000	138,000	0
Unavailable Revenue	1,089,061	56,320	25,354
<b>Total Deferred Inflows of Resources</b>	<b>2,500,061</b>	<b>194,320</b>	<b>25,354</b>
<b>Fund Balances:</b>			
Nonspendable	33,670	0	914
Restricted	0	80,553	1,769,594
Committed	0	0	0
Unassigned	(795,901)	0	0
<b>Total Fund Balances</b>	<b>(762,231)</b>	<b>80,553</b>	<b>1,770,508</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 3,864,616</b>	<b>\$ 274,873</b>	<b>\$ 1,869,959</b>

See accompanying notes to the basic financial statements

**CITY OF PORTSMOUTH, OHIO**

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Other Governmental Funds	Total Governmental Funds
\$ 2,058,508	\$ 2,297,980
373,912	3,626,044
165,634	466,742
971,404	1,662,737
57,419	57,419
699,062	2,189,881
19,236	44,752
8,260	17,328
174,063	174,063
<u>\$ 4,527,498</u>	<u>\$ 10,536,946</u>
\$ 64,446	\$ 80,596
3,888	16,922
212,568	593,884
218,235	2,008,618
<u>499,137</u>	<u>2,700,020</u>
270,000	1,819,000
824,677	1,995,412
<u>1,094,677</u>	<u>3,814,412</u>
54,339	88,923
2,849,053	4,699,200
132,861	132,861
(102,569)	(898,470)
<u>2,933,684</u>	<u>4,022,514</u>
<u>\$ 4,527,498</u>	<u>\$ 10,536,946</u>

**CITY OF PORTSMOUTH, OHIO**

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***Reconciliation Of Total Governmental Fund Balances  
To Net Position Of Governmental Activities  
December 31, 2012***

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**Total Governmental Fund Balances** \$ 4,022,514

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

Capital Assets used in governmental activities are not resources and therefore are not reported in the funds. 21,157,617

Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds. 1,995,412

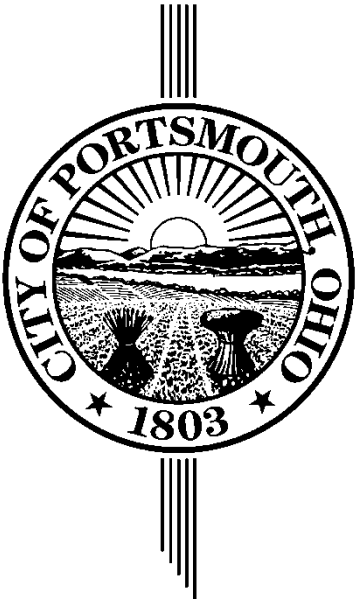
Internal Service Funds are used by management to charge the costs of insurance and use of supplies to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 1,579

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

General Obligation Bonds Payable	(1,520,000)	
Capital Leases Payable	(840,435)	
Compensated Absences Payable	(558,522)	
Accrued Interest Payable	(27,483)	(2,946,440)
	<u>                    </u>	<u>                    </u>

***Net Position of Governmental Activities*** \$ 24,230,682

See accompanying notes to the basic financial statements



**CITY OF PORTSMOUTH, OHIO**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2012**

	General	General Obligation Bond Retirement	Capital Improvement
<b>Revenues:</b>			
Taxes	\$ 9,715,590	\$ 143,986	\$ 1,538,103
Intergovernmental Revenues	1,391,170	22,202	0
Charges for Services	308,880	0	0
Licenses and Permits	183,180	0	25
Investment Earnings	0	0	0
Fines and Forfeitures	620,040	0	0
All Other Revenue	147,336	0	5,368
<b>Total Revenue</b>	<u>12,366,196</u>	<u>166,188</u>	<u>1,543,496</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	7,306,552	0	0
Public Health and Welfare Services	627,061	0	0
Leisure Time Activities	0	0	0
Community Environment	186,137	0	0
Transportation	494,388	0	0
General Government	2,829,519	0	0
Capital Outlay	0	0	1,830,744
Debt Service:			
Principal Retirement	0	65,000	221,885
Interest and Fiscal Charges	0	85,700	28,638
<b>Total Expenditures</b>	<u>11,443,657</u>	<u>150,700</u>	<u>2,081,267</u>
Excess (Deficiency) of Revenues Over Expenditures	922,539	15,488	(537,771)
<b>Other Financing Sources (Uses):</b>			
Sale of Capital Assets	27,030	0	0
Other Financing Source - Capital Lease	0	0	389,116
Transfers In	0	0	0
Transfers Out	(40,862)	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>(13,832)</u>	<u>0</u>	<u>389,116</u>
Net Change in Fund Balances	908,707	15,488	(148,655)
<b>Fund Balances at Beginning of Year</b>	(1,658,384)	65,065	1,919,163
Decrease in Inventory	(12,554)	0	0
<b>Fund Balances End of Year</b>	<u>\$ (762,231)</u>	<u>\$ 80,553</u>	<u>\$ 1,770,508</u>

See accompanying notes to the basic financial statements

**CITY OF PORTSMOUTH, OHIO**

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Other Governmental Funds	Total Governmental Funds
\$ 360,978	\$ 11,758,657
3,776,570	5,189,942
163,931	472,811
89,840	273,045
40	40
495,328	1,115,368
260,864	413,568
<u>5,147,551</u>	<u>19,223,431</u>
893,865	8,200,417
2,154,992	2,782,053
65,033	65,033
623,126	809,263
797,070	1,291,458
547,117	3,376,636
0	1,830,744
0	286,885
0	114,338
<u>5,081,203</u>	<u>18,756,827</u>
66,348	466,604
0	27,030
0	389,116
40,862	40,862
0	(40,862)
<u>40,862</u>	<u>416,146</u>
107,210	882,750
2,829,249	3,155,093
(2,775)	(15,329)
<u>\$ 2,933,684</u>	<u>\$ 4,022,514</u>

**CITY OF PORTSMOUTH, OHIO**

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***Reconciliation Of The Statement Of Revenues, Expenditures  
And Changes In Fund Balances Of Governmental Funds  
To The Statement Of Activities  
For the Year Ended December 31, 2012***

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**Net Change in Fund Balances - Total Governmental Funds** \$ 882,750

*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 as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay	1,710,460	
Depreciation Expense	<u>(1,587,658)</u>	122,802

The net effect of various miscellaneous transactions involving capital assets (i.e. disposals and donations) is to decrease net position.

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

The statement of activities reports losses arising from the disposal of capital assets. However, in the governmental funds, proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold. (196,193)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (1,399,018)

The issuance of long-term debt (e.g. notes, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Capital Leases Issued		(389,116)
General Obligation Bonds Payable	65,000	
Capital Leases Payable	<u>221,885</u>	286,885

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 1,084

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 the governmental funds.

Compensated Absences	(60,632)	
Change in Inventory	<u>(15,329)</u>	(75,961)

***Change in Net Position of Governmental Activities*** \$ (766,767)

See accompanying notes to the basic financial statements



**CITY OF PORTSMOUTH, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Year Ended December 31, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 9,270,000	\$ 9,490,000	\$ 9,476,231	\$ (13,769)
Intergovernmental Revenue	1,310,000	1,375,000	1,385,466	10,466
Charges for Services	307,000	307,000	309,803	2,803
Licenses and Permits	224,000	224,000	183,180	(40,820)
Fines and Forfeitures	567,000	607,000	607,538	538
All Other Revenues	122,000	122,000	146,415	24,415
Total Revenues	<u>11,800,000</u>	<u>12,125,000</u>	<u>12,108,633</u>	<u>(16,367)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	6,953,123	7,112,698	7,351,621	(238,923)
Public Health and Welfare Services	627,367	627,367	625,548	1,819
Community Environment	178,858	178,858	195,329	(16,471)
Transportation	364,764	364,764	499,249	(134,485)
General Government	2,965,290	2,989,050	2,861,498	127,552
Total Expenditures	<u>11,089,402</u>	<u>11,272,737</u>	<u>11,533,245</u>	<u>(260,508)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	710,598	852,263	575,388	(276,875)
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	25,000	27,030	2,030
Transfers Out	(18,000)	(468,458)	(40,862)	427,596
Total Other Financing Sources (Uses):	<u>(18,000)</u>	<u>(443,458)</u>	<u>(13,832)</u>	<u>429,626</u>
Net Change in Fund Balance	692,598	408,805	561,556	152,751
Fund Balance at Beginning of Year	<u>(1,729,852)</u>	<u>(1,729,852)</u>	<u>(1,729,852)</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (1,037,254)</u>	<u>\$ (1,321,047)</u>	<u>\$ (1,168,296)</u>	<u>\$ 152,751</u>

See accompanying notes to the basic financial statements

**CITY OF PORTSMOUTH, OHIO**

**Statement of Net Position  
Proprietary Funds  
December 31, 2012**

	Business-Type Activities		
	Enterprise Funds		
	Major		
	Water	Sewer	Sanitation
<b>ASSETS</b>			
Current assets:			
Cash and Cash Equivalents	\$ 1,099,207	\$ 0	\$ 96,183
Accounts receivable (net of allowance for uncollectibles)	1,282,187	671,660	299,807
Due from Other Funds	76,624	510,086	0
Inventory of Supplies at Cost	46,290	18,771	363
Prepaid Items	7,839	5,041	10,082
Total current assets	2,512,147	1,205,558	406,435
Noncurrent assets:			
Restricted Assets:			
Cash and Cash Equivalents	1,274,533	0	0
Capital assets:			
Capital Assets Not Being Depreciated	321,671	826,015	0
Capital Assets Being Depreciated, net of accumulated depreciation	18,230,189	8,423,894	656,633
Total capital assets	18,551,860	9,249,909	656,633
Total noncurrent assets	19,826,393	9,249,909	656,633
Total assets	22,338,540	10,455,467	1,063,068
<b>LIABILITIES</b>			
Current liabilities:			
Accounts Payable	320,411	6,036	22,063
Accrued Wages and Benefits	4,671	2,170	387
Intergovernmental Payable	84,244	46,829	23,550
Claims Payable	0	0	0
Refundable Deposits	321,499	0	0
Due to Other Funds	590,860	157,747	50,051
Accrued Interest Payable	16,652	0	0
Capital Leases Payable - Current	587,010	160,560	0
Revenue Bond Payable - Current	515,000	0	0
OWDA Loans Payable - Current	236,865	78,308	0
OPWC Loans Payable - Current	0	100,000	0
Compensated Absences Payable - Current	7,331	2,400	238
Total Current Liabilities	2,684,543	554,050	96,289

**CITY OF PORTSMOUTH, OHIO**

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<u>Nonmajor Primary Care</u>	<u>Total</u>	<u>Governmental Activities Internal Service Fund</u>
\$ 12,916	\$ 1,208,306	\$ 0
0	2,253,654	0
0	586,710	917,302
2,575	67,999	0
276	23,238	0
<u>15,767</u>	<u>4,139,907</u>	<u>917,302</u>
0	1,274,533	0
0	1,147,686	0
<u>0</u>	<u>27,310,716</u>	<u>0</u>
<u>0</u>	<u>28,458,402</u>	<u>0</u>
<u>0</u>	<u>29,732,935</u>	<u>0</u>
<u>15,767</u>	<u>33,872,842</u>	<u>917,302</u>
0	348,510	0
0	7,228	0
513	155,136	0
0	0	31,103
0	321,499	0
418	799,076	886,199
0	16,652	0
0	747,570	0
0	515,000	0
0	315,173	0
0	100,000	0
0	9,969	0
<u>931</u>	<u>3,335,813</u>	<u>917,302</u>

(Continued)

**CITY OF PORTSMOUTH, OHIO**

**Statement of Net Position  
Proprietary Funds  
December 31, 2012**

	Business-Type Activities		
	Enterprise Funds		
	Major		
	Water	Sewer	Sanitation
Noncurrent Liabilities:			
Capital Leases Payable	2,897,903	778,759	0
Revenue Bonds Payable	1,090,000	0	0
OWDA Loans Payable	4,409,003	2,219,921	0
OPWC Loans Payable	0	1,206,049	0
Compensated Absences Payable	49,474	13,489	202
Total noncurrent liabilities	8,446,380	4,218,218	202
<b>Total Liabilities</b>	<b>11,130,923</b>	<b>4,772,268</b>	<b>96,491</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	8,816,079	5,523,190	656,633
Restricted for Debt Service	953,034	0	0
Unrestricted	1,438,504	160,009	309,944
Total Net Position	<u>\$ 11,207,617</u>	<u>\$ 5,683,199</u>	<u>\$ 966,577</u>

Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds

Total Net Position per the government-wide Statement of Net Position

See accompanying notes to the basic financial statements

**CITY OF PORTSMOUTH, OHIO**

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<u>Nonmajor Primary Care</u>	<u>Total</u>	<u>Governmental Activities Internal Service Fund</u>
0	3,676,662	0
0	1,090,000	0
0	6,628,924	0
0	1,206,049	0
0	63,165	0
<u>0</u>	<u>12,664,800</u>	<u>0</u>
931	16,000,613	917,302
0	14,995,902	0
0	953,034	0
<u>14,836</u>	<u>1,923,293</u>	<u>0</u>
<u>\$ 14,836</u>	<u>\$ 17,872,229</u>	<u>\$ 0</u>

(1,579)  
\$ 17,870,650

**CITY OF PORTSMOUTH, OHIO**

**Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For the Year Ended December 31, 2012**

	Business-Type Activities		
	Enterprise Funds		
	Major		
	Water	Sewer	Sanitation
<b>Operating Revenues:</b>			
Charges for Services	\$ 6,296,277	\$ 3,170,842	\$ 1,341,395
Other Operating Revenues	35,747	7,161	0
<b>Total Operating Revenues</b>	<b>6,332,024</b>	<b>3,178,003</b>	<b>1,341,395</b>
<b>Operating Expenses:</b>			
Personal Services	2,814,734	1,631,513	839,011
Contractual Services	753,208	699,813	350,257
Materials and Supplies	916,630	184,793	116,242
Depreciation	1,112,012	260,234	80,993
<b>Total Operating Expenses</b>	<b>5,596,584</b>	<b>2,776,353</b>	<b>1,386,503</b>
<b>Operating Income (Loss)</b>	<b>735,440</b>	<b>401,650</b>	<b>(45,108)</b>
<b>Non-Operating Revenue (Expenses):</b>			
Interest Income	97	0	0
Interest and Fiscal Charges	(421,783)	(118,357)	(3,985)
Loss on Disposal of Capital Assets	(14,344)	0	(40,786)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(436,030)</b>	<b>(118,357)</b>	<b>(44,771)</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>299,410</b>	<b>283,293</b>	<b>(89,879)</b>
Capital Contributions	408,230	0	0
Transfers In	0	7,960	0
Transfers Out	(7,960)	0	0
<b>Change in Net Position</b>	<b>699,680</b>	<b>291,253</b>	<b>(89,879)</b>
Net Position Beginning of Year, Restated	10,507,937	5,391,946	1,056,456
<b>Net Position End of Year</b>	<b>\$ 11,207,617</b>	<b>\$ 5,683,199</b>	<b>\$ 966,577</b>

See accompanying notes to the basic financial statements

**CITY OF PORTSMOUTH, OHIO**

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Nonmajor Primary Care	Total	Governmental Activities Internal Service Fund
\$ 44,562	\$ 10,853,076	\$ 318,414
697	43,605	0
<u>45,259</u>	<u>10,896,681</u>	<u>318,414</u>
12,468	5,297,726	318,374
260	1,803,538	40
37,317	1,254,982	0
0	1,453,239	0
<u>50,045</u>	<u>9,809,485</u>	<u>318,414</u>
(4,786)	1,087,196	0
0	97	0
0	(544,125)	0
0	(55,130)	0
<u>0</u>	<u>(599,158)</u>	<u>0</u>
(4,786)	488,038	0
0	408,230	0
0	7,960	0
<u>0</u>	<u>(7,960)</u>	<u>0</u>
(4,786)	896,268	0
19,622	16,975,961	0
<u>\$ 14,836</u>	<u>\$ 17,872,229</u>	<u>\$ 0</u>

**CITY OF PORTSMOUTH, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2012**

	Business-Type Activities		
	Enterprise Funds		
	Major		
	Water	Sewer	Sanitation
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$6,348,399	\$3,149,787	\$1,341,033
Cash Payments for Goods and Services	(1,692,592)	(980,331)	(468,820)
Cash Payments to Employees	(2,822,162)	(1,656,542)	(830,593)
Customer Deposits Received	112,222	0	0
Customer Deposits Refunded	(99,116)	0	0
Net Cash Provided (Used) by Operating Activities	1,846,751	512,914	41,620
<u>Cash Flows from Noncapital Financing Activities:</u>			
Loan from Other Funds	0	76,624	0
Receipt of Loan Payment from Other Funds	66,786	0	0
Loan to Other Funds	(76,624)	0	0
Repayment of Loan to Other Funds	0	(66,786)	0
Transfer In from Other Funds	0	7,960	0
Transfer Out to Other Funds	(7,960)	0	0
Principal Paid on Ohio Public Works Commission Loan	0	(30,000)	0
Net Cash Provided (Used) by Noncapital Financing Activities	(17,798)	(12,202)	0
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Proceeds from Ohio Water Development Authority Loan	136,875	324,262	0
Acquisition and Construction of Assets	(323,319)	(382,556)	0
Principal Paid on Mortgage Revenue Bond	(495,000)	0	0
Principal Paid on Ohio Public Works Commission Loan	0	(35,000)	0
Principal Paid on Ohio Water Development Authority Loan	(228,461)	(87,074)	0
Capital Lease Payment	(563,638)	(201,987)	(94,666)
Interest Paid on All Debt	(367,968)	(118,357)	(3,985)
Net Cash Used by Capital and Related Financing Activities	(1,841,511)	(500,712)	(98,651)
<u>Cash Flows from Investing Activities:</u>			
Receipt of Interest	97	0	0
Net Cash Provided by Investing Activities	97	0	0
Net Decrease in Cash and Cash Equivalents	(12,461)	0	(57,031)
Cash and Cash Equivalents at Beginning of Year	2,386,201	0	153,214
Cash and Cash Equivalents at End of Year	\$2,373,740	\$0	\$96,183
<u>Reconciliation of Cash and Cash Equivalent per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$1,099,207	\$0	\$96,183
Restricted Cash and Cash Equivalents	1,274,533	0	0
Cash and Cash Equivalents at End of Year	\$2,373,740	\$0	\$96,183



**CITY OF PORTSMOUTH, OHIO**

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Nonmajor		Governmental Activities Internal Service Fund
Primary Care	Total	
\$45,259	\$10,884,478	\$291,184
(36,690)	(3,178,433)	(341,196)
(13,614)	(5,322,911)	0
0	112,222	0
0	(99,116)	0
(5,045)	2,396,240	(50,012)
0	76,624	50,012
0	66,786	0
0	(76,624)	0
0	(66,786)	0
0	7,960	0
0	(7,960)	0
0	(30,000)	0
0	(30,000)	50,012
0	461,137	0
0	(705,875)	0
0	(495,000)	0
0	(35,000)	0
0	(315,535)	0
0	(860,291)	0
0	(490,310)	0
0	(2,440,874)	0
0	97	0
0	97	0
(5,045)	(74,537)	0
17,961	2,557,376	0
\$12,916	\$2,482,839	\$0
\$12,916	\$1,208,306	\$0
0	1,274,533	0
\$12,916	\$2,482,839	\$0

(Continued)

**CITY OF PORTSMOUTH, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2012**

	Business-Type Activities		
	Enterprise Funds		
	Major		
	Water	Sewer	Sanitation
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$735,440	\$401,650	(\$45,108)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	1,112,012	260,234	80,993
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	16,375	(28,216)	(362)
Increase in Due from Other Funds	0	0	0
(Increase) Decrease in Inventory	(5,144)	(4,037)	517
(Increase) Decrease in Prepaid Items	494	0	(2,521)
Decrease in Accounts Payable	(21,026)	(93,148)	(317)
Decrease in Intergovernmental Payable	(17,729)	(11,358)	(3,028)
Increase (Decrease) in Accrued Wages and Benefits	3,521	(61)	387
Decrease in Claims Payable	0	0	0
Increase in Customer Deposits	13,106	0	0
Increase (Decrease) in Due to Other Funds	12,394	(8,958)	11,662
Decrease in Compensated Absences	(2,692)	(3,192)	(603)
Total Adjustments	1,111,311	111,264	86,728
Net Cash Provided (Used) by Operating Activities	\$1,846,751	\$512,914	\$41,620

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2012 the Water Fund had outstanding liabilities of \$308,622 for certain capital assets. During 2012, the Water Fund incurred a liability of \$1,530,816 to the Ohio Water Development Authority for construction payments made by the Authority directly to contractors. The Authority also made payments of \$408,230 directly to contractors that are considered capital contributions to the Water Fund. During 2012, the Sewer Fund received capital contributions from the Ohio Public Works Commission of \$71,980.

See accompanying notes to the basic financial statements

**CITY OF PORTSMOUTH, OHIO**

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Nonmajor		Governmental Activities Internal Service Fund
Primary Care	Total	Fund
(\$4,786)	\$1,087,196	\$0
0	1,453,239	0
0	(12,203)	0
0	0	(27,230)
2,736	(5,928)	0
33	(1,994)	0
(1,882)	(116,373)	0
(186)	(32,301)	0
0	3,847	0
0	0	(22,782)
0	13,106	0
(960)	14,138	0
0	(6,487)	0
(259)	1,309,044	(50,012)
(\$5,045)	\$2,396,240	(\$50,012)

**CITY OF PORTSMOUTH, OHIO**

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**Statement of Net Position  
Fiduciary Funds  
December 31, 2012**

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	Private Purpose Trust	
	<u>Private Purpose</u>	<u>Agency</u>
<b>Assets:</b>		
Cash and Cash Equivalents	\$ 102,401	\$ 0
Receivables:		
Accounts	0	459,109
Restricted Assets:		
Cash and Cash Equivalents	0	111,193
<b>Total Assets</b>	<u>102,401</u>	<u>570,302</u>
<b>Liabilities:</b>		
Intergovernmental Payable	0	40,050
Claims Payable	90,322	0
Due to Others	0	530,252
<b>Total Liabilities</b>	<u>90,322</u>	<u>570,302</u>
Unrestricted	<u>12,079</u>	<u>0</u>
<b>Total Net Position</b>	<u>\$ 12,079</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

**CITY OF PORTSMOUTH, OHIO**

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***Statement of Changes in Net Position  
Fiduciary Funds  
For the Year Ended December 31, 2012***

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	<u>Private Purpose</u>
<b>Additions:</b>	
Total Additions	\$ <u>0</u>
<b>Deductions:</b>	
Total Deductions	<u>0</u>
Change in Net Position	0
Net Position at Beginning of Year	<u>12,079</u>
Net Position End of Year	<u>\$ 12,079</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Portsmouth, Ohio (the "City") is a home-rule municipal corporation created under the laws of the State of Ohio. The City operates under its own Charter. The current Charter, which provides for a Council-Mayor form of government, was adopted in 1928 and has been amended several times.

The financial statements are presented as of December 31, 2012 and for the year then ended and have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

**A. Reporting Entity**

The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, *"The Financial Reporting Entity,"* as amended by GASB Statement No. 39, *"Determining Whether Certain Organizations are Component Units"* in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which includes the following services: police and fire protection, parks and recreation, planning, zoning, street maintenance and general administrative services. In addition, the City owns and operates a water treatment and distribution system, a wastewater treatment and collection system and a refuse collection service, each of which is reported as an enterprise fund.

**B. Basis of Presentation - Fund Accounting**

The accounting system is organized and operated on the basis of funds each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses. The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:

***Governmental Funds***

Governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is on determination of "financial flow" (sources and use and balances of financial resources). The following are the City's major governmental funds:

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation - Fund Accounting** (Continued)

General Fund - This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the limitations of the City Charter.

General Obligation Bond Retirement Fund – This fund is used for the accumulation of resources for, and the payment of, principal and interest on general obligation debt other than those accounted for in the proprietary funds.

Capital Improvement Fund – This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

***Proprietary Funds***

All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise funds are:

Water Fund – This fund is used to account for the operation of the City's water service.

Sewer Fund – This fund is used to account for the operation of the City's sanitary sewer service.

Sanitation Fund – This fund is used to account for the operation of the City's refuse collection and disposal service.

The following enterprise fund is nonmajor:

Primary Care Fund – This fund is used to account for the revenue and expenses for the operation of a general community primary care clinic health facility.

Internal Service Fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City or to other governments on a cost-reimbursement basis. The Employees Insurance Account "B" Insurance Fund accounts for the accumulation and allocation of costs associated with the employee health care plans.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation - Fund Accounting** (Continued)

***Fiduciary Funds***

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. These funds are used to account for assets held by a governmental unit as an agent for individuals, private organizations or other governmental units and therefore not available to support the City's own programs. The City's only trust fund is a private purpose trust that accounts for unclaimed monies. The agency funds account for performance bonds placed in escrow for various demolition projects, revenues and expenditures of State Patrol fines to the County Law Library Resources Board, funds from the three percent (3%) fees as required by Ohio Revised Code, and funds that flow through the municipal court office. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**C. Basis of Presentation – Financial Statements**

***Government-wide Financial Statements*** – The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are externally restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements** (Continued)

**Fund Financial Statements** – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

**D. Basis of Accounting**

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which the City considers to be 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Basis of Accounting** (Continued)

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Revenues considered susceptible to accrual at year end include income taxes, interest on investments, and state levied locally shared taxes, including motor vehicle license fees and local government assistance. Other revenues, including licenses, permits, certain charges for services, and miscellaneous revenues are recorded when received in cash, because generally these revenues are not measurable until received.

The accrual basis of accounting is utilized for reporting purposes by the government-wide, the proprietary funds and fiduciary funds financial statements. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

**E. Budgetary Process**

The annual budgetary process is prescribed by Charter and by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The legal level of budgetary control for the General Fund is by department level, by personal services and other expenditures and for all other funds by personal services and other expenditures. Budgetary control is maintained by not permitting expenditures to exceed appropriations at the legal level as stated above without the approval of City Council. Administrative control is maintained through the establishment of more detailed line-item budgets. Budgetary modifications above the object level by fund may only be made by ordinance of the City Council.

**1. Tax Budget**

The Mayor submits an annual tax budget for the following fiscal year to City Council for consideration and passage by July 15. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure.

On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement as final budget reflect the amounts in the final amended official certificate of estimated resources issued during 2012.

3. Appropriations

The appropriation ordinance establishes spending controls at the fund level by department, by personal services and other expenditures for the General Fund and by the personal services and other expenditures in all other funds. The appropriation ordinance may be amended during the year as additional information becomes available provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments within a fund may be modified during the year by an ordinance of City Council. Several supplemental appropriations were made during 2012. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**5. Lapsing of Appropriations**

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

**6. Budgetary Basis of Accounting**

The City's budgetary process accounts for certain transactions on a basis other than accounting principles generally accepted in the United States of America (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. In addition, encumbrances are recorded as the equivalent of expenditures on the budgetary basis. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary cash basis statements for the General Fund:

	Net Change in Fund Balance
	General Fund
GAAP Basis (as reported)	\$908,707
Increase (Decrease):	
Accrued Revenues at December 31, 2012 received during 2013	(1,330,885)
Accrued Revenues at December 31, 2011 received during 2012	1,073,322
Accrued Expenditures at December 31, 2012 paid during 2013	958,490
Accrued Expenditures at December 31, 2011 paid during 2012	(1,048,164)
2011 Prepays for 2012	8,240
2012 Prepays for 2013	(8,154)
Budget Basis	<u>\$561,556</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits and investments with original maturity dates of three months or less. The City pools its cash, except for cash and investments in certain fiduciary funds and monies held for construction in enterprise funds, for maximum investing efficiency. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. For purposes of the statement of cash flows, the share of equity in the pooled cash and investments of the proprietary funds is considered to be cash equivalents. See Note 5, "Cash, Cash Equivalents and Investments."

**G. Inventory**

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary funds when used.

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2012, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**I. Capital Assets and Depreciation**

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000.

**1. Property, Plant and Equipment - Governmental Activities**

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements.

Contributed capital assets are recorded at fair market value at the date received. Capital assets include land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Capital Assets and Depreciation** (Continued)

2. Property, Plant and Equipment – Business Type Activities

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Infrastructure is included in Improvements other than Buildings in Note 10 B. Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Position and in the respective funds.

3. Depreciation

All capital assets are depreciated, excluding land and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Governmental and Business-Type Activities Estimated Lives (in years)</u>
Buildings	15 - 50
Improvements other than Buildings	25-50
Infrastructure	10-50
Machinery, Equipment, Furniture and Fixtures	3 - 15

**J. Long-Term Obligations**

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds Payable	Bond Retirement Fund
Mortgage Revenue Bond Payable	Water Fund
Ohio Public Works Commission Loans Payable	Sewer Fund
Ohio Water Development Authority	Water Fund, Sewer Fund
Compensated Absences	General Fund, Water Fund, Sewer Fund, Sanitation Fund
Capital Leases Payable	Capital Improvement Fund Water Fund, Sewer Fund, Sanitation Fund

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Compensated Absences**

All full-time City employees earn vacation at a rate of 1.25 days per calendar month of active service. An employee's vacation must be used during the period in which it is earned unless the Department Head allows the balance to be carried over to the following year. Upon separation from the City, the employee (or his estate) shall receive 100% of all vacation, sick leave and compensatory time earned prior to July 1, 1981. After that date they will receive 100% of vacation and compensatory time and one-third of all sick time.

In accordance with GASB Statement No. 16, "*Accounting for Compensated Absences*," the City records a liability for vacation time and sick leave when the obligation is attributable to services previously rendered and it is probable that the City will compensate the employees for the benefits at termination or retirement. The City uses the vesting method for determining the liability for sick leave. Compensated absences accumulated by governmental fund type and proprietary fund type employees are reported as an expense when earned in the government-wide financial statements. For governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not recorded. For Water, Sewer, and Sanitation funds (enterprise funds), the entire compensated absences amount is reported as a fund liability.

**L. Net Position**

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

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

**M. Pensions**

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**N. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Interfund services provided and used are not eliminated in the process of consolidation. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund activity within governmental activities and business-type activities are eliminated for reporting on the government-wide financial statements.

In order to avoid distorting the measurement of the cost of individual functional activities, entries are made to eliminate the activity provided by the internal service funds to those funds considered governmental and those considered business-type. The elimination of the internal service funds is based on the activity of each fund to which it provides service.

**O. Fund Balances**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

*Nonspendable* – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

*Restricted* – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

*Committed* – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority. For the City, these constraints consist of ordinances and resolutions passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance) it employed previously to commit those amounts.

*Assigned* – Assigned fund balance consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City has no formal policy authorizing a body or official to assign amounts for specific purposes.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**O. Fund Balances** (Continued)

*Unassigned* – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use unrestricted resources first (committed, assigned and unassigned), then restricted resources as they are needed.

**P. Restricted Assets**

Certain assets are classified as restricted cash on the statement of net position and the balance sheet because these funds are being held by a trustee as designated by a bond indenture, or for endowments.

**Q. Operating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water treatment and distribution, wastewater collection and treatment, collection of solid waste refuse, and primary care health services. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**R. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, unavailable amounts, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes, income taxes, grants, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION**

For 2012 the City implemented GASB Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,” GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position” and GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities”.

Statement No. 62 incorporated into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. GASB 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position.

Statement No. 65 provides guidance on how to properly classify items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. In addition, guidance is provided on recognizing certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

For the year ended December 31, 2011, the City corrected the calculation for accumulated depreciation for governmental activities and recorded long-term debt in the Sewer Fund. These corrections resulted in the restatement of net position in Governmental Activities, Business-type Activities and the Sewer Fund as follows:

	Governmental Activities	Business-type Activities	Sewer Fund
Net Position at December 31, 2011 as reported	\$20,311,980	\$17,343,451	\$5,761,015
Correction of Accumulated Depreciation	4,685,469	0	0
Record Ohio Public Works Commission Loan Payable	0	(369,069)	(369,069)
Net Position at December 31, 2011 as restated	<u>\$24,997,449</u>	<u>\$16,974,382</u>	<u>\$5,391,946</u>

**CITY OF PORTSMOUTH, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

**NOTE 3 – FUND BALANCE CLASSIFICATION**

Fund balance is classified as nonspendable, restricted, committed, assigned, and unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	General Obligation Bond Retirement Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid Items	\$8,154	\$0	\$914	\$8,260	\$17,328
Supplies Inventory	25,516	0	0	19,236	44,752
Endowment	0	0	0	26,843	26,843
Total Nonspendable	<u>33,670</u>	<u>0</u>	<u>914</u>	<u>54,339</u>	<u>88,923</u>
Restricted:					
Transportation Projects	0	0	0	343,857	343,857
Court Projects	0	0	0	406,943	406,943
Public Safety	0	0	0	1,002,316	1,002,316
Health	0	0	0	421,790	421,790
Cemetery	0	0	0	147,220	147,220
Community Development	0	0	0	508,391	508,391
Debt Retirement	0	80,553	0	0	80,553
Capital Improvements	0	0	1,769,594	0	1,769,594
Parks and Recreation	0	0	0	18,536	18,536
Total Restricted	<u>0</u>	<u>80,553</u>	<u>1,769,594</u>	<u>2,849,053</u>	<u>4,699,200</u>
Committed:					
Parks and Recreation	0	0	0	56,974	56,974
Health	0	0	0	75,887	75,887
Total Committed	<u>0</u>	<u>0</u>	<u>0</u>	<u>132,861</u>	<u>132,861</u>
Unassigned:					
	<u>(795,901)</u>	<u>0</u>	<u>0</u>	<u>(102,569)</u>	<u>(898,470)</u>
Total Fund Balances	<u><u>(\$762,231)</u></u>	<u><u>\$80,553</u></u>	<u><u>\$1,770,508</u></u>	<u><u>\$2,933,684</u></u>	<u><u>\$4,022,514</u></u>

**NOTE 4 - COMPLIANCE AND ACCOUNTABILITY**

**A. Fund Deficit**

The fund deficit of \$21,730 in the Fire Pension Fund, \$21,730 in the Police Pension Fund, and \$42,549 in the Rural AIDS State Grant Fund (special revenue funds) arose from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. A deficit does not exist under the cash basis of accounting. Transfers are provided when cash is required, not when accruals occur. The fund deficits of \$762,231 in the General Fund and \$11,542 in the Municipal Court Grants Fund (special revenue fund) arose from cash overdrafts in those funds.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 4 - COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Cash Deficit**

The General Fund and several other funds had negative cash balances contrary to Ohio Revised Code Section 5705.10(H).

**C. Excess Appropriations over Estimated Resources**

The General Fund had appropriations exceeding estimated resources contrary to Ohio Revised Code Section 5705.39.

**D. Excess Appropriations over Actual Resources**

The General Fund had appropriations exceeding actual resources contrary to Ohio Revised Code Section 5705.36(A)(4).

**E. Certificate of Fiscal Officer**

Contrary to Ohio Revised Code Section 5705.41(D)(1), the City Auditor did not properly certify that the amount required to meet a commitment was lawfully appropriated and in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance for seventy percent of the transactions tested.

**NOTE 5 – CASH, CASH EQUIVALENTS, AND INVESTMENTS**

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments.

Statutes require the classification of funds held by the City into three categories. Category 1 consists of “active” funds - those funds required to be kept in a “cash” or “near cash” status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of “inactive” funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of “interim” funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 5 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

**A. Deposits**

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of City cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. The City has no policy on custodial credit risk and is governed by Ohio Revised Code. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

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**NOTE 5 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

**A. Deposits (Continued)**

At year end the carrying amount of the City’s deposits was \$4,215,442 and the bank balance was \$5,191,580. Federal depository insurance covered \$468,012 of the bank balance and \$4,723,568 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$4,723,568</u>
Total Balance	<u><u>\$4,723,568</u></u>

**B. Investments**

The City's investments at December 31, 2012 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities In Years less than 1</u>
First American Treasury Obligation	<u>\$953,034</u>	AAAm	<u>\$953,034</u>
Total Investments	<u><u>\$953,034</u></u>		<u><u>\$953,034</u></u>

*Interest Rate Risk* – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. The City’s Investment Policy does not permit the Auditor to invest in any security maturing in more than 2 years.

*Investment Credit Risk* – The City has no investment policy that limits its investment choices other than the limitation of State statute for “interim” funds described previously.

*Concentration of Credit Risk* – The City places no limit on the amount the City may invest in one issuer. The City’s investments in First American Treasury Obligation represent 100% of the City’s total investments.

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City has no policy on custodial credit risk and is governed by Ohio Revised Code as described under Deposits.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 5 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

**C. Reconciliation of Cash, Cash Equivalents and Investments**

The classification of cash, cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. Certificates of deposit with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Financial Statements	\$5,168,476	\$0
First American Treasury Obligation	<u>(953,034)</u>	<u>953,034</u>
Per GASB Statement No. 3	<u>\$4,215,442</u>	<u>\$953,034</u>

**NOTE 6 - TAXES**

**A. Property Taxes**

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes collected during 2012 were levied after October 1, 2011 on assessed values as of January 1, 2011, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. Public utility tangible personal property is currently assessed at varying percentages of its true value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2010. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder payable by June 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Portsmouth. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for all City operations for the year ended December 31, 2012 was \$10.35 per \$1,000 of assessed value. The assessed value upon which the 2012 tax collections were based was \$215,298,860. This amount constituted \$203,057,240 in real property assessed value and \$12,241,620 in public utility assessed.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .1035% (10.35 mills) of assessed value.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 6 - TAXES (Continued)**

**B. Income Tax**

The City levies a tax of 2.0% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

**NOTE 7 - RECEIVABLES**

Receivables at December 31, 2012 consisted of taxes, intergovernmental, accounts receivable, and loans. All receivables except the loan receivable are expected to be collected with the next year. The long-term loan receivable of \$57,419 is for the community development block grant program.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES**

Individual interfund receivables and payables balances at December 31, 2012 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$0	\$1,719,953
Capital Improvement	1,490,819	70,430
Other Governmental Funds	<u>699,062</u>	<u>218,235</u>
Total Governmental Funds	2,189,881	2,008,618
Water Fund	76,624	590,860
Sewer Fund	510,086	157,747
Sanitation Fund	0	50,051
Primary Care Fund	<u>0</u>	<u>418</u>
Total Enterprise Funds	586,710	799,076
Internal Service Fund	<u>917,302</u>	<u>886,199</u>
	<u><u>\$3,693,893</u></u>	<u><u>\$3,693,893</u></u>

On the Statement of Net position, the Business-Type Activities reported an internal balance at December 31, 2012 of \$213,945, which was offset in the Governmental Activities by the same amount. The Due from Other Funds in the Capital Improvement Fund, Other Governmental Funds, and Water Fund is for overdrafts in the General Fund, several Special Revenue Funds, the Sewer Fund and the Internal Service Fund. The Due from Other Funds in the Other Governmental Funds is for reimbursement of expenditures made by the Community Development Fund for the General Fund and for overdrafts in Special Revenue Funds. The Due from Other Funds in the Internal Service Fund is for interfund charges. All interfund receivables are expected to be collected within the next year.

**NOTE 9 - TRANSFERS**

Following is a summary of Transfers in and out for all funds for 2012:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Fund	\$0	\$40,862
Other Governmental Funds	<u>40,862</u>	<u>0</u>
Totals	<u><u>\$40,862</u></u>	<u><u>\$40,862</u></u>

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; or to return money to the fund from which it was originally provided once a project is completed.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

**NOTE 10 - CAPITAL ASSETS**

**A. Governmental Capital Assets**

Summary by category of changes in Governmental Capital Assets:

**Historical Cost:**

Class	December 31, 2011	Additions	Deletions	December 31, 2012
<b>Capital assets not being depreciated:</b>				
Land	\$1,826,884	\$0	(\$129,021)	\$1,697,863
Subtotal	1,826,884	0	(129,021)	1,697,863
<b>Capital assets being depreciated:</b>				
Buildings	6,459,261	54,600	(150,659)	6,363,202
Improvements	2,135,500	101,120	0	2,236,620
Machinery and Equipment	9,405,514	610,909	(384,410)	9,632,013
Infrastructure	28,519,108	943,831	(57,273)	29,405,666
Subtotal	46,519,383	1,710,460	(592,342)	47,637,501
Total Cost	\$48,346,267	\$1,710,460	(\$721,363)	\$49,335,364

**Accumulated Depreciation:**

Class	Restated December 31, 2011	Additions	Deletions	December 31, 2012
Buildings	(\$2,161,950)	(\$136,210)	\$105,870	(\$2,192,290)
Improvements	(1,052,943)	(80,186)	0	(1,133,129)
Machinery and Equipment	(6,775,635)	(582,377)	368,847	(6,989,165)
Infrastructure	(17,124,731)	(788,885)	50,453	(17,863,163)
Total Depreciation	(\$27,115,259)	(\$1,587,658) *	\$525,170	(\$28,177,747)
<b>Net Value:</b>	\$21,231,008			\$21,157,617

\* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$358,012
Public Health & Welfare Services	46,745
Leisure Time Activities	13,887
Community Environment	61,716
Transportation	829,190
General Government	278,108
Total Depreciation Expense	\$1,587,658

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

**NOTE 10 - CAPITAL ASSETS (Continued)**

**B. Business Type Capital Assets**

Summary by Category at December 31, 2012:

**Historical Cost:**

Class	December 31, 2011	Additions	Deletions	December 31, 2012
<i>Capital assets not being depreciated:</i>				
Land	\$63,504	\$0	\$0	\$63,504
Construction in Progress	6,028,094	332,926	(5,276,838)	1,084,182
Subtotal	6,091,598	332,926	(5,276,838)	1,147,686
<i>Capital assets being depreciated:</i>				
Buildings	1,954,975	4,569,839	(25,225)	6,499,589
Improvements other than Buildings	26,576,373	3,255,478	(9,295)	29,822,556
Machinery and Equipment	14,161,385	157,589	(443,539)	13,875,435
Subtotal	42,692,733	7,982,906	(478,059)	50,197,580
Total Cost	\$48,784,331	\$8,315,832	(\$5,754,897)	\$51,345,266

**Accumulated Depreciation:**

Class	December 31, 2011	Additions	Deletions	December 31, 2012
Buildings	(\$557,221)	(\$103,912)	\$10,881	(\$650,252)
Improvements other than Buildings	(16,282,443)	(461,570)	9,295	(16,734,718)
Machinery and Equipment	(5,016,890)	(887,757)	402,753	(5,501,894)
Total Depreciation	(\$21,856,554)	(\$1,453,239)	\$422,929	(\$22,886,864)
<b>Net Value:</b>	\$26,927,777			\$28,458,402

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 11 – DEFINED BENEFIT PENSION PLANS**

All of the City’s full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

**A. Ohio Public Employees Retirement System (“OPERS”)**

The following information was provided by OPERS to assist the City in complying with GASB Statement No. 27, “*Accounting for Pensions by State and Local Government Employers.*”

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in one of the three pension plans administered by OPERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The ORC provides statutory authority for employee and employer contributions. For 2012, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2012 employer contribution rate for local government employer units was 14.00% of covered payroll, which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 10.0% for calendar year 2012. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 7.95% for calendar year 2012. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City’s contributions for pension obligations to OPERS for the years ending December 31, 2012, 2011, and 2010 were \$674,089, \$672,785 and \$596,813, respectively, which were equal to the required contributions for each year. Contributions to the member-directed plan for 2012 were \$4,162 made by the City and \$2,973 made by the plan members.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)**

**B. Ohio Police and Fire Pension Fund (“OP&F”)**

All City full-time police officers and full-time firefighters participate in OP&F, a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the ORC. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2012, 12.75% of annual covered salary for police and 17.25% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City’s contributions for pension obligations to the OP&F Fund for the years ending December 31, 2012, 2011, and 2010 were \$227,172, \$246,199 and \$243,622 for police and \$337,839, \$323,685 and \$325,273 for firefighters, respectively, which were equal to the required contributions for each year.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System (“OPERS”)**

Plan Description – OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B Premium reimbursement, to qualifying member of both the Traditional Pension and the Combined Plans. Members of the Member Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)**

**A. Ohio Public Employees Retirement System (“OPERS”) (Continued)**

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% for calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% for calendar year 2012. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2012, 2011, and 2010 were \$269,636, \$269,114 and \$340,184, respectively, which were equal to the required contributions for each year.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)**

**B. Ohio Police and Fire Pension Fund (“OP&F”)**

Plan Description – The City contributes to the OP&F sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OP&F to provide OPEB benefits. Authority to establish and amend benefits is provided in Chapter 742 of the ORC.

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2012, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2012, 2011, and 2010 were \$120,268, \$130,341 and \$128,977 for police and \$132,198, \$126,659 and \$127,281 for firefighters, respectively, which were equal to the required contributions for each year.

**CITY OF PORTSMOUTH, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

**NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS**

Long-term debt and other long-term obligations of the City at December 31, 2012 were as follows:

				Restated Balance December 31, 2011	Additions	(Deletions)	Balance December 31, 2012	Amount due Within One Year
<b>Business-Type Activities Long-Term Debt:</b>								
Ohio Public Works Commission Loans:								
2000	0.0%	Wastewater Improvement	2021	\$300,000	\$0	(\$30,000)	\$270,000	\$30,000
2008	0.0%	Wastewater-Sludge Digester	2029	630,000	0	(35,000)	595,000	35,000
2011	0.0%	Wastewater-Primary Clarifier	2028	369,069	71,980	0	441,049	35,000
Total Ohio Public Works Commission Loans				1,299,069	71,980	(65,000)	1,306,049	100,000
Refunding Revenue Bond:								
2003	1.6-4.15%	Waterworks Improvement	2015	2,100,000	0	(495,000)	1,605,000	515,000
Ohio Water Development Authority Loans:								
2007	3.25%	Water MIEX Installation	2028	3,167,233	0	(153,733)	3,013,500	158,770
2008	4.11%	Wastewater-Sludge Digester	2038	468,980	0	(10,042)	458,938	10,459
2009	4.11%	Wastewater-Lawson Run	2031	1,380,141	268,956	(64,287)	1,584,810	67,849
2010	0.00%	Water-High Service Pumps	2029	39,405	0	(2,252)	37,153	2,252
2010	4.39%	Wastewater-Collection System	2016	181,289	85,937	(12,745)	254,481	0
2012	2.00%	Water-Filtration Filter Rebuild	2032	0	1,667,691	(72,476)	1,595,215	75,843
Total Ohio Water Development Authority Loans				5,237,048	2,022,584	(315,535)	6,944,097	315,173
Compensated Absences				79,621	217,095	(223,582)	73,134	9,969
Capital Lease - Enterprise Funds				5,284,523	0	(860,291)	4,424,232	747,570
Total Business-Type Long-Term Debt				\$14,000,261	\$2,311,659	(\$1,959,408)	\$14,352,512	\$1,687,712
<b>Governmental Activities Long-Term Debt:</b>								
General Obligation Bond								
2001	3.6-5.5%	Police and Fireman's Disability and Pension	2027	\$1,585,000	\$0	(\$65,000)	\$1,520,000	\$70,000
Compensated Absences				497,890	719,423	(658,791)	558,522	50,907
Capital Lease Payable				673,204	389,116	(221,885)	840,435	178,051
Total Governmental Activities				\$2,756,094	\$1,108,539	(\$945,676)	\$2,918,957	\$298,958



**CITY OF PORTSMOUTH, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

**NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)**

				Original Issue
				<u>          </u>
<b>Business-Type Activities</b>				
Ohio Public Works Commission Loans (OPWC):				
0.00%	Wastewater Improvement	2001-2021		\$600,000
0.00%	Wastewater-Sludge Digester	2008-2029		700,000
0.00%	Wastewater-Primary Clarifier	2011-2028		441,049
Total OPWC Loans				<u>\$1,741,049</u>
Refunding Revenue Bond:				
1.6- 4.15%	Waterworks Improvement	2003-2015		\$5,500,000
Total Refunding Revenue Bonds				<u>\$5,500,000</u>
Ohio Water Development Authority Loans (OWDA):				
3.25%	Water MIEX Installation	2007-2028		\$3,734,915
4.11%	Wastewater-Sludge Digester	2008-2038		501,078
3.43%	Wastewater-Lawson Run	2009-2031		1,711,234 *
0.00%	Water-High Service Pumps	2010-2029		45,034
4.39%	Wasterwater-Collection System	2010-2016		279,971 *
2.00%	Water Filtration Filter Rebuild	2012-2032		1,667,691
Total OWDA Loans				<u>\$7,939,923</u>
* Amount Disbursed as of December 31, 2012				
<b>Governmental Activities Long-Term Debt</b>				
General Obligation Bonds:				
3.6- 5.50%	Police and Fireman's Disability and Pension	2001-2027		\$2,090,000
Total General Obligation Bonds				<u>\$2,090,000</u>

The Water Refunding Revenue Bond is secured by operating revenues of the Water Fund.

In 2009, the City entered into an agreement with the OWDA, as administrator for the U.S. Environmental Protection Agency (EPA), for the City to receive a loan in the amount of \$1,746,992 for the wastewater treatment plant improvements. The amount is subject to change and has not been finalized. The interest rate on the loan is 3.43% per annum. An estimate of future financing requirements has been made based on the remaining loan balance of \$1,584,810 at December 31, 2012.

In 2010, the City entered into an agreement with the OWDA, as administrator for the U.S. Environmental Protection Agency (EPA), for the City to receive a loan in the amount of \$258,471 for wastewater collection system planning and design. The amount is subject to change and has not been finalized. The interest rate on the loan is 4.39% per annum. An estimate of future financing requirements has been made based on the remaining loan balance of \$254,481 at December 31, 2012.

In 2012, the City entered into an agreement with the OWDA, as administrator for the U.S. Environmental Protection Agency (EPA), for the City to receive a loan in the amount of \$1,762,725 for water filtration filter rebuild. The amount is subject to change and has not been finalized. The interest rate on the loan is 4.39% per annum. An estimate of future financing requirements has been made based on the remaining loan balance of \$1,595,215 at December 31, 2012.

**CITY OF PORTSMOUTH, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

**NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)**

**A. Principal and Interest Requirements**

A summary of the City's future long-term debt funding requirements including principal and interest payments as of December 31, 2012 follows:

**Business-Type Activities:**

Years	Mortgage Revenue Bond		OPWC Loans		OWDA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$515,000	\$55,922	\$100,000	\$0	\$315,173	\$207,697
2014	535,000	34,134	100,000	0	354,142	197,989
2015	555,000	11,516	100,000	0	364,760	187,368
2016	0	0	100,000	0	375,714	176,413
2017	0	0	100,000	0	387,013	165,118
2018-2022	0	0	470,000	0	2,075,431	643,728
2023-2027	0	0	266,049	0	2,259,153	320,330
2028-2032	0	0	70,000	0	670,195	64,896
2033-2037	0	0	0	0	128,203	17,873
2038	0	0	0	0	14,313	294
Totals	<u>\$1,605,000</u>	<u>\$101,572</u>	<u>\$1,306,049</u>	<u>\$0</u>	<u>\$6,944,097</u>	<u>\$1,981,706</u>

**Governmental Activities:**

Years	General Obligation Bonds	
	Principal	Interest
2013	\$70,000	\$82,450
2014	70,000	78,880
2015	75,000	75,240
2016	80,000	71,265
2017	85,000	67,025
2018-2022	495,000	261,895
2023-2027	645,000	110,550
Totals	<u>\$1,520,000</u>	<u>\$747,305</u>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

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**NOTE 14 - CAPITALIZED LEASES**

The City leases water meters, four sanitation trucks, a Jet Vac truck and a sludge digester, all classified as machinery and equipment under capital leases. The cost of the equipment obtained under capital leases is \$5,673,582 in the Water Fund, \$891,185 in the Sewer Fund, and \$436,600 in the Sanitation Fund. The related liability is included in the Water, Sewer and Sanitation Funds. In addition the City leases a fire truck, 5 police vehicles, a street sweeper and window replacements with an original cost of \$1,017,451. The original cost of the equipment and the related liability are reported on the Government – wide Statement of Net Position.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2012.

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
2013	\$913,793	\$208,599
2014	913,793	208,599
2015	913,793	178,721
2016	913,793	178,721
2017	913,793	105,646
2018	366,892	44,019
Minimum Lease Payments	4,935,857	924,305
Less amount representing interest at the City's incremental borrowing rate of interest	(511,625)	(83,870)
Present value of minimum lease payments	<u>\$4,424,232</u>	<u>\$840,435</u>

**NOTE 15 - CONTINGENCIES**

**A. Litigation**

The City is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

**B. Federal and State Grants**

For the period January 1, 2012 to December 31, 2012, the City received Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. However, amounts are undeterminable at this time.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 16 - INSURANCE AND RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains insurance coverage for bodily injury, personal injury, general liability, boiler and machinery coverage and fleet (automotive) insurance in addition to professional liability coverage for police and fire and elected officials. The City also carries commercial insurance for employee health coverage and life insurance. There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

The City has elected to provide a health reimbursement plan through a self insured program. The City maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program.

The liability for unpaid claims costs of \$31,103 reported in the fund at December 31, 2012 is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability is based on an estimate provided by the third party administrator.

Fiscal Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Year Liability
2011	\$35,313	\$337,738	(\$319,166)	\$53,885
2012	\$53,885	\$318,414	(\$341,196)	\$31,103

**NOTE 17 – FINANCIAL CONDITION**

During 2012, the City had a negative cash balance in the General Fund. This was due to the cost of police, fire and other governmental services, which are mainly supported with General Fund monies. The City made an advance from the Capital Improvement Fund and the Community Development Block Grant Fund in the amount of \$893,687 and \$274,609, respectively, to eliminate the negative cash balance in the General Fund.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 18 – SUBSEQUENT EVENTS**

On April 9, 2013, the Ohio Auditor of State declared the City of Portsmouth to be in a state of fiscal watch under Section 118.02(E) of the Ohio Revised Code.

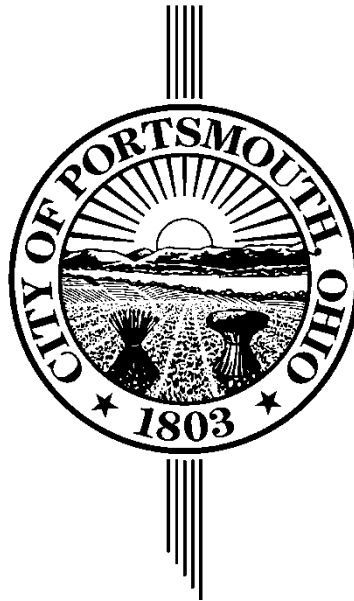
On June 24, 2013, City Council approved authorizing Mayor to enter into a contract with J M Miller Enterprises to perform the electrical upgrades along the riverfront in the amount of \$122,047.75 to be paid from Capital Improvement Fund No. 301.

On August 26, 2013, the City Council approved authorizing the Mayor to approve and sign an Administrative Order on Consent (AOC) which has been negotiated with the U.S. Environmental Protection Agency (USEPA) Region V. The AOC includes construction of a number of improvements to the City's sewer system. The estimated cost of the project is \$4.3 million.

**NOTE 19 – SIGNIFICANT COMMITMENTS**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to honor upon performance by the vendor in the next year were as follows:

Governmental Funds:	
Capital Improvement Fund	\$1,172,377
Other Governmental Funds	<u>210,350</u>
Total Governmental Funds	1,382,727
Enterprise Funds:	
Water Fund	91,554
Sewer Fund	35,100
Sanitation Fund	<u>23,211</u>
Total Enterprise Funds	<u>149,865</u>
Total	<u>\$1,532,592</u>



*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

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*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES  
INCLUDE THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS,  
AND FIDUCIARY FUNDS.*

***Nonmajor Governmental Funds***

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***Special Revenue Funds***

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Special Revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or for major capital projects) that are legally restricted to expenditures for specified purposes.

**Municipal Court Grants Fund**

To account for the Community Corrections Act grant used to support the advancement of court programs.

**Municipal Court Special Projects Fund**

To account for revenues derived from fines levied by the court and are to be used by the court for special projects.

**Municipal Court Probation Services Fund**

To account for fees assessed to criminal and traffic offenders who are placed by the Municipal Court on probation or other community control sanctions to cover the cost of Probation department services and related expenditures.

**Municipal Court Programs Fund**

To account for revenues derived from the Guardian Interlock grant, the home monitoring fees and the Municipal Corrections grant and are used to support the guardian interlock and home monitoring programs.

**Municipal Court Computer Fund**

To account for revenues derived from mandatory fines to be used for computers and update of court computer functions.

**American Recovery and Reinvestment Act (ARRA)**

**Municipal Court Security Grant Fund**

To account for grant monies to be used for hiring Court Security Officers to protect and secure court personnel. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

**Fire Donation Fund**

To account for donation of monies to be used for operations of the Fire Department.

**Fire Pension Fund**

To account for taxes levied toward partial payment of the current and accrued liability for fire disability and pension.

**Police Pension Fund**

To account for taxes levied toward partial payment of the current and accrued liability for police disability and pension.

(Continued)



***Special Revenue Funds***

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**D.A.R.E. State Grant Fund**

To account for revenues and expenditures relative to D.A.R.E. activities.

**Police Donation Fund**

To account for donation of monies to be used for operations of the Police Department.

**Justice Assistance Grant (JAG) Grants Fund**

To account for monies received from the United States Department of Justice for the purpose of funding special enforcement initiatives in areas which have been identified as high crime risk.

**Community Oriented Policing Services (COPS) Fast Grant Fund**

To account for federal and state grant monies designated for the cost of additional police officers.

**Indigent Drivers Alcohol Treatment Fund**

To account for the revenues from fines as established by the state to pay for alcohol related treatment programs for indigent persons.

**Enforcement and Education Fund**

To account for financial resources used to educate and treat persons with alcohol related problems and to enhance law enforcement activities as a deterrent to the operation of motor vehicles while under the influence of alcohol.

**Mandatory Fines Fund**

To account for mandatory fines for drug offenses.

**Law Enforcement Fund**

To account for revenues derived from drug related crimes and expenditures to be used for law enforcement programs.

**Community Oriented Policing Services (COPS)**

**Hiring Recovery Program Grant Fund**

To account for grant monies to be used for the hiring of three police officers for a period of 24 months to assist in combating rural crime.

**Rural Law Enforcement Assistance Grant Fund**

To account for grant monies to be used for hiring and/or preserving law enforcement jobs, to combat crime, especially drug-related crime.

**Street Construction, Maintenance and Repair Fund**

To account for revenues distributed by the State from the motor vehicle and gasoline taxes. Expenditures may only be for street construction and maintenance.

(Continued)

***Special Revenue Funds***

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**State Highway Improvement Fund**

To account for the revenues distributed by the State from the motor vehicle taxes, permissive fees and gasoline taxes. Expenditures may only be for street and state highway improvements and maintenance.

**Environmental State Grants Fund**

To account for various state grant funds to be used to improve the quality of the environment in the City.

**Community Development Fund**

To account for federal and state grants which are designed for community and environmental improvements.

**Tourism and Cultural Development Fund**

To account for revenue derived from Hotel/Motel tax and distributed to various area cultural and recreational organizations.

**State Grant Health Fund**

To account for various State grants which are designated for Health purposes.

**Rural AIDS State Grant Fund**

To account for receipt of various State grant funds to be used to cover the costs of education and supplies related to the HIV Prevention Program.

**Drug Free Communities Grant Fund**

To account for grant monies received from the Substance Abuse and Mental Health Services Administration to be used for the administration of the Drug Free Communities (DFC) program.

**Ryan White HIV Care Part B Grant Fund**

To account for grant funds to provide services to assist Ryan White patients with medical case management needs that include, but are not limited to, prescription assistance, utility assistance and many other identified social needs. (The Balance Sheet is not presented because there are no assets or liabilities at year end. This fund only exists on a GAAP basis and is not part of the City's appropriated budget; therefore no budgetary schedule is presented.)

**Family Planning Fund**

To account for federal grant funds to be used to care for the uninsured and underinsured.

**Federal Emergency Management Agency (F.E.M.A.) Grant Fund**

To account for Federal Emergency Management Agency funds received as reimbursement for flood damage.

**Regional HIV Prevention Fund**

To account for federal grant funds to be used to educate the public about HIV.

(Continued)

***Special Revenue Funds***

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**Ryan White Title III Fund**

To account for federal grant funds to assist clients with early intervention services with respect to HIV.

**Flood Defense Fund**

To account for a property tax levy designated for flood defense improvements.

**Land Reutilization Fund**

To account for the revenue and expenditures generated in administering the land reutilization program authorized by section 5722 of the Ohio Revised Code concerning the acquisition, management and disposition of affected delinquent lands within the City.

**Rental Licensing Program Fund**

To account for revenue from rental property owners to cover the costs of the administration, inspections and licensing of the Rental Licensing program.

**Council Trust for Recreation Fund**

To account for revenue from investment interest, rents, leases and user fees from various City recreational facilities and expenditures for improvements to these same facilities.

**Playground Trust Fund**

To account for revenue and expenditures of interest earned on investment of specific bequests to the City to provide recreational needs for the City.

***Permanent Funds***

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The Permanent Fund is used to account for the financial resources that are legally restricted in that only the earnings, not the principal, may be used to support the City's programs.

**Cemetery Trust Fund**

To account for revenue received from investment of specified bequests to the City for upkeep of Cemetery plots. Expenditures to be made only from interest earned on investments.

**Mausoleum Trust Fund**

To account for revenue received from investment of specified bequests to the City for upkeep of the Mausoleum. Expenditures are to be made only from interest earned on investments.

**CITY OF PORTSMOUTH, OHIO**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2012**

	Nonmajor Special Revenue Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 2,058,508	\$ 0	\$ 2,058,508
Receivables (net of allowance for doubtful accounts):			
Taxes	373,912	0	373,912
Accounts	165,634	0	165,634
Intergovernmental	971,404	0	971,404
Loans	57,419	0	57,419
Due from Other Funds	699,062	0	699,062
Inventory of Supplies, at Cost	19,236	0	19,236
Prepaid Items	8,260	0	8,260
Restricted Assets:			
Cash and Cash Equivalents	0	174,063	174,063
<b>Total Assets</b>	<b>\$ 4,353,435</b>	<b>\$ 174,063</b>	<b>\$ 4,527,498</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 64,446	\$ 0	\$ 64,446
Accrued Wages and Benefits Payable	3,888	0	3,888
Intergovernmental Payable	212,568	0	212,568
Due to Other Funds	218,235	0	218,235
<b>Total Liabilities</b>	<b>499,137</b>	<b>0</b>	<b>499,137</b>
<b>Deferred Inflows of Resources</b>			
Property Tax	270,000	0	270,000
Unavailable Revenue	824,677	0	824,677
<b>Total Deferred Inflows of Resources</b>	<b>1,094,677</b>	<b>0</b>	<b>1,094,677</b>
<b>Fund Balances:</b>			
Nonspendable	27,496	26,843	54,339
Restricted	2,701,833	147,220	2,849,053
Committed	132,861	0	132,861
Unassigned	(102,569)	0	(102,569)
<b>Total Fund Balances</b>	<b>2,759,621</b>	<b>174,063</b>	<b>2,933,684</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Funds Balances</b>	<b>\$ 4,353,435</b>	<b>\$ 174,063</b>	<b>\$ 4,527,498</b>

**CITY OF PORTSMOUTH, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2012**

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 360,978	\$ 0	\$ 360,978
Intergovernmental Revenues	3,776,570	0	3,776,570
Charges for Services	145,281	18,650	163,931
Licenses and Permits	89,840	0	89,840
Investment Earnings	40	0	40
Fines and Forfeitures	495,328	0	495,328
All Other Revenue	260,864	0	260,864
<b>Total Revenue</b>	<u>5,128,901</u>	<u>18,650</u>	<u>5,147,551</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	893,865	0	893,865
Public Health and Welfare Services	2,132,364	22,628	2,154,992
Leisure Time Activities	65,033	0	65,033
Community Environment	623,126	0	623,126
Transportation	797,070	0	797,070
General Government	547,117	0	547,117
<b>Total Expenditures</b>	<u>5,058,575</u>	<u>22,628</u>	<u>5,081,203</u>
Excess (Deficiency) of Revenues Over Expenditures	70,326	(3,978)	66,348
<b>Other Financing Sources (Uses):</b>			
Transfers In	40,862	0	40,862
<b>Total Other Financing Sources (Uses)</b>	<u>40,862</u>	<u>0</u>	<u>40,862</u>
Net Change in Fund Balances	111,188	(3,978)	107,210
<b>Fund Balances at Beginning of Year</b>	2,651,208	178,041	2,829,249
Decrease in Inventory	(2,775)	0	(2,775)
<b>Fund Balances End of Year</b>	<u>\$ 2,759,621</u>	<u>\$ 174,063</u>	<u>\$ 2,933,684</u>

**CITY OF PORTSMOUTH, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2012**

	Municipal Court Grants	Municipal Court Special Project	Municipal Court Probation Services	Municipal Court Programs	Municipal Court Computer
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 0	\$ 208,490	\$ 95,868	\$ 24,520	\$ 14,279
Receivables (net of allowance for doubtful accounts):					
Taxes	0	0	0	0	0
Accounts	0	73,927	58,412	7,738	14,990
Intergovernmental	23,831	0	0	0	0
Loans	0	0	0	0	0
Due from Other Funds	0	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0	0
Prepaid Items	0	13	0	0	0
<b>Total Assets</b>	<b>\$ 23,831</b>	<b>\$ 282,430</b>	<b>\$ 154,280</b>	<b>\$ 32,258</b>	<b>\$ 29,269</b>
<b>Liabilities:</b>					
Accounts Payable	\$ 0	\$ 4,694	\$ 0	\$ 7,481	\$ 4,917
Accrued Wages and Benefits Payable	0	0	0	0	0
Intergovernmental Payable	3,898	1,898	4,791	1,544	140
Due to Other Funds	31,475	0	0	0	0
<b>Total Liabilities</b>	<b>35,373</b>	<b>6,592</b>	<b>4,791</b>	<b>9,025</b>	<b>5,057</b>
<b>Deferred Inflows of Resources:</b>					
Property Tax	0	0	0	0	0
Unavailable Revenue	0	51,150	40,415	5,354	10,372
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>51,150</b>	<b>40,415</b>	<b>5,354</b>	<b>10,372</b>
<b>Fund Balances:</b>					
Nonspendable	0	13	0	0	0
Restricted	0	224,675	109,074	17,879	13,840
Committed	0	0	0	0	0
Unassigned	(11,542)	0	0	0	0
<b>Total Fund Balances</b>	<b>(11,542)</b>	<b>224,688</b>	<b>109,074</b>	<b>17,879</b>	<b>13,840</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 23,831</b>	<b>\$ 282,430</b>	<b>\$ 154,280</b>	<b>\$ 32,258</b>	<b>\$ 29,269</b>

**CITY OF PORTSMOUTH, OHIO**

<u>Fire Donation</u>	<u>Fire Pension</u>	<u>Police Pension</u>	<u>D.A.R.E. State Grant</u>	<u>Police Donation</u>	<u>JAG Grants</u>	<u>COPS Fast Grant</u>
\$ 4,078	\$ 0	\$ 0	\$ 9,611	\$ 27,020	\$ 8,780	\$ 126,731
0	68,945	68,945	0	0	0	0
0	0	0	0	0	0	0
0	4,175	4,175	0	0	28,208	10,774
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$ 4,078</u>	<u>\$ 73,120</u>	<u>\$ 73,120</u>	<u>\$ 9,611</u>	<u>\$ 27,020</u>	<u>\$ 36,988</u>	<u>\$ 137,505</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0
0	21,730	21,730	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>21,730</u>	<u>21,730</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	52,000	52,000	0	0	0	0
0	21,120	21,120	0	0	1,301	10,774
0	73,120	73,120	0	0	1,301	10,774
0	0	0	0	0	0	0
4,078	0	0	9,611	27,020	35,687	126,731
0	0	0	0	0	0	0
0	(21,730)	(21,730)	0	0	0	0
<u>4,078</u>	<u>(21,730)</u>	<u>(21,730)</u>	<u>9,611</u>	<u>27,020</u>	<u>35,687</u>	<u>126,731</u>
<u>\$ 4,078</u>	<u>\$ 73,120</u>	<u>\$ 73,120</u>	<u>\$ 9,611</u>	<u>\$ 27,020</u>	<u>\$ 36,988</u>	<u>\$ 137,505</u>

(Continued)

**CITY OF PORTSMOUTH, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2012**

	Indigent Drivers Alcohol Treatment	Enforcement and Education	Mandatory Fines	Law Enforcement	COPS - Hiring Recovery Program Grant
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 28,964	\$ 4,744	\$ 5,761	\$ 103,202	\$ 0
Receivables (net of allowance for doubtful accounts):					
Taxes	0	0	0	0	0
Accounts	10,459	108	0	0	0
Intergovernmental	0	0	67	0	79,264
Loans	0	0	0	0	0
Due from Other Funds	0	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0	0
Prepaid Items	0	0	0	0	0
<b>Total Assets</b>	<b>\$ 39,423</b>	<b>\$ 4,852</b>	<b>\$ 5,828</b>	<b>\$ 103,202</b>	<b>\$ 79,264</b>
<b>Liabilities:</b>					
Accounts Payable	\$ 1,300	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0	0
Intergovernmental Payable	0	16	0	0	2,412
Due to Other Funds	0	0	0	0	67,523
<b>Total Liabilities</b>	<b>1,300</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>69,935</b>
<b>Deferred Inflows of Resources:</b>					
Property Tax	0	0	0	0	0
Unavailable Revenue	7,237	75	0	0	0
<b>Total Deferred Inflows of Resources</b>	<b>7,237</b>	<b>75</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balances:</b>					
Nonspendable	0	0	0	0	0
Restricted	30,886	4,761	5,828	103,202	9,329
Committed	0	0	0	0	0
Unassigned	0	0	0	0	0
<b>Total Fund Balances</b>	<b>30,886</b>	<b>4,761</b>	<b>5,828</b>	<b>103,202</b>	<b>9,329</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 39,423</b>	<b>\$ 4,852</b>	<b>\$ 5,828</b>	<b>\$ 103,202</b>	<b>\$ 79,264</b>



**CITY OF PORTSMOUTH, OHIO**

Rural Law Enforcement Assistance Grant	Street Construction, Maintenance and Repair	State Highway Improvement	Environmental State Grants	Community Development	Tourism and Cultural Development	State Grant Health
\$ 47,789	\$ 187,760	\$ 88,580	\$ 199,181	\$ 142,780	\$ 16,301	\$ 91,825
0	0	0	0	0	17,584	0
0	0	0	0	0	0	0
0	395,774	28,315	130,038	32,161	0	86,748
0	0	0	0	57,419	0	0
0	0	0	0	299,062	0	0
0	16,104	0	1,705	0	0	0
0	3,781	0	882	0	0	0
<u>\$ 47,789</u>	<u>\$ 603,419</u>	<u>\$ 116,895</u>	<u>\$ 331,806</u>	<u>\$ 531,422</u>	<u>\$ 33,885</u>	<u>\$ 178,573</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	3,888	0	0	0	0	0
0	23,163	0	16,385	331	0	6,226
0	42,521	0	29,179	0	0	6,826
0	69,572	0	45,564	331	0	13,052
0	0	0	0	0	0	0
0	268,000	19,000	84,597	57,419	15,638	74,317
0	268,000	19,000	84,597	57,419	15,638	74,317
0	19,885	0	2,587	0	0	0
47,789	245,962	97,895	199,058	473,672	18,247	91,204
0	0	0	0	0	0	0
0	0	0	0	0	0	0
47,789	265,847	97,895	201,645	473,672	18,247	91,204
<u>\$ 47,789</u>	<u>\$ 603,419</u>	<u>\$ 116,895</u>	<u>\$ 331,806</u>	<u>\$ 531,422</u>	<u>\$ 33,885</u>	<u>\$ 178,573</u>

(Continued)

**CITY OF PORTSMOUTH, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2012**

	Rural AIDS State Grant	Drug Free Communities Grant	Family Planning	F.E.M.A. Grant	Regional HIV Prevention
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 15,623	\$ 0	\$ 0	\$ 83,955	\$ 110,003
Receivables (net of allowance for doubtful accounts):					
Taxes	0	0	0	0	0
Accounts	0	0	0	0	0
Intergovernmental	20,696	24,989	64,899	0	24,733
Loans	0	0	0	0	0
Due from Other Funds	0	0	0	0	0
Inventory of Supplies, at Cost	1,427	0	0	0	0
Prepaid Items	1,082	0	1,163	0	0
<b>Total Assets</b>	<b>\$ 38,828</b>	<b>\$ 24,989</b>	<b>\$ 66,062</b>	<b>\$ 83,955</b>	<b>\$ 134,736</b>
<b>Liabilities:</b>					
Accounts Payable	\$ 40,222	\$ 0	\$ 642	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0	0
Intergovernmental Payable	9,405	1,821	3,248	0	84,524
Due to Other Funds	11,054	20,683	4,604	0	0
<b>Total Liabilities</b>	<b>60,681</b>	<b>22,504</b>	<b>8,494</b>	<b>0</b>	<b>84,524</b>
<b>Deferred Inflows of Resources:</b>					
Property Tax	0	0	0	0	0
Unavailable Revenue	20,696	0	26,364	0	24,733
<b>Total Deferred Inflows of Resources</b>	<b>20,696</b>	<b>0</b>	<b>26,364</b>	<b>0</b>	<b>24,733</b>
<b>Fund Balances:</b>					
Nonspendable	2,509	0	1,163	0	0
Restricted	2,509	2,485	30,041	83,955	25,479
Committed	0	0	0	0	0
Unassigned	(47,567)	0	0	0	0
<b>Total Fund Balances</b>	<b>(42,549)</b>	<b>2,485</b>	<b>31,204</b>	<b>83,955</b>	<b>25,479</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 38,828</b>	<b>\$ 24,989</b>	<b>\$ 66,062</b>	<b>\$ 83,955</b>	<b>\$ 134,736</b>

**CITY OF PORTSMOUTH, OHIO**

Ryan White Title III	Flood Defense	Land Reutilization	Rental Licensing Program	Council Trust for Recreation	Playground Trust	Total Nonmajor Special Revenue Funds
\$ 85,954	\$ 157,734	\$ 16,641	\$ 75,887	\$ 57,911	\$ 18,536	\$ 2,058,508
0	218,438	0	0	0	0	373,912
0	0	0	0	0	0	165,634
0	12,557	0	0	0	0	971,404
0	0	0	0	0	0	57,419
0	400,000	0	0	0	0	699,062
0	0	0	0	0	0	19,236
1,213	0	0	0	126	0	8,260
<u>\$ 87,167</u>	<u>\$ 788,729</u>	<u>\$ 16,641</u>	<u>\$ 75,887</u>	<u>\$ 58,037</u>	<u>\$ 18,536</u>	<u>\$ 4,353,435</u>
\$ 5,021	\$ 0	\$ 0	\$ 0	\$ 169	\$ 0	\$ 64,446
0	0	0	0	0	0	3,888
5,549	2,820	169	0	768	0	212,568
4,370	0	0	0	0	0	218,235
<u>14,940</u>	<u>2,820</u>	<u>169</u>	<u>0</u>	<u>937</u>	<u>0</u>	<u>499,137</u>
0	166,000	0	0	0	0	270,000
0	64,995	0	0	0	0	824,677
0	230,995	0	0	0	0	1,094,677
1,213	0	0	0	126	0	27,496
71,014	554,914	16,472	0	0	18,536	2,701,833
0	0	0	75,887	56,974	0	132,861
0	0	0	0	0	0	(102,569)
<u>72,227</u>	<u>554,914</u>	<u>16,472</u>	<u>75,887</u>	<u>57,100</u>	<u>18,536</u>	<u>2,759,621</u>
<u>\$ 87,167</u>	<u>\$ 788,729</u>	<u>\$ 16,641</u>	<u>\$ 75,887</u>	<u>\$ 58,037</u>	<u>\$ 18,536</u>	<u>\$ 4,353,435</u>

**CITY OF PORTSMOUTH, OHIO**

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012***

	Municipal Court Grants	Municipal Court Special Project	Municipal Court Probation Services	Municipal Court Programs	Municipal Court Computer
<b>Revenues:</b>					
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	123,656	0	0	0	0
Charges for Services	0	0	0	0	0
Licenses and Permits	0	0	0	0	0
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	0	168,576	114,110	102,173	42,844
All Other Revenue	0	250	0	0	754
<b>Total Revenue</b>	<b>123,656</b>	<b>168,826</b>	<b>114,110</b>	<b>102,173</b>	<b>43,598</b>
<b>Expenditures:</b>					
Current:					
Security of Persons and Property	0	0	0	0	0
Public Health and Welfare Services	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Environment	0	0	0	0	0
Transportation	0	0	0	0	0
General Government	105,649	162,667	150,907	59,698	39,647
<b>Total Expenditures</b>	<b>105,649</b>	<b>162,667</b>	<b>150,907</b>	<b>59,698</b>	<b>39,647</b>
Excess (Deficiency) of Revenues Over Expenditures	18,007	6,159	(36,797)	42,475	3,951
<b>Other Financing Sources (Uses):</b>					
Transfers In	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balances	18,007	6,159	(36,797)	42,475	3,951
<b>Fund Balances at Beginning of Year</b>	<b>(29,549)</b>	<b>218,529</b>	<b>145,871</b>	<b>(24,596)</b>	<b>9,889</b>
Increase (Decrease) in Inventory	0	0	0	0	0
<b>Fund Balances End of Year</b>	<b>\$ (11,542)</b>	<b>\$ 224,688</b>	<b>\$ 109,074</b>	<b>\$ 17,879</b>	<b>\$ 13,840</b>

**CITY OF PORTSMOUTH, OHIO**

ARRA - Municipal Court Security Grant	Fire Donation	Fire Pension	Police Pension	D.A.R.E. State Grant	Police Donation	JAG Grants
\$ 0	\$ 0	\$ 57,211	\$ 57,211	\$ 0	\$ 0	\$ 0
0	0	8,325	8,325	21,832	0	26,907
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
3,083	3,773	0	0	0	5,597	0
<u>3,083</u>	<u>3,773</u>	<u>65,536</u>	<u>65,536</u>	<u>21,832</u>	<u>5,597</u>	<u>26,907</u>
0	6,033	64,266	64,266	52,296	3,291	28,500
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>6,033</u>	<u>64,266</u>	<u>64,266</u>	<u>52,296</u>	<u>3,291</u>	<u>28,500</u>
3,083	(2,260)	1,270	1,270	(30,464)	2,306	(1,593)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
3,083	(2,260)	1,270	1,270	(30,464)	2,306	(1,593)
(3,083)	6,338	(23,000)	(23,000)	40,075	24,714	37,280
0	0	0	0	0	0	0
<u>\$ 0</u>	<u>\$ 4,078</u>	<u>\$ (21,730)</u>	<u>\$ (21,730)</u>	<u>\$ 9,611</u>	<u>\$ 27,020</u>	<u>\$ 35,687</u>

(Continued)

**CITY OF PORTSMOUTH, OHIO**

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012***

	COPS Fast Grant	Indigent Drivers Alcohol Treatment	Enforcement and Education	Mandatory Fines	Law Enforcement
<b>Revenues:</b>					
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	152,539	0	0	0	0
Charges for Services	0	0	0	0	0
Licenses and Permits	0	0	0	0	0
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	0	36,488	782	174	30,181
All Other Revenue	0	0	0	0	107,699
<b>Total Revenue</b>	<b>152,539</b>	<b>36,488</b>	<b>782</b>	<b>174</b>	<b>137,880</b>
<b>Expenditures:</b>					
Current:					
Security of Persons and Property	139,555	0	0	0	167,574
Public Health and Welfare Services	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Environment	0	0	0	0	0
Transportation	0	0	0	0	0
General Government	0	26,425	835	0	0
<b>Total Expenditures</b>	<b>139,555</b>	<b>26,425</b>	<b>835</b>	<b>0</b>	<b>167,574</b>
Excess (Deficiency) of Revenues Over Expenditures	12,984	10,063	(53)	174	(29,694)
<b>Other Financing Sources (Uses):</b>					
Transfers In	2,630	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>2,630</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balances	15,614	10,063	(53)	174	(29,694)
<b>Fund Balances at Beginning of Year</b>	<b>111,117</b>	<b>20,823</b>	<b>4,814</b>	<b>5,654</b>	<b>132,896</b>
Increase (Decrease) in Inventory	0	0	0	0	0
<b>Fund Balances End of Year</b>	<b>\$ 126,731</b>	<b>\$ 30,886</b>	<b>\$ 4,761</b>	<b>\$ 5,828</b>	<b>\$ 103,202</b>

**CITY OF PORTSMOUTH, OHIO**

COPS Hiring Recovery Program Grant	Rural Law Enforcement Assistance Grant	Street Construction, Maintenance and Repair	State Highway Improvement	Environmental State Grants	Community Development	Tourism and Cultural Development
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 67,148
129,264	0	796,517	57,917	532,098	369,018	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	40	0
0	0	0	0	0	0	0
0	25,364	0	0	7,500	33,384	0
<u>129,264</u>	<u>25,364</u>	<u>796,517</u>	<u>57,917</u>	<u>539,598</u>	<u>402,442</u>	<u>67,148</u>
120,120	0	0	0	0	0	0
0	0	0	0	601,102	0	0
0	0	0	0	0	0	0
0	0	0	0	0	548,435	74,691
0	0	774,232	22,838	0	0	0
0	0	0	0	0	0	0
<u>120,120</u>	<u>0</u>	<u>774,232</u>	<u>22,838</u>	<u>601,102</u>	<u>548,435</u>	<u>74,691</u>
9,144	25,364	22,285	35,079	(61,504)	(145,993)	(7,543)
20,232	0	0	0	18,000	0	0
<u>20,232</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>18,000</u>	<u>0</u>	<u>0</u>
29,376	25,364	22,285	35,079	(43,504)	(145,993)	(7,543)
(20,047)	22,425	239,844	62,816	246,335	619,665	25,790
0	0	3,718	0	(1,186)	0	0
<u>\$ 9,329</u>	<u>\$ 47,789</u>	<u>\$ 265,847</u>	<u>\$ 97,895</u>	<u>\$ 201,645</u>	<u>\$ 473,672</u>	<u>\$ 18,247</u>

(Continued)

**CITY OF PORTSMOUTH, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012**

	State Grant Health	Rural AIDS State Grant	Drug Free Communities Grant	Ryan White HIV Care Part B Grant	Family Planning
<b>Revenues:</b>					
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	233,467	469,490	30,401	0	96,729
Charges for Services	31,468	0	0	0	42,238
Licenses and Permits	0	0	0	0	0
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0
All Other Revenue	1,575	3,556	0	0	1,687
<b>Total Revenue</b>	<b>266,510</b>	<b>473,046</b>	<b>30,401</b>	<b>0</b>	<b>140,654</b>
<b>Expenditures:</b>					
Current:					
Security of Persons and Property	0	0	0	0	0
Public Health and Welfare Services	310,851	479,363	27,916	42	125,360
Leisure Time Activities	0	0	0	0	0
Community Environment	0	0	0	0	0
Transportation	0	0	0	0	0
General Government	0	0	0	0	0
<b>Total Expenditures</b>	<b>310,851</b>	<b>479,363</b>	<b>27,916</b>	<b>42</b>	<b>125,360</b>
Excess (Deficiency) of Revenues Over Expenditures	(44,341)	(6,317)	2,485	(42)	15,294
<b>Other Financing Sources (Uses):</b>					
Transfers In	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balances	(44,341)	(6,317)	2,485	(42)	15,294
<b>Fund Balances at Beginning of Year</b>	<b>135,545</b>	<b>(37,310)</b>	<b>0</b>	<b>42</b>	<b>22,295</b>
Increase (Decrease) in Inventory	0	1,078	0	0	(6,385)
<b>Fund Balances End of Year</b>	<b>\$ 91,204</b>	<b>\$ (42,549)</b>	<b>\$ 2,485</b>	<b>\$ 0</b>	<b>\$ 31,204</b>



**CITY OF PORTSMOUTH, OHIO**

F.E.M.A. Grant	Regional HIV Prevention	Ryan White Title III	Flood Defense	Land Reutilization	Rental Lincensing Program	Council Trust for Recreation	Playground Trust	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 179,408	\$ 0	\$ 0	\$ 0	\$ 0	\$ 360,978
43,853	389,945	261,336	24,951	0	0	0	0	3,776,570
0	0	6,632	0	0	0	64,943	0	145,281
0	0	0	0	0	89,840	0	0	89,840
0	0	0	0	0	0	0	0	40
0	0	0	0	0	0	0	0	495,328
0	40,000	3,587	0	19,750	0	1,390	1,915	260,864
<u>43,853</u>	<u>429,945</u>	<u>271,555</u>	<u>204,359</u>	<u>19,750</u>	<u>89,840</u>	<u>66,333</u>	<u>1,915</u>	<u>5,128,901</u>
12,372	0	0	235,592	0	0	0	0	893,865
0	338,095	227,732	0	7,950	13,953	0	0	2,132,364
0	0	0	0	0	0	65,033	0	65,033
0	0	0	0	0	0	0	0	623,126
0	0	0	0	0	0	0	0	797,070
1,289	0	0	0	0	0	0	0	547,117
<u>13,661</u>	<u>338,095</u>	<u>227,732</u>	<u>235,592</u>	<u>7,950</u>	<u>13,953</u>	<u>65,033</u>	<u>0</u>	<u>5,058,575</u>
30,192	91,850	43,823	(31,233)	11,800	75,887	1,300	1,915	70,326
0	0	0	0	0	0	0	0	40,862
0	0	0	0	0	0	0	0	40,862
30,192	91,850	43,823	(31,233)	11,800	75,887	1,300	1,915	111,188
53,763	(66,371)	28,404	586,147	4,672	0	55,800	16,621	2,651,208
0	0	0	0	0	0	0	0	(2,775)
<u>\$ 83,955</u>	<u>\$ 25,479</u>	<u>\$ 72,227</u>	<u>\$ 554,914</u>	<u>\$ 16,472</u>	<u>\$ 75,887</u>	<u>\$ 57,100</u>	<u>\$ 18,536</u>	<u>\$ 2,759,621</u>

**CITY OF PORTSMOUTH, OHIO**

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**Combining Balance Sheet  
Nonmajor Permanent Funds  
December 31, 2012**

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	<u>Cemetery Trust</u>	<u>Mausoleum Trust</u>	<u>Total Nonmajor Permanent Funds</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 169,211	\$ 4,852	\$ 174,063
<b>Total Assets</b>	<u>\$ 169,211</u>	<u>\$ 4,852</u>	<u>\$ 174,063</u>
<b>Liabilities:</b>			
<b>Total Liabilities</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Fund Balances:</b>			
Nonspendable	22,339	4,504	26,843
Restricted	<u>146,872</u>	<u>348</u>	<u>147,220</u>
<b>Total Fund Balances</b>	<u>169,211</u>	<u>4,852</u>	<u>174,063</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 169,211</u>	<u>\$ 4,852</u>	<u>\$ 174,063</u>

**CITY OF PORTSMOUTH, OHIO**

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**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Permanent Funds  
For the Year Ended December 31, 2012**

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	<u>Cemetery Trust</u>	<u>Mausoleum Trust</u>	<u>Total Nonmajor Permanent Funds</u>
<b>Revenues:</b>			
Charges for Services	\$ 18,650	\$ 0	\$ 18,650
<b>Total Revenue</b>	<u>18,650</u>	<u>0</u>	<u>18,650</u>
<b>Expenditures:</b>			
Current:			
Public Health and Welfare Services	<u>22,628</u>	<u>0</u>	<u>22,628</u>
<b>Total Expenditures</b>	<u>22,628</u>	<u>0</u>	<u>22,628</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,978)	0	(3,978)
<b>Fund Balances at Beginning of Year</b>	<u>173,189</u>	<u>4,852</u>	<u>178,041</u>
<b>Fund Balances End of Year</b>	<u>\$ 169,211</u>	<u>\$ 4,852</u>	<u>\$ 174,063</u>

**CITY OF PORTSMOUTH, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2012**

GENERAL FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Taxes	\$ 9,270,000	\$ 9,490,000	\$ 9,476,231	\$ (13,769)
Intergovernmental Revenues	1,310,000	1,375,000	1,385,466	10,466
Charges for Services	307,000	307,000	309,803	2,803
Licenses and Permits	224,000	224,000	183,180	(40,820)
Fines and Forfeitures	567,000	607,000	607,538	538
All Other Revenues	122,000	122,000	146,415	24,415
Total Revenues	<u>11,800,000</u>	<u>12,125,000</u>	<u>12,108,633</u>	<u>(16,367)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Police:				
Personal Services	2,939,127	2,958,907	3,061,207	(102,300)
Materials and Supplies	16,000	116,000	104,466	11,534
Contractual Services	125,650	145,445	114,081	31,364
Capital Outlay	2,000	2,000	584	1,416
Total Police	<u>3,082,777</u>	<u>3,222,352</u>	<u>3,280,338</u>	<u>(57,986)</u>
Fire:				
Personal Services	3,585,686	3,588,873	3,731,733	(142,860)
Materials and Supplies	8,000	26,859	24,335	2,524
Contractual Services	61,160	59,114	57,416	1,698
Total Fire	<u>3,654,846</u>	<u>3,674,846</u>	<u>3,813,484</u>	<u>(138,638)</u>
Street Lighting:				
Materials and Supplies	500	500	294	206
Contractual Services	215,000	215,000	257,505	(42,505)
Total Street Lighting	<u>215,500</u>	<u>215,500</u>	<u>257,799</u>	<u>(42,299)</u>
Total Security of Persons and Property	<u>6,953,123</u>	<u>7,112,698</u>	<u>7,351,621</u>	<u>(238,923)</u>
Public Health and Welfare Services:				
Health:				
Personal Services	518,903	516,517	526,429	(9,912)
Materials and Supplies	1,994	2,702	2,673	29
Contractual Services	106,270	107,948	96,346	11,602
Capital Outlay	200	200	100	100
Total Health	<u>627,367</u>	<u>627,367</u>	<u>625,548</u>	<u>1,819</u>
Total Public Health and Welfare Services	<u>627,367</u>	<u>627,367</u>	<u>625,548</u>	<u>1,819</u>

(Continued)

**CITY OF PORTSMOUTH, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2012***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Community Environment:				
Building Inspection:				
Personal Services	59,098	59,098	92,756	(33,658)
Materials and Supplies	950	950	398	552
Contractual Services	<u>72,600</u>	<u>72,600</u>	<u>51,416</u>	<u>21,184</u>
Total Building Inspection	132,648	132,648	144,570	(11,922)
Administration:				
Personal Services	33,810	33,810	39,447	(5,637)
Materials and Supplies	800	800	589	211
Contractual Services	<u>11,600</u>	<u>11,600</u>	<u>10,723</u>	<u>877</u>
Total Administration	46,210	46,210	50,759	(4,549)
Total Community Environment	<u>178,858</u>	<u>178,858</u>	<u>195,329</u>	<u>(16,471)</u>
Transportation:				
Traffic Lights:				
Personal Services	120,215	120,215	183,615	(63,400)
Materials and Supplies	4,800	4,634	2,153	2,481
Contractual Services	24,340	24,506	22,671	1,835
Capital Outlay	<u>300</u>	<u>300</u>	<u>70</u>	<u>230</u>
Total Traffic Lights	149,655	149,655	208,509	(58,854)
Cemetery Grounds:				
Personal Services	57,206	57,206	115,260	(58,054)
Materials and Supplies	1,180	1,090	894	196
Contractual Services	41,200	41,290	58,455	(17,165)
Capital Outlay	<u>150</u>	<u>150</u>	<u>147</u>	<u>3</u>
Total Cemetery Grounds	99,736	99,736	174,756	(75,020)
Recreational Grounds:				
Personal Services	111,423	111,423	113,350	(1,927)
Materials and Supplies	2,010	2,010	1,185	825
Contractual Services	1,700	1,700	1,362	338
Capital Outlay	<u>240</u>	<u>240</u>	<u>87</u>	<u>153</u>
Total Recreational Grounds	115,373	115,373	115,984	(611)
Total Transportation	<u>364,764</u>	<u>364,764</u>	<u>499,249</u>	<u>(134,485)</u>

(Continued)

**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2012***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
General Government:				
City Council:				
Personal Services	123,190	123,190	123,478	(288)
Materials and Supplies	650	750	605	145
Contractual Services	<u>1,170</u>	<u>1,070</u>	<u>1,040</u>	<u>30</u>
Total City Council	125,010	125,010	125,123	(113)
Executive:				
Personal Services	67,789	67,789	67,120	669
Materials and Supplies	1,600	1,600	1,114	486
Contractual Services	<u>7,100</u>	<u>7,100</u>	<u>4,704</u>	<u>2,396</u>
Total Executive	76,489	76,489	72,938	3,551
Legal:				
Personal Services	250,351	250,351	202,598	47,753
Materials and Supplies	500	2,346	2,136	210
Contractual Services	<u>12,600</u>	<u>10,754</u>	<u>9,431</u>	<u>1,323</u>
Total Legal	263,451	263,451	214,165	49,286
Finance:				
Personal Services	197,865	197,265	206,826	(9,561)
Materials and Supplies	3,000	3,600	3,549	51
Contractual Services	40,600	40,600	39,080	1,520
Capital Outlay	<u>500</u>	<u>500</u>	<u>139</u>	<u>361</u>
Total Finance	241,965	241,965	249,594	(7,629)
Civil Service:				
Personal Services	7,320	7,320	2,715	4,605
Materials and Supplies	0	432	337	95
Contractual Services	<u>6,330</u>	<u>5,898</u>	<u>4,798</u>	<u>1,100</u>
Total Civil Service	13,650	13,650	7,850	5,800
Court Security:				
Personal Services	<u>104,542</u>	<u>104,542</u>	<u>104,542</u>	<u>0</u>
Total Court Security	104,542	104,542	104,542	0

(Continued)

**CITY OF PORTSMOUTH, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2012***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Municipal Court:</b>				
Personal Services	838,829	838,829	912,915	(74,086)
Materials and Supplies	3,100	3,100	381	2,719
Contractual Services	41,650	41,650	35,669	5,981
Total Municipal Court	<u>883,579</u>	<u>883,579</u>	<u>948,965</u>	<u>(65,386)</u>
<b>Income Tax:</b>				
Personal Services	127,360	127,760	128,587	(827)
Materials and Supplies	1,700	1,700	683	1,017
Contractual Services	17,650	17,250	16,368	882
Total Income Tax	<u>146,710</u>	<u>146,710</u>	<u>145,638</u>	<u>1,072</u>
<b>Engineering:</b>				
Personal Services	47,660	47,660	46,576	1,084
Materials and Supplies	800	800	643	157
Contractual Services	28,300	30,300	11,492	18,808
Total Engineering	<u>76,760</u>	<u>78,760</u>	<u>58,711</u>	<u>20,049</u>
<b>Public Service:</b>				
Personal Services	38,471	38,471	45,951	(7,480)
Materials and Supplies	750	1,534	1,407	127
Contractual Services	10,050	9,266	4,734	4,532
Total Public Service	<u>49,271</u>	<u>49,271</u>	<u>52,092</u>	<u>(2,821)</u>
<b>City Building:</b>				
Personal Services	54,819	54,419	38,426	15,993
Materials and Supplies	5,000	5,400	5,931	(531)
Contractual Services	81,200	81,200	76,657	4,543
Total City Building	<u>141,019</u>	<u>141,019</u>	<u>121,014</u>	<u>20,005</u>
<b>Garage:</b>				
Personal Services	87,279	87,279	56,089	31,190
Materials and Supplies	162,775	106,535	95,555	10,980
Contractual Services	18,790	18,790	16,161	2,629
Total Garage	<u>268,844</u>	<u>212,604</u>	<u>167,805</u>	<u>44,799</u>

(Continued)

**CITY OF PORTSMOUTH, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2012***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Non-Departmental:				
Personal Services	33,000	41,000	32,629	8,371
Contractual Services	541,000	611,000	560,432	50,568
Total Non-Departmental	<u>574,000</u>	<u>652,000</u>	<u>593,061</u>	<u>58,939</u>
Total General Government	<u>2,965,290</u>	<u>2,989,050</u>	<u>2,861,498</u>	<u>127,552</u>
Total Expenditures	<u>11,089,402</u>	<u>11,272,737</u>	<u>11,533,245</u>	<u>(260,508)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	710,598	852,263	575,388	(276,875)
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	25,000	27,030	2,030
Transfers Out	<u>(18,000)</u>	<u>(468,458)</u>	<u>(40,862)</u>	<u>427,596</u>
Total Other Financing Sources (Uses)	<u>(18,000)</u>	<u>(443,458)</u>	<u>(13,832)</u>	<u>429,626</u>
Net Change in Fund Balance	692,598	408,805	561,556	152,751
Fund Balance at Beginning of Year	<u>(1,729,852)</u>	<u>(1,729,852)</u>	<u>(1,729,852)</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (1,037,254)</u>	<u>\$ (1,321,047)</u>	<u>\$ (1,168,296)</u>	<u>\$ 152,751</u>



**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Debt Service Fund  
For the Year Ended December 31, 2012**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 150,000	\$ 150,000	\$ 143,986	\$ (6,014)
Intergovernmental Revenues	20,000	20,000	22,202	2,202
Total Revenues	<u>170,000</u>	<u>170,000</u>	<u>166,188</u>	<u>(3,812)</u>
<b>Expenditures:</b>				
Debt Service:				
Principal Retirement	60,000	64,300	65,000	(700)
Interest and Fiscal Charges	90,000	85,700	85,700	0
Total Expenditures	<u>150,000</u>	<u>150,000</u>	<u>150,700</u>	<u>(700)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,000	20,000	15,488	(4,512)
Fund Balance at Beginning of Year	<u>65,065</u>	<u>65,065</u>	<u>65,065</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 85,065</u>	<u>\$ 85,065</u>	<u>\$ 80,553</u>	<u>\$ (4,512)</u>

**CITY OF PORTSMOUTH, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Capital Project Funds  
For the Year Ended December 31, 2012**

<b>CAPITAL IMPROVEMENT FUND</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Taxes	\$ 1,400,000	\$ 1,400,000	\$ 1,473,142	\$ 73,142
Licenses and Permits and Fees	0	0	25	25
All Other Revenues	0	0	5,368	5,368
Total Revenues	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,478,535</u>	<u>78,535</u>
<b>Expenditures:</b>				
Capital Outlay	575,750	2,704,559	2,694,691	9,868
Debt Service:				
Principal Retirement	0	221,885	221,885	0
Interest and Fiscal Charges	0	28,638	28,638	0
Total Expenditures	<u>575,750</u>	<u>2,955,082</u>	<u>2,945,214</u>	<u>9,868</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	824,250	(1,555,082)	(1,466,679)	88,403
Fund Balance at Beginning of Year	1,328,528	1,328,528	1,328,528	0
Prior Year Encumbrances	575,750	575,750	575,750	0
Fund Balance at End of Year	<u>\$ 2,728,528</u>	<u>\$ 349,196</u>	<u>\$ 437,599</u>	<u>\$ 88,403</u>

**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	<u>\$ 120,000</u>	<u>\$ 100,000</u>	<u>\$ 99,825</u>	<u>\$ (175)</u>
Total Revenues	<u>120,000</u>	<u>100,000</u>	<u>99,825</u>	<u>(175)</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	69,200	108,200	106,687	1,513
Materials and Supplies	<u>30,800</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>100,000</u>	<u>108,200</u>	<u>106,687</u>	<u>1,513</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,000	(8,200)	(6,862)	1,338
Fund Balance at Beginning of Year	<u>(16,968)</u>	<u>(16,968)</u>	<u>(16,968)</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,032</u>	<u>\$ (25,168)</u>	<u>\$ (23,830)</u>	<u>\$ 1,338</u>

**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012***

---

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 145,000	\$ 165,000	\$ 164,819	\$ (181)
All Other Revenues	<u>0</u>	<u>0</u>	<u>250</u>	<u>250</u>
Total Revenues	<u>145,000</u>	<u>165,000</u>	<u>165,069</u>	<u>69</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	104,800	52,800	54,529	(1,729)
Materials and Supplies	30,000	40,000	39,604	396
Contractual Services	8,400	54,400	54,331	69
Capital Outlay	<u>56,800</u>	<u>31,800</u>	<u>28,611</u>	<u>3,189</u>
Total Expenditures	<u>200,000</u>	<u>179,000</u>	<u>177,075</u>	<u>1,925</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(55,000)	(14,000)	(12,006)	1,994
Fund Balance at Beginning of Year	<u>209,468</u>	<u>209,468</u>	<u>209,468</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 154,468</u>	<u>\$ 195,468</u>	<u>\$ 197,462</u>	<u>\$ 1,994</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	<u>\$ 110,000</u>	<u>\$ 110,000</u>	<u>\$ 109,624</u>	<u>\$ (376)</u>
Total Revenues	<u>110,000</u>	<u>110,000</u>	<u>109,624</u>	<u>(376)</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	67,500	150,500	148,402	2,098
Materials and Supplies	<u>32,500</u>	<u>500</u>	<u>0</u>	<u>500</u>
Total Expenditures	<u>100,000</u>	<u>151,000</u>	<u>148,402</u>	<u>2,598</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,000	(41,000)	(38,778)	2,222
Fund Balance at Beginning of Year	<u>126,820</u>	<u>126,820</u>	<u>126,820</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 136,820</u>	<u>\$ 85,820</u>	<u>\$ 88,042</u>	<u>\$ 2,222</u>

**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012***

---

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	<u>\$ 55,000</u>	<u>\$ 105,000</u>	<u>\$ 103,781</u>	<u>\$ (1,219)</u>
Total Revenues	<u>55,000</u>	<u>105,000</u>	<u>103,781</u>	<u>(1,219)</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	<u>34,000</u>	<u>44,000</u>	<u>41,551</u>	<u>2,449</u>
Contractual Services	<u>41,000</u>	<u>11,000</u>	<u>10,984</u>	<u>16</u>
Total Expenditures	<u>75,000</u>	<u>55,000</u>	<u>52,535</u>	<u>2,465</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(20,000)</u>	<u>50,000</u>	<u>51,246</u>	<u>1,246</u>
Fund Balance at Beginning of Year	<u>(27,727)</u>	<u>(27,727)</u>	<u>(27,727)</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (47,727)</u>	<u>\$ 22,273</u>	<u>\$ 23,519</u>	<u>\$ 1,246</u>

**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 35,000	\$ 40,000	\$ 41,183	\$ 1,183
All Other Revenues	<u>0</u>	<u>0</u>	<u>754</u>	<u>754</u>
Total Revenues	<u>35,000</u>	<u>40,000</u>	<u>41,937</u>	<u>1,937</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	6,400	6,400	3,313	3,087
Materials and Supplies	15,000	29,000	28,385	615
Contractual Services	<u>8,600</u>	<u>8,600</u>	<u>7,407</u>	<u>1,193</u>
Total Expenditures	<u>30,000</u>	<u>44,000</u>	<u>39,105</u>	<u>4,895</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,000	(4,000)	2,832	6,832
Fund Balance at Beginning of Year	<u>8,673</u>	<u>8,673</u>	<u>8,673</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 13,673</u>	<u>\$ 4,673</u>	<u>\$ 11,505</u>	<u>\$ 6,832</u>

**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Total Revenues	<u>\$          0</u>	<u>\$          0</u>	<u>\$          0</u>	<u>\$          0</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	<u>         80,000</u>	<u>              0</u>	<u>              0</u>	<u>              0</u>
Total Expenditures	<u>         80,000</u>	<u>              0</u>	<u>              0</u>	<u>              0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>         (80,000)</u>	<u>              0</u>	<u>              0</u>	<u>              0</u>
Fund Balance at Beginning of Year	<u>              0</u>	<u>              0</u>	<u>              0</u>	<u>              0</u>
Fund Balance at End of Year	<u><u>\$     (80,000)</u></u>	<u><u>\$              0</u></u>	<u><u>\$              0</u></u>	<u><u>\$              0</u></u>



**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
All Other Revenues	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 3,773</u>	<u>\$ (1,227)</u>
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>3,773</u>	<u>(1,227)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Contractual Services	<u>5,000</u>	<u>6,033</u>	<u>6,033</u>	<u>0</u>
Total Expenditures	<u>5,000</u>	<u>6,033</u>	<u>6,033</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(1,033)	(2,260)	(1,227)
Fund Balance at Beginning of Year	<u>6,338</u>	<u>6,338</u>	<u>6,338</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 6,338</u>	<u>\$ 5,305</u>	<u>\$ 4,078</u>	<u>\$ (1,227)</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 60,000	\$ 66,000	\$ 57,211	\$ (8,789)
Intergovernmental Revenues	<u>0</u>	<u>0</u>	<u>8,325</u>	<u>8,325</u>
Total Revenues	<u>60,000</u>	<u>66,000</u>	<u>65,536</u>	<u>(464)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	<u>70,000</u>	<u>65,536</u>	<u>65,536</u>	<u>0</u>
Total Expenditures	<u>70,000</u>	<u>65,536</u>	<u>65,536</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,000)	464	0	(464)
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (10,000)</u>	<u>\$ 464</u>	<u>\$ 0</u>	<u>\$ (464)</u>

**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 60,000	\$ 66,000	\$ 57,211	\$ (8,789)
Intergovernmental Revenues	<u>0</u>	<u>0</u>	<u>8,325</u>	<u>8,325</u>
Total Revenues	<u>60,000</u>	<u>66,000</u>	<u>65,536</u>	<u>(464)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	<u>70,000</u>	<u>65,536</u>	<u>65,536</u>	<u>0</u>
Total Expenditures	<u>70,000</u>	<u>65,536</u>	<u>65,536</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,000)	464	0	(464)
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (10,000)</u>	<u>\$ 464</u>	<u>\$ 0</u>	<u>\$ (464)</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 21,832</u>	<u>\$ 1,832</u>
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>21,832</u>	<u>1,832</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	<u>40,000</u>	<u>231,185</u>	<u>52,296</u>	<u>178,889</u>
Total Expenditures	<u>40,000</u>	<u>231,185</u>	<u>52,296</u>	<u>178,889</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(20,000)</u>	<u>(211,185)</u>	<u>(30,464)</u>	<u>180,721</u>
Fund Balance at Beginning of Year	<u>40,075</u>	<u>40,075</u>	<u>40,075</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 20,075</u>	<u>\$ (171,110)</u>	<u>\$ 9,611</u>	<u>\$ 180,721</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
All Other Revenues	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 5,597</u>	<u>\$ 597</u>
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>5,597</u>	<u>597</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Contractual Services	<u>25,000</u>	<u>25,000</u>	<u>3,469</u>	<u>21,531</u>
Total Expenditures	<u>25,000</u>	<u>25,000</u>	<u>3,469</u>	<u>21,531</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,000)	(20,000)	2,128	22,128
Fund Balance at Beginning of Year	<u>24,892</u>	<u>24,892</u>	<u>24,892</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,892</u>	<u>\$ 4,892</u>	<u>\$ 27,020</u>	<u>\$ 22,128</u>

**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 10,000	\$ 0	\$ 0	\$ 0
Total Revenues	<u>10,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	10,108	108	108	0
Materials and Supplies	0	3,725	3,725	0
Contractual Services	<u>45,736</u>	<u>28,569</u>	<u>27,775</u>	<u>794</u>
Total Expenditures	<u>55,844</u>	<u>32,402</u>	<u>31,608</u>	<u>794</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(45,844)	(32,402)	(31,608)	794
Fund Balance at Beginning of Year	<u>40,388</u>	<u>40,388</u>	<u>40,388</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (5,456)</u>	<u>\$ 7,986</u>	<u>\$ 8,780</u>	<u>\$ 794</u>

**CITY OF PORTSMOUTH, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012***

<b>COPS FAST GRANT FUND</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 152,539	\$ 152,539
Total Revenues	<u>0</u>	<u>0</u>	<u>152,539</u>	<u>152,539</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	50,000	382	382	0
Materials and Supplies	50,000	0	0	0
Contractual Services	0	153,325	72,888	80,437
Capital Outlay	<u>0</u>	<u>66,667</u>	<u>66,667</u>	<u>0</u>
Total Expenditures	<u>100,000</u>	<u>220,374</u>	<u>139,937</u>	<u>80,437</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(100,000)	(220,374)	12,602	232,976
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>100,000</u>	<u>100,000</u>	<u>2,630</u>	<u>(97,370)</u>
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>100,000</u>	<u>2,630</u>	<u>(97,370)</u>
Net Change in Fund Balance	0	(120,374)	15,232	135,606
Fund Balance at Beginning of Year	<u>111,499</u>	<u>111,499</u>	<u>111,499</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 111,499</u>	<u>\$ (8,875)</u>	<u>\$ 126,731</u>	<u>\$ 135,606</u>

**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 35,255</u>	<u>\$ 10,255</u>
Total Revenues	<u>25,000</u>	<u>25,000</u>	<u>35,255</u>	<u>10,255</u>
<b>Expenditures:</b>				
General Government:				
Contractual Services	<u>50,000</u>	<u>25,000</u>	<u>25,125</u>	<u>(125)</u>
Total Expenditures	<u>50,000</u>	<u>25,000</u>	<u>25,125</u>	<u>(125)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,000)	0	10,130	10,130
Fund Balance at Beginning of Year	<u>17,481</u>	<u>17,481</u>	<u>17,481</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (7,519)</u>	<u>\$ 17,481</u>	<u>\$ 27,611</u>	<u>\$ 10,130</u>



**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Fines and Forfeitures	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 795</u>	<u>\$ (205)</u>
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>795</u>	<u>(205)</u>
<b>EXPENDITURES:</b>				
General Government:				
Personal Services	<u>0</u>	<u>0</u>	<u>599</u>	<u>(599)</u>
Contractual Services	<u>0</u>	<u>0</u>	<u>271</u>	<u>(271)</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>870</u>	<u>(870)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,000</u>	<u>1,000</u>	<u>(75)</u>	<u>(1,075)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>(5,000)</u>	<u>(5,000)</u>	<u>0</u>	<u>5,000</u>
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>0</u>	<u>5,000</u>
Net Change in Fund Balance	<u>(4,000)</u>	<u>(4,000)</u>	<u>(75)</u>	<u>3,925</u>
Fund Balance at Beginning of Year	<u>4,805</u>	<u>4,805</u>	<u>4,805</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 805</u>	<u>\$ 805</u>	<u>\$ 4,730</u>	<u>\$ 3,925</u>

**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	<u>\$ 2,000</u>	<u>\$ 1,000</u>	<u>\$ 669</u>	<u>\$ (331)</u>
Total Revenues	<u>2,000</u>	<u>1,000</u>	<u>669</u>	<u>(331)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Contractual Services	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,000)	(4,000)	669	4,669
Fund Balance at Beginning of Year	<u>5,092</u>	<u>5,092</u>	<u>5,092</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,092</u>	<u>\$ 1,092</u>	<u>\$ 5,761</u>	<u>\$ 4,669</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 0	\$ 30,000	\$ 30,181	\$ 181
All Other Revenues	10,000	82,000	107,699	25,699
Total Revenues	10,000	112,000	137,880	25,880
<b>Expenditures:</b>				
Security of Persons and Property:				
Materials and Supplies	166,916	246,456	167,665	78,791
Total Expenditures	166,916	246,456	167,665	78,791
Excess (Deficiency) of Revenues Over (Under) Expenditures	(156,916)	(134,456)	(29,785)	104,671
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	78,000	0	(78,000)
Total Other Financing Sources (Uses)	0	78,000	0	(78,000)
Net Change in Fund Balance	(156,916)	(56,456)	(29,785)	26,671
Fund Balance at Beginning of Year	116,071	116,071	116,071	0
Prior Year Encumbrances	16,916	16,916	16,916	0
Fund Balance at End of Year	<u>\$ (23,929)</u>	<u>\$ 76,531</u>	<u>\$ 103,202</u>	<u>\$ 26,671</u>

**CITY OF PORTSMOUTH, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 0	\$ 50,000	\$ 50,000	\$ 0
Total Revenues	<u>0</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	<u>0</u>	<u>119,603</u>	<u>119,603</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>119,603</u>	<u>119,603</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(69,603)	(69,603)	0
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>0</u>	<u>0</u>	<u>20,232</u>	<u>20,232</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>20,232</u>	<u>20,232</u>
Net Change in Fund Balance	0	(69,603)	(49,371)	20,232
Fund Balance at Beginning of Year	<u>(15,088)</u>	<u>(15,088)</u>	<u>(15,088)</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (15,088)</u>	<u>\$ (84,691)</u>	<u>\$ (64,459)</u>	<u>\$ 20,232</u>

**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
All Other Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 25,364</u>	<u>\$ 25,364</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>25,364</u>	<u>25,364</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(20,000)</u>	<u>0</u>	<u>25,364</u>	<u>25,364</u>
Fund Balance at Beginning of Year	<u>22,425</u>	<u>22,425</u>	<u>22,425</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,425</u>	<u>\$ 22,425</u>	<u>\$ 47,789</u>	<u>\$ 25,364</u>

**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	<u>\$ 870,000</u>	<u>\$ 960,000</u>	<u>\$ 805,255</u>	<u>\$ (154,745)</u>
Total Revenues	<u>870,000</u>	<u>960,000</u>	<u>805,255</u>	<u>(154,745)</u>
<b>Expenditures:</b>				
Transportation:				
Personal Services	839,625	839,625	665,024	174,601
Materials and Supplies	60,350	60,650	71,971	(11,321)
Contractual Services	42,660	42,360	34,161	8,199
Capital Outlay	<u>1,000</u>	<u>1,000</u>	<u>230</u>	<u>770</u>
Total Expenditures	<u>943,635</u>	<u>943,635</u>	<u>771,386</u>	<u>172,249</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(73,635)	16,365	33,869	17,504
Fund Balance at Beginning of Year	<u>153,891</u>	<u>153,891</u>	<u>153,891</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 80,256</u>	<u>\$ 170,256</u>	<u>\$ 187,760</u>	<u>\$ 17,504</u>

**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 58,768</u>	<u>\$ (1,232)</u>
Total Revenues	<u>60,000</u>	<u>60,000</u>	<u>58,768</u>	<u>(1,232)</u>
<b>Expenditures:</b>				
Transportation:				
Materials and Supplies	<u>90,738</u>	<u>90,738</u>	<u>90,738</u>	<u>0</u>
Total Expenditures	<u>90,738</u>	<u>90,738</u>	<u>90,738</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,738)	(30,738)	(31,970)	(1,232)
Fund Balance at Beginning of Year	1,250	1,250	1,250	0
Prior Year Encumbrances	<u>51,400</u>	<u>51,400</u>	<u>51,400</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 21,912</u>	<u>\$ 21,912</u>	<u>\$ 20,680</u>	<u>\$ (1,232)</u>

**CITY OF PORTSMOUTH, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012**

<b>ENVIRONMENTAL STATE GRANTS FUND</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 570,000	\$ 750,000	\$ 751,133	\$ 1,133
All Other Revenues	12,000	12,000	7,500	(4,500)
Total Revenues	<u>582,000</u>	<u>762,000</u>	<u>758,633</u>	<u>(3,367)</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Personal Services	524,830	522,230	526,095	(3,865)
Materials and Supplies	18,470	18,470	15,559	2,911
Contractual Services	66,700	57,600	50,536	7,064
Capital Outlay	0	11,700	11,698	2
Total Expenditures	<u>610,000</u>	<u>610,000</u>	<u>603,888</u>	<u>6,112</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(28,000)	152,000	154,745	2,745
<b>Other Financing Sources (Uses):</b>				
Transfers In	18,000	18,000	18,000	0
Total Other Financing Sources (Uses)	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>0</u>
Net Change in Fund Balance	(10,000)	170,000	172,745	2,745
Fund Balance at Beginning of Year	26,436	26,436	26,436	0
Fund Balance at End of Year	<u>\$ 16,436</u>	<u>\$ 196,436</u>	<u>\$ 199,181</u>	<u>\$ 2,745</u>



**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 400,000	\$ 400,000	\$ 363,558	\$ (36,442)
Investment Earnings	0	0	40	40
All Other Revenues	<u>0</u>	<u>0</u>	<u>33,384</u>	<u>33,384</u>
Total Revenues	<u>400,000</u>	<u>400,000</u>	<u>396,982</u>	<u>(3,018)</u>
<b>Expenditures:</b>				
Community Environment:				
Personal Services	0	15,500	11,301	4,199
Materials and Supplies	0	14,282	5,220	9,062
Contractual Services	0	485,046	478,762	6,284
Capital Outlay	<u>62,103</u>	<u>52,821</u>	<u>52,821</u>	<u>0</u>
Total Expenditures	<u>62,103</u>	<u>567,649</u>	<u>548,104</u>	<u>19,545</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	337,897	(167,649)	(151,122)	16,527
Fund Balance at Beginning of Year	506,408	506,408	506,408	0
Prior Year Encumbrances	<u>62,103</u>	<u>62,103</u>	<u>62,103</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 906,408</u>	<u>\$ 400,862</u>	<u>\$ 417,389</u>	<u>\$ 16,527</u>

**CITY OF PORTSMOUTH, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012***

<b>TOURISM AND CULTURAL DEVELOPMENT FUND</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Taxes	\$ 50,000	\$ 80,000	\$ 80,028	\$ 28
Total Revenues	<u>50,000</u>	<u>80,000</u>	<u>80,028</u>	<u>28</u>
<b>Expenditures:</b>				
Community Environment:				
Contractual Services	50,000	74,691	74,691	0
Total Expenditures	<u>50,000</u>	<u>74,691</u>	<u>74,691</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	5,309	5,337	28
Fund Balance at Beginning of Year	<u>10,964</u>	<u>10,964</u>	<u>10,964</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 10,964</u>	<u>\$ 16,273</u>	<u>\$ 16,301</u>	<u>\$ 28</u>

**CITY OF PORTSMOUTH, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012**

STATE GRANT HEALTH FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 210,000	\$ 210,000	\$ 228,786	\$ 18,786
Charges for Services	0	50,000	31,468	(18,532)
All Other Revenues	0	0	1,575	1,575
Total Revenues	<u>210,000</u>	<u>260,000</u>	<u>261,829</u>	<u>1,829</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Prevention:				
Personal Services	81,790	52,181	51,491	690
Materials and Supplies	10,273	76,311	77,242	(931)
Contractual Services	6,901	21,878	18,368	3,510
Capital Outlay	600	600	0	600
Total Prevention	<u>99,564</u>	<u>150,970</u>	<u>147,101</u>	<u>3,869</u>
Tobacco Cessation Intervention:				
Personal Services	0	4,800	4,766	34
Total Tobacco Cessation Intervention	<u>0</u>	<u>4,800</u>	<u>4,766</u>	<u>34</u>
State Grant - Safety Grant:				
Personal Services	15,597	37,597	37,914	(317)
Materials and Supplies	0	1,000	810	190
Contractual Services	0	0	1,116	(1,116)
Total State Grant - Safety Grant	<u>15,597</u>	<u>38,597</u>	<u>39,840</u>	<u>(1,243)</u>
Bioterrorism Grant:				
Personal Services	62,044	83,044	82,106	938
Materials and Supplies	4,405	9,405	8,340	1,065
Contractual Services	19,071	25,071	17,258	7,813
Capital Outlay	0	12,000	11,250	750
Total Bioterrorism Grant	<u>85,520</u>	<u>129,520</u>	<u>118,954</u>	<u>10,566</u>
H1N1 Grant:				
Personal Services	8,320	8,320	0	8,320
Total H1N1 Grant	<u>8,320</u>	<u>8,320</u>	<u>0</u>	<u>8,320</u>
Total Expenditures	<u>209,001</u>	<u>332,207</u>	<u>310,661</u>	<u>21,546</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	999	(72,207)	(48,832)	23,375
Fund Balance at Beginning of Year	<u>140,657</u>	<u>140,657</u>	<u>140,657</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 141,656</u>	<u>\$ 68,450</u>	<u>\$ 91,825</u>	<u>\$ 23,375</u>

**CITY OF PORTSMOUTH, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012***

<b>RURAL AIDS STATE GRANT FUND</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 5,000	\$ 480,000	\$ 477,852	\$ (2,148)
All Other Revenues	0	0	3,556	3,556
Total Revenues	<u>5,000</u>	<u>480,000</u>	<u>481,408</u>	<u>1,408</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Personal Services	295,057	287,257	279,731	7,526
Materials and Supplies	16,400	24,200	31,080	(6,880)
Contractual Services	137,543	137,543	127,396	10,147
Capital Outlay	4,000	4,000	3,533	467
Total Expenditures	<u>453,000</u>	<u>453,000</u>	<u>441,740</u>	<u>11,260</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(448,000)	27,000	39,668	12,668
Fund Balance at Beginning of Year	<u>(24,045)</u>	<u>(24,045)</u>	<u>(24,045)</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (472,045)</u>	<u>\$ 2,955</u>	<u>\$ 15,623</u>	<u>\$ 12,668</u>

**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	<u>\$ 0</u>	<u>\$ 5,000</u>	<u>\$ 5,412</u>	<u>\$ 412</u>
Total Revenues	<u>0</u>	<u>5,000</u>	<u>5,412</u>	<u>412</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Personal Services	0	22,363	22,363	0
Materials and Supplies	0	500	500	0
Contractual Services	<u>(5,405)</u>	<u>3,232</u>	<u>3,232</u>	<u>0</u>
Total Expenditures	<u>(5,405)</u>	<u>26,095</u>	<u>26,095</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,405	(21,095)	(20,683)	412
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5,405</u>	<u>\$ (21,095)</u>	<u>\$ (20,683)</u>	<u>\$ 412</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 70,000	\$ 70,000	\$ 58,194	\$ (11,806)
Charges for Services	0	35,000	42,238	7,238
All Other Revenues	0	0	1,687	1,687
Total Revenues	<u>70,000</u>	<u>105,000</u>	<u>102,119</u>	<u>(2,881)</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Personal Services	61,564	86,564	86,564	0
Materials and Supplies	1,577	27,578	27,578	0
Contractual Services	3,046	12,046	12,046	0
Total Expenditures	<u>66,187</u>	<u>126,188</u>	<u>126,188</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,813	(21,188)	(24,069)	(2,881)
Fund Balance at Beginning of Year	<u>22,108</u>	<u>22,108</u>	<u>22,108</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 25,921</u>	<u>\$ 920</u>	<u>\$ (1,961)</u>	<u>\$ (2,881)</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 43,853</u>	<u>\$ 43,853</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>43,853</u>	<u>43,853</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Materials and Supplies	12,372	12,372	12,372	0
Contractual Services	<u>1,289</u>	<u>1,289</u>	<u>1,289</u>	<u>0</u>
Total Expenditures	<u>13,661</u>	<u>13,661</u>	<u>13,661</u>	<u>0</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(13,661)	(13,661)	30,192	43,853
Fund Balance at Beginning of Year	41,235	41,235	41,235	0
Prior Year Encumbrances	<u>12,528</u>	<u>12,528</u>	<u>12,528</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 40,102</u>	<u>\$ 40,102</u>	<u>\$ 83,955</u>	<u>\$ 43,853</u>

**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 330,000	\$ 390,000	\$ 389,945	\$ (55)
All Other Revenues	<u>0</u>	<u>40,000</u>	<u>40,000</u>	<u>0</u>
Total Revenues	<u>330,000</u>	<u>430,000</u>	<u>429,945</u>	<u>(55)</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Contractual Services	<u>253,571</u>	<u>253,571</u>	<u>253,571</u>	<u>0</u>
Total Expenditures	<u>253,571</u>	<u>253,571</u>	<u>253,571</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	76,429	176,429	176,374	(55)
Fund Balance at Beginning of Year	<u>(66,371)</u>	<u>(66,371)</u>	<u>(66,371)</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 10,058</u>	<u>\$ 110,058</u>	<u>\$ 110,003</u>	<u>\$ (55)</u>



**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 220,000	\$ 100,000	\$ 261,336	\$ 161,336
Charges for Services	0	0	6,632	6,632
All Other Revenues	0	0	3,587	3,587
Total Revenues	<u>220,000</u>	<u>100,000</u>	<u>271,555</u>	<u>171,555</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Personal Services	136,417	148,418	148,418	0
Materials and Supplies	10,324	30,324	30,324	0
Contractual Services	39,231	50,231	50,231	0
Total Expenditures	<u>185,972</u>	<u>228,973</u>	<u>228,973</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	34,028	(128,973)	42,582	171,555
Fund Balance at Beginning of Year	<u>43,372</u>	<u>43,372</u>	<u>43,372</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 77,400</u>	<u>\$ (85,601)</u>	<u>\$ 85,954</u>	<u>\$ 171,555</u>

**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 193,000	\$ 205,000	\$ 179,408	\$ (25,592)
Intergovernmental Revenues	0	0	24,951	24,951
Total Revenues	<u>193,000</u>	<u>205,000</u>	<u>204,359</u>	<u>(641)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	91,000	91,000	20,547	70,453
Materials and Supplies	24,000	24,000	22,109	1,891
Contractual Services	251,050	276,994	200,676	76,318
Capital Outlay	0	145,000	144,927	73
Total Expenditures	<u>366,050</u>	<u>536,994</u>	<u>388,259</u>	<u>148,735</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(173,050)	(331,994)	(183,900)	148,094
Fund Balance at Beginning of Year	456,734	456,734	456,734	0
Prior Year Encumbrances	<u>142,450</u>	<u>142,450</u>	<u>142,450</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 426,134</u>	<u>\$ 267,190</u>	<u>\$ 415,284</u>	<u>\$ 148,094</u>

**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
All Other Revenues	<u>\$ 0</u>	<u>\$ 20,000</u>	<u>\$ 19,750</u>	<u>\$ (250)</u>
Total Revenues	<u>0</u>	<u>20,000</u>	<u>19,750</u>	<u>(250)</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Personal Services	0	4,480	4,174	306
Contractual Services	<u>5,000</u>	<u>20,000</u>	<u>3,607</u>	<u>16,393</u>
Total Expenditures	<u>5,000</u>	<u>24,480</u>	<u>7,781</u>	<u>16,699</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,000)	(4,480)	11,969	16,449
Fund Balance at Beginning of Year	<u>4,672</u>	<u>4,672</u>	<u>4,672</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (328)</u>	<u>\$ 192</u>	<u>\$ 16,641</u>	<u>\$ 16,449</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Licenses and Permits	<u>\$ 0</u>	<u>\$ 90,000</u>	<u>\$ 89,840</u>	<u>\$ (160)</u>
Total Revenues	<u>0</u>	<u>90,000</u>	<u>89,840</u>	<u>(160)</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Contractual Services	<u>0</u>	<u>10,000</u>	<u>6,288</u>	<u>3,712</u>
Capital Outlay	<u>0</u>	<u>10,000</u>	<u>7,665</u>	<u>2,335</u>
Total Expenditures	<u>0</u>	<u>20,000</u>	<u>13,953</u>	<u>6,047</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>70,000</u>	<u>75,887</u>	<u>5,887</u>
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 70,000</u>	<u>\$ 75,887</u>	<u>\$ 5,887</u>

**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for Services	\$ 45,000	\$ 65,000	\$ 64,943	\$ (57)
All Other Revenues	<u>0</u>	<u>0</u>	<u>1,390</u>	<u>1,390</u>
Total Revenues	<u>45,000</u>	<u>65,000</u>	<u>66,333</u>	<u>1,333</u>
<b>Expenditures:</b>				
Leisure Time Activities:				
Personal Services	42,049	42,049	30,314	11,735
Materials and Supplies	9,500	12,500	11,784	716
Contractual Services	<u>29,255</u>	<u>34,255</u>	<u>28,835</u>	<u>5,420</u>
Total Expenditures	<u>80,804</u>	<u>88,804</u>	<u>70,933</u>	<u>17,871</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(35,804)	(23,804)	(4,600)	19,204
Fund Balance at Beginning of Year	53,444	53,444	53,444	0
Prior Year Encumbrances	<u>3,480</u>	<u>3,480</u>	<u>3,480</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 21,120</u>	<u>\$ 33,120</u>	<u>\$ 52,324</u>	<u>\$ 19,204</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
All Other Revenues	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 1,915</u>	<u>\$ (85)</u>
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>1,915</u>	<u>(85)</u>
<b>Expenditures:</b>				
Leisure Time Activity:				
Contractual Services	<u>0</u>	<u>1,915</u>	<u>0</u>	<u>1,915</u>
Total Expenditures	<u>0</u>	<u>1,915</u>	<u>0</u>	<u>1,915</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,000	85	1,915	1,830
Fund Balance at Beginning of Year	<u>16,621</u>	<u>16,621</u>	<u>16,621</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 18,621</u>	<u>\$ 16,706</u>	<u>\$ 18,536</u>	<u>\$ 1,830</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Permanent Fund  
For the Year Ended December 31, 2012**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for Services	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 18,650</u>	<u>\$ 16,650</u>
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>18,650</u>	<u>16,650</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Contractual Services	8,737	10,516	7,432	3,084
Capital Outlay	<u>15,196</u>	<u>15,196</u>	<u>15,196</u>	<u>0</u>
Total Expenditures	<u>23,933</u>	<u>25,712</u>	<u>22,628</u>	<u>3,084</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,933)	(23,712)	(3,978)	19,734
Fund Balance at Beginning of Year	171,952	171,952	171,952	0
Prior Year Encumbrances	<u>1,237</u>	<u>1,237</u>	<u>1,237</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 151,256</u>	<u>\$ 149,477</u>	<u>\$ 169,211</u>	<u>\$ 19,734</u>

**CITY OF PORTSMOUTH, OHIO**

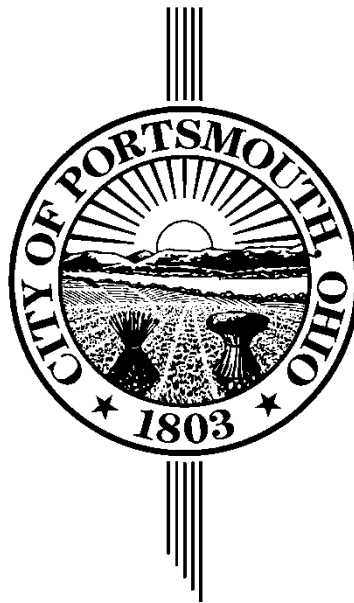
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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Permanent Fund  
For the Year Ended December 31, 2012***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>4,852</u>	<u>4,852</u>	<u>4,852</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,852</u>	<u>\$ 4,852</u>	<u>\$ 4,852</u>	<u>\$ 0</u>





***Fiduciary Funds***

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Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

***Agency Funds***

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**Performance Bonds Fund**

To account for funds placed in escrow for various construction projects.

**Law Library Fund**

To account for revenue and expenditures of State Patrol fines to the County Law Library.

**Ohio Board of Building Standards Fund**

To account for funds from the three percent (3%) fees as required by Ohio Revised Code.

**Municipal Court Fund**

To account for funds that flow through the municipal court office.

**CITY OF PORTSMOUTH, OHIO**

**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2012**

	Balance December 31, 2011	Additions	Deductions	Balance December 31, 2012
<b>Performance Bonds Fund</b>				
Restricted Assets:				
Cash and Cash Equivalents	\$29,991	\$34,281	(\$25,211)	\$39,061
Total Assets	<u>\$29,991</u>	<u>\$34,281</u>	<u>(\$25,211)</u>	<u>\$39,061</u>
Liabilities:				
Due to Others	\$29,991	\$34,281	(\$25,211)	\$39,061
Total Liabilities	<u>\$29,991</u>	<u>\$34,281</u>	<u>(\$25,211)</u>	<u>\$39,061</u>
<b>Law Library Fund</b>				
Assets:				
Accounts Receivable	\$18,614	\$25,712	(\$18,614)	\$25,712
Restricted Assets:				
Cash and Cash Equivalents	2,248	40,571	(39,493)	3,326
Total Assets	<u>\$20,862</u>	<u>\$66,283</u>	<u>(\$58,107)</u>	<u>\$29,038</u>
Liabilities:				
Due to Others	\$20,862	\$66,283	(\$58,107)	\$29,038
Total Liabilities	<u>\$20,862</u>	<u>\$66,283</u>	<u>(\$58,107)</u>	<u>\$29,038</u>
<b>Ohio Board of Building Standards Fund</b>				
Restricted Assets:				
Cash and Cash Equivalents	\$729	\$1,474	\$0	\$2,203
Total Assets	<u>\$729</u>	<u>\$1,474</u>	<u>\$0</u>	<u>\$2,203</u>
Liabilities:				
Due to Others	\$729	\$1,474	\$0	\$2,203
Total Liabilities	<u>\$729</u>	<u>\$1,474</u>	<u>\$0</u>	<u>\$2,203</u>
<b>Municipal Court Fund</b>				
Assets:				
Accounts Receivable	\$453,702	\$433,397	(\$453,702)	\$433,397
Restricted Assets:				
Cash and Cash Equivalents	76,235	2,679,018	(2,688,650)	66,603
Total Assets	<u>\$529,937</u>	<u>\$3,112,415</u>	<u>(\$3,142,352)</u>	<u>\$500,000</u>
Liabilities:				
Intergovernmental Payables	\$34,362	\$657,547	(\$651,859)	\$40,050
Due to Others	495,575	2,454,868	(2,490,493)	459,950
Total Liabilities	<u>\$529,937</u>	<u>\$3,112,415</u>	<u>(\$3,142,352)</u>	<u>\$500,000</u>

(Continued)

**CITY OF PORTSMOUTH, OHIO**

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***Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2012***

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	Balance December 31, 2011	Additions	Deductions	Balance December 31, 2012
<b>Totals - All Agency Funds</b>				
Assets:				
Accounts Receivable	\$472,316	\$459,109	(\$472,316)	\$459,109
Restricted Assets:				
Cash and Cash Equivalents	109,203	2,755,344	(2,753,354)	111,193
Total Assets	<u>\$581,519</u>	<u>\$3,214,453</u>	<u>(\$3,225,670)</u>	<u>\$570,302</u>
Liabilities:				
Intergovernmental Payables	\$34,362	\$657,547	(\$651,859)	\$40,050
Due to Others	547,157	2,556,906	(2,573,811)	530,252
Total Liabilities	<u>\$581,519</u>	<u>\$3,214,453</u>	<u>(\$3,225,670)</u>	<u>\$570,302</u>

# *STATISTICAL SECTION*

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## ***STATISTICAL TABLES***

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This part of the City’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.

### ***Contents***

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<b>Financial Trends</b>	S 2 – S 11
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.	
<b>Revenue Capacity</b>	S 12 – S 15
These schedules contain information to help the reader understand and assess the factors affecting the City’s ability to generate its most significant local revenue sources, which the income tax.	
<b>Debt Capacity</b>	S 16 – S 25
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.	
<b>Economic and Demographic Information</b>	S 26 – S 29
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
<b>Operating Information</b>	S 30 – S 35
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the district provides and the activities it performs.	
<b>Sources Note:</b>	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.	

## *City of Portsmouth*

*Net Position by Component  
Last Ten Years  
(accrual basis of accounting)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Governmental Activities:</b>			
Net Investment in Capital Assets	\$8,518,643	\$8,487,318	\$8,574,886
Restricted	4,490,806	4,957,419	4,497,189
Unrestricted	(527,064)	(478,200)	922,719
Total Governmental Activities Net Position	<u>\$12,482,385</u>	<u>\$12,966,537</u>	<u>\$13,994,794</u>
<b>Business-type Activities:</b>			
Net Investment in Capital Assets	\$7,868,348	\$8,634,184	\$9,498,779
Restricted	0	1,960,378	1,956,563
Unrestricted	2,779,070	478,282	636,429
Total Business-type Activities Net Position	<u>\$10,647,418</u>	<u>\$11,072,844</u>	<u>\$12,091,771</u>
<b>Primary Government:</b>			
Net Investment in Capital Assets	\$16,386,991	\$17,121,502	\$18,073,665
Restricted	4,490,806	6,917,797	6,453,752
Unrestricted	2,252,006	82	1,559,148
Total Primary Government Net Position	<u>\$23,129,803</u>	<u>\$24,039,381</u>	<u>\$26,086,565</u>

Source: City Auditor's Office

(1) Amounts adjusted as a result of a prior period adjustment.



*City of Portsmouth*

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2006	2007	2008	2009	2010	2011	2012
			(1)		(1)	
\$20,148,126	\$19,314,512	\$18,230,304	\$17,772,546	\$17,777,202	\$20,921,788	\$20,630,492
4,810,459	5,064,839	5,412,572	6,422,601	6,165,793	6,931,652	5,446,225
566,578	274,557	(445,016)	(568,870)	(1,189,432)	(2,855,991)	(1,846,035)
<u>\$25,525,163</u>	<u>\$24,653,908</u>	<u>\$23,197,860</u>	<u>\$23,626,277</u>	<u>\$22,753,563</u>	<u>\$24,997,449</u>	<u>\$24,230,682</u>
\$9,654,908	\$9,373,296	\$9,820,832	\$10,048,483	\$13,226,718	\$14,001,292	\$14,995,902
935,246	783,278	755,780	873,786	930,461	942,914	953,034
2,610,303	3,074,363	2,750,796	1,772,923	1,998,260	2,030,176	1,921,714
<u>\$13,200,457</u>	<u>\$13,230,937</u>	<u>\$13,327,408</u>	<u>\$12,695,192</u>	<u>\$16,155,439</u>	<u>\$16,974,382</u>	<u>\$17,870,650</u>
\$29,803,034	\$28,687,808	\$28,051,136	\$27,821,029	\$31,003,920	\$34,923,080	\$35,626,394
5,745,705	5,848,117	6,168,352	7,296,387	7,096,254	7,874,566	6,399,259
3,176,881	3,348,920	2,305,780	1,204,053	808,828	(825,815)	75,679
<u>\$38,725,620</u>	<u>\$37,884,845</u>	<u>\$36,525,268</u>	<u>\$36,321,469</u>	<u>\$38,909,002</u>	<u>\$41,971,831</u>	<u>\$42,101,332</u>

## City of Portsmouth

### Changes in Net Position Last Ten Years (accrual basis of accounting)

	2003	2004	2005	2006
<b>Expenses</b>				
Governmental Activities:				
Security of Persons and Property	\$6,827,105	\$6,630,365	\$6,509,505	\$7,122,782
Public Health and Welfare Services	2,625,762	2,641,865	2,861,518	3,018,275
Leisure Time Activities	80,977	80,252	118,705	107,307
Community Environment	453,348	760,350	515,633	635,785
Transportation	2,344,695	1,210,575	1,166,630	2,192,216
General Government	3,562,433	4,172,082	3,732,579	3,694,527
Interest and Fiscal Charges	150,330	150,077	75,124	101,815
<i>Total Governmental Activities Expenses</i>	<u>16,044,650</u>	<u>15,645,566</u>	<u>14,979,694</u>	<u>16,872,707</u>
Business-type Activities:				
Water	4,202,204	4,710,690	4,786,196	4,692,859
Sewer	2,263,503	2,012,912	2,205,402	2,533,086
Sanitation	1,395,465	1,212,221	1,066,267	1,100,988
Primary Care	0	0	0	1,147
<i>Total Business-type Activities Expenses</i>	<u>7,861,172</u>	<u>7,935,823</u>	<u>8,057,865</u>	<u>8,328,080</u>
<i>Total Primary Government Expenses</i>	<u>\$23,905,822</u>	<u>\$23,581,389</u>	<u>\$23,037,559</u>	<u>\$25,200,787</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$1,350,489	\$972,970	\$992,341	\$952,245
Public Health and Welfare Services	409,486	378,409	335,412	343,817
Leisure Time Activities	49,573	71,325	65,987	65,966
Community Environment	197,233	289,795	157,818	144,084
Transportation	62,690	35,534	53,201	54,013
General Government	11,403	383,009	374,925	412,112
Operating Grants and Contributions	2,804,495	3,317,742	3,428,998	3,676,237
Capital Grants and Contributions	197,450	465	0	781
<i>Total Governmental Activities Program Revenues</i>	<u>5,082,819</u>	<u>5,449,249</u>	<u>5,408,682</u>	<u>5,649,255</u>

*City of Portsmouth*

2007	2008	2009 (1)	2010	2011 (1)	2012
\$7,625,070	\$7,842,183	\$8,048,728	\$7,783,737	\$8,579,519	\$8,608,663
2,861,477	2,986,843	3,044,217	3,148,969	2,621,773	2,840,139
26,055	38,446	67,947	68,553	79,666	126,749
454,715	585,826	750,295	547,482	693,688	822,320
2,534,541	2,532,238	2,471,165	2,394,638	1,632,106	2,119,056
4,122,079	4,271,908	4,099,865	3,655,472	4,197,318	3,960,999
138,677	158,664	158,928	126,256	121,302	113,254
<u>17,762,614</u>	<u>18,416,108</u>	<u>18,641,145</u>	<u>17,725,107</u>	<u>17,925,372</u>	<u>18,591,180</u>
5,659,269	5,491,584	6,383,345	6,683,628	5,786,341	6,032,711
2,690,618	2,920,998	2,634,267	2,575,805	2,896,984	2,894,710
1,295,143	1,463,080	1,396,175	1,438,197	1,314,807	1,431,274
160,583	190,251	82,577	13,571	44,432	50,045
<u>9,805,613</u>	<u>10,065,913</u>	<u>10,496,364</u>	<u>10,711,201</u>	<u>10,042,564</u>	<u>10,408,740</u>
<u>\$27,568,227</u>	<u>\$28,482,021</u>	<u>\$29,137,509</u>	<u>\$28,436,308</u>	<u>\$27,967,936</u>	<u>\$28,999,920</u>
\$1,064,597	\$917,498	\$1,058,701	\$782,236	\$758,640	\$862,367
427,938	405,343	374,135	367,324	336,951	414,378
81,513	73,823	75,800	76,784	68,158	86,633
204,896	194,868	88,559	114,273	95,092	89,638
59,246	40,901	36,450	37,253	41,584	36,224
377,847	423,422	402,007	432,183	349,822	435,442
3,388,057	3,350,201	5,066,400	4,186,589	2,727,791	2,926,892
0	0	0	0	0	0
<u>5,604,094</u>	<u>5,406,056</u>	<u>7,102,052</u>	<u>5,996,642</u>	<u>4,378,038</u>	<u>4,851,574</u>

(continued)

## City of Portsmouth

### Changes in Net Position Last Ten Years (accrual basis of accounting)

	2003	2004	2005	2006
<b>Business-type Activities:</b>				
<b>Charges for Services</b>				
Water	4,810,736	4,739,065	5,144,913	5,559,506
Sewer	2,522,946	2,545,913	2,666,107	2,532,099
Sanitation	1,062,449	1,076,271	1,265,772	1,334,647
Primary Care	0	0	0	10,514
Capital Grants and Contributions	0	0	0	0
<i>Total Business-type Activities Program Revenues</i>	8,396,131	8,361,249	9,076,792	9,436,766
<i>Total Primary Government Program Revenues</i>	13,478,950	13,810,498	14,485,474	15,086,021
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(10,961,831)	(10,196,317)	(9,571,012)	(11,223,452)
Business-type Activities	534,959	425,426	1,018,927	1,108,686
<i>Total Primary Government Net (Expense)/Revenue</i>	(\$10,426,872)	(\$9,770,891)	(\$8,552,085)	(\$10,114,766)
<b>General Revenues and Other Changes in Net Assets</b>				
<b>Governmental Activities:</b>				
<b>Property Taxes Levied for:</b>				
(General Purposes	\$1,576,158	\$1,504,051	\$1,653,097	\$1,581,990
(Special Purposes	301,851	270,803	288,402	278,976
(Debt Service	55,621	497,443	105,023	93,208
Income Taxes	5,921,082	5,662,745	6,062,431	6,012,029
Other Local Taxes	188,158	242,771	253,264	259,561
Grants and Entitlements not Restricted to Specific Programs	2,745,257	2,368,891	1,708,788	1,646,207
Investment Earnings	47,865	41,254	144,644	343,205
Miscellaneous	154,729	92,511	383,620	175,372
Transfers	(156,180)	0	0	0
<i>Total Governmental Activities</i>	10,834,541	10,680,469	10,599,269	10,390,548
<b>Business-type Activities:</b>				
Transfers	156,180	0	0	0
<i>Total Business-type Activities</i>	156,180	0	0	0
<i>Total Primary Government</i>	\$10,990,721	\$10,680,469	\$10,599,269	\$10,390,548
<b>Change in Net Position</b>				
Governmental Activities	(\$127,290)	\$484,152	\$1,028,257	(\$832,904)
Business-type Activities	691,139	425,426	1,018,927	1,108,686
<i>Total Primary Government Change in Net Position</i>	\$563,849	\$909,578	\$2,047,184	\$275,782

Source: City Auditor's Office

(1) Amounts adjusted as a result of a prior period adjustment.

*City of Portsmouth*

2007	2008	2009 (1)	2010	2011 (1)	2012
5,641,577	5,689,761	5,497,291	6,264,595	6,008,911	6,332,121
2,639,583	2,645,697	2,620,549	2,915,708	2,943,096	3,178,003
1,322,894	1,332,278	1,417,370	1,375,636	1,369,124	1,341,395
82,039	126,946	61,011	36,409	40,166	45,259
0	231,602	0	2,761,124	500,210	408,230
<u>9,686,093</u>	<u>10,026,284</u>	<u>9,596,221</u>	<u>13,353,472</u>	<u>10,861,507</u>	<u>11,305,008</u>
15,290,187	15,432,340	16,698,273	19,350,114	15,239,545	16,156,582
(12,158,520)	(13,010,052)	(11,539,093)	(11,728,465)	(13,547,334)	(13,739,606)
(119,520)	(39,629)	(900,143)	2,642,271	818,943	896,268
<u>(\$12,278,040)</u>	<u>(\$13,049,681)</u>	<u>(\$12,439,236)</u>	<u>(\$9,086,194)</u>	<u>(\$12,728,391)</u>	<u>(\$12,843,338)</u>
\$1,742,823	\$1,681,199	\$1,774,175	\$1,735,968	\$1,596,316	\$1,465,856
344,718	320,395	336,757	331,289	326,443	300,613
150,919	233,466	755,347	638,636	154,074	147,508
6,349,696	6,686,131	6,573,256	6,705,817	6,684,933	9,620,121
266,330	288,923	343,294	279,059	296,427	330,303
2,037,424	2,183,479	1,815,651	1,707,566	2,536,309	806,287
341,030	119,544	2,347	686	44	40
204,325	176,967	635,052	274,706	251,205	302,111
(150,000)	(136,100)	(62,500)	(817,976)	0	0
<u>11,287,265</u>	<u>11,554,004</u>	<u>12,173,379</u>	<u>10,855,751</u>	<u>11,845,751</u>	<u>12,972,839</u>
150,000	136,100	62,500	817,976	0	0
<u>150,000</u>	<u>136,100</u>	<u>62,500</u>	<u>817,976</u>	<u>0</u>	<u>0</u>
<u>\$11,437,265</u>	<u>\$11,690,104</u>	<u>\$12,235,879</u>	<u>\$11,673,727</u>	<u>\$11,845,751</u>	<u>\$12,972,839</u>
(\$871,255)	(\$1,456,048)	\$634,286	(\$872,714)	(\$1,701,583)	(\$766,767)
30,480	96,471	(837,643)	3,460,247	818,943	896,268
<u>(\$840,775)</u>	<u>(\$1,359,577)</u>	<u>(\$203,357)</u>	<u>\$2,587,533</u>	<u>(\$882,640)</u>	<u>\$129,501</u>

## *City of Portsmouth*

*Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

	2003	2004	2005	2006
<b>General Fund</b>				
Nonspendable	\$0	\$0	\$0	\$0
Unassigned	0	0	0	0
Reserved	108,831	97,635	98,476	82,472
Unreserved	704,284	1,170,835	864,105	619,184
<i>Total General Fund</i>	<u>813,115</u>	<u>1,268,470</u>	<u>962,581</u>	<u>701,656</u>
<b>All Other Governmental Funds</b>				
Nonspendable	\$0	\$0	\$0	\$0
Restricted	0	0	0	0
Committed	0	0	0	0
Unassigned	0	0	0	0
Reserved	275,950	347,033	416,408	535,621
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	2,423,614	2,274,291	2,770,689	2,519,419
Capital Projects Funds	235,713	649,230	780,868	969,910
Permanent Fund	178,966	173,511	168,324	174,297
<i>Total All Other Governmental Funds</i>	<u>3,114,243</u>	<u>3,444,065</u>	<u>4,136,289</u>	<u>4,199,247</u>
<i>Total Governmental Funds</i>	<u><u>\$3,927,358</u></u>	<u><u>\$4,712,535</u></u>	<u><u>\$5,098,870</u></u>	<u><u>\$4,900,903</u></u>

Source: City Auditor's Office

(1) Amounts adjusted as a result of a prior period adjustment.

Note: The City implemented GASB 54 in 2011 which established new fund balance classifications for governmental funds.

*City of Portsmouth*

2007	2008	2009	2010	2011	2012
		(1)			
\$0	\$0	\$0	\$0	\$46,310	\$33,670
0	0	0	0	(1,704,694)	(795,901)
129,318	68,808	72,684	19,498	0	0
669,976	194,845	(217,359)	(549,541)	0	0
799,294	263,653	(144,675)	(530,043)	(1,658,384)	(762,231)
\$0	\$0	\$0	\$0	\$57,896	\$55,253
0	0	0	0	4,927,522	4,699,200
0	0	0	0	55,800	132,861
0	0	0	0	(227,741)	(102,569)
399,443	1,748,111	572,079	485,976	0	0
2,578,171	2,575,725	3,013,959	2,373,901	0	0
1,409,916	(133,202)	671,599	1,099,276	0	0
161,071	159,392	159,635	157,531	0	0
4,548,601	4,350,026	4,417,272	4,116,684	4,813,477	4,784,745
\$5,347,895	\$4,613,679	\$4,272,597	\$3,586,641	\$3,155,093	\$4,022,514

## City of Portsmouth

### Changes in Fund Balances, Governmental Funds Last Ten Years (modified accrual basis of accounting)

	2003	2004	2005	2006
<b>Revenues:</b>				
Taxes	\$7,791,325	\$8,380,980	\$8,250,795	\$8,310,392
Intergovernmental Revenues	5,463,082	5,484,792	5,123,524	5,068,076
Charges for Services	654,975	669,104	498,169	526,403
Licenses and Permits	231,125	286,046	189,102	174,978
Investment Earnings	47,865	41,254	144,644	343,205
Special Assessments	0	465	0	781
Fines and Forfeitures	994,915	1,013,920	1,138,755	1,181,478
All Other Revenue	482,914	308,498	517,542	302,800
<b>Total Revenue</b>	15,666,201	16,185,059	15,862,531	15,908,113
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	6,572,469	6,349,582	6,532,111	6,868,634
Public Health and Welfare Services	2,565,485	2,539,607	2,851,886	2,957,064
Leisure Time Activities	73,507	72,782	111,168	99,621
Community Environment	371,813	677,336	404,492	562,329
Transportation	2,292,674	1,110,311	1,117,116	1,168,987
General Government	3,403,628	3,203,359	3,277,687	3,303,143
Capital Outlay	665,748	1,275,007	985,797	1,418,055
Debt Service:				
Principal Retirement	252,306	114,002	98,607	153,071
Interest and Fiscal Charges	151,542	115,616	110,808	102,436
<b>Total Expenditures</b>	16,349,172	15,457,602	15,489,672	16,633,340
Excess (Deficiency) of Revenues Over Expenditures	(682,971)	727,457	372,859	(725,227)
<b>Other Financing Sources (Uses):</b>				
Proceeds from the Sale of Capital Assets	21,398	8,312	5,584	32,001
Other Financing Sources - Capital Leases	0	0	0	497,862
General Obligation Bonds Issued	0	65,000	0	0
Transfers In	4,106,809	545,860	101,396	18,000
Transfers Out	(4,262,989)	(545,860)	(101,396)	(18,000)
<b>Total Other Financing Sources (Uses)</b>	(134,782)	73,312	5,584	529,863
<b>Net Change in Fund Balance</b>	(\$817,753)	\$800,769	\$378,443	(\$195,364)
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	2.56%	1.54%	1.41%	1.66%

Source: City Auditor's Office

(1) Amounts adjusted as a result of a prior period adjustment.



*City of Portsmouth*

2007	2008	2009	2010	2011	2012
		(1)			
\$8,705,227	\$9,100,353	\$9,699,794	\$9,701,137	\$9,061,432	\$11,758,657
5,442,279	5,421,898	5,784,432	5,386,662	5,973,637	5,189,942
628,968	565,075	568,133	516,537	448,864	472,811
255,533	232,738	199,195	226,215	200,268	273,045
341,030	119,544	2,347	686	44	40
0	0	0	0	0	0
1,251,120	1,180,816	1,248,024	1,095,018	974,985	1,115,368
308,225	491,256	199,061	319,215	267,930	413,568
<u>16,932,382</u>	<u>17,111,680</u>	<u>17,700,986</u>	<u>17,245,470</u>	<u>16,927,160</u>	<u>19,223,431</u>
7,264,770	7,444,324	7,782,726	7,447,624	8,359,182	8,200,417
2,806,647	2,910,053	2,991,954	3,104,530	2,585,053	2,782,053
19,116	25,986	52,655	53,261	64,374	65,033
587,307	527,297	685,755	486,232	668,983	809,263
1,484,907	1,463,599	1,421,995	1,330,947	1,306,133	1,291,458
3,133,796	3,430,535	3,257,913	3,380,820	3,462,550	3,376,636
1,601,796	1,677,173	1,933,349	1,069,168	699,867	1,830,744
179,200	195,134	248,519	242,748	161,881	286,885
139,489	159,480	159,771	127,206	122,282	114,338
<u>17,217,028</u>	<u>17,833,581</u>	<u>18,534,637</u>	<u>17,242,536</u>	<u>17,430,305</u>	<u>18,756,827</u>
(284,646)	(721,901)	(833,651)	2,934	(503,145)	466,604
22,637	0	474,793	45,369	33,034	27,030
852,153	0	0	129,610	0	389,116
0	0	0	0	0	0
18,000	20,000	716,242	711,600	18,000	40,862
<u>(168,000)</u>	<u>(20,000)</u>	<u>(716,242)</u>	<u>(1,529,576)</u>	<u>(18,000)</u>	<u>(40,862)</u>
<u>724,790</u>	<u>0</u>	<u>474,793</u>	<u>(642,997)</u>	<u>33,034</u>	<u>416,146</u>
<u>\$440,144</u>	<u>(\$721,901)</u>	<u>(\$358,858)</u>	<u>(\$640,063)</u>	<u>(\$470,111)</u>	<u>\$882,750</u>
2.00%	2.12%	2.37%	2.30%	1.65%	2.35%

## *City of Portsmouth*

### *Income Tax Revenues by Source, Governmental Funds Last Ten Years*

<b>Tax year</b>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Income Tax Rate	1.40%	1.40%	1.40%	1.40%
Estimated Personal Income (in thousands)	\$451,195	\$477,896	\$484,566	\$499,328
Total Tax Collected	\$5,675,462	\$5,853,487	\$6,275,016	\$6,036,828
Income Tax Receipts				
Withholding	4,877,783	5,126,945	5,429,215	5,211,420
Percentage	85.94%	87.59%	86.52%	86.33%
Corporate	536,746	503,000	614,148	564,472
Percentage	9.46%	8.59%	9.79%	9.35%
Individuals	260,933	223,542	231,653	260,936
Percentage	4.60%	3.82%	3.69%	4.32%

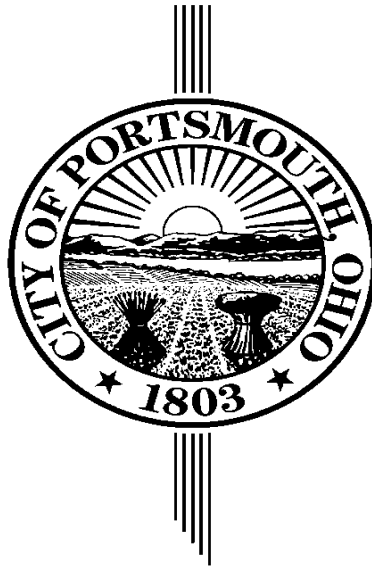
Source: City Income Tax Department

*City of Portsmouth*

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2007	2008	2009	2010	2011	2012
1.40%	1.40%	1.40%	1.40%	1.40%	2.00%
\$534,476	\$576,273	\$570,628	\$565,377	\$584,289	\$584,289
\$6,178,521	\$7,057,662	\$6,624,731	\$6,687,883	\$6,717,776	\$9,272,190
5,323,577	6,202,595	5,775,601	5,810,503	5,900,172	8,296,325
86.16%	87.89%	87.18%	86.89%	87.83%	89.48%
629,463	613,663	603,317	653,048	565,908	678,619
10.19%	8.69%	9.11%	9.76%	8.42%	7.32%
225,481	241,404	245,813	224,332	251,696	297,246
3.65%	3.42%	3.71%	3.35%	3.75%	3.20%



## *City of Portsmouth*

### *Income Tax Collections Current Year and Nine Years Ago*

#### Calendar Year 2012

Income Tax Filers	Number of Filers	Percent of Total	Taxable Income	Percent of Income	Income Tax Collections	Percent of Income
Top Ten	10	0.10%	\$222,041,601	47.89%	\$4,440,832	47.89%
All Others	9,909	99.90%	241,567,902	52.11%	4,831,358	52.11%
Total	9,919	100.00%	\$463,609,503	100.00%	\$9,272,190	100.00%

#### Calendar Year 2003

Income Tax Filers	Number of Filers	Percent of Total	Taxable Income	Percent of Income	Income Tax Collections	Percent of Income
Top Ten	10	100.00%	\$157,679,929	38.90%	\$2,207,519	38.90%
All Others	N/A	0.00%	247,710,214	61.10%	3,467,943	61.10%
Total	10	100.00%	\$405,390,143	100.00%	\$5,675,462	100.00%

Source: City Income Tax Department

N/A - Not available

## *City of Portsmouth*

### *Ratio of Outstanding Debt By Type Last Ten Years*

	2003	2004	2005	2006
<b>Governmental Activities</b> <sup>(1)</sup>				
General Obligation Bonds Payable	\$2,005,000	\$1,960,000	\$1,915,000	\$1,865,000
Bond Anticipation Notes Payable	0	65,000	44,132	22,475
Capital Leases	101,741	32,739	0	416,448
<b>Business-type Activities</b> <sup>(1)</sup>				
OWDA Loan Payable	\$0	\$0	\$0	\$0
OPWC Loan Payable	525,000	495,000	465,000	435,000
Water Refunding Revenue Bonds Payable	5,255,333	4,900,285	4,540,237	4,170,189
Capital Leases	584,615	571,921	456,278	305,421
Total Primary Government	<u>\$8,471,689</u>	<u>\$8,024,945</u>	<u>\$7,420,647</u>	<u>\$7,214,533</u>
<b>Population</b> <sup>(2)</sup>				
City of Portsmouth	20,909	20,909	20,909	20,909
Outstanding Debt Per Capita	\$405	\$384	\$355	\$345
<b>Income</b> <sup>(3)</sup>				
Personal (in thousands)	451,195	477,896	484,566	499,328
Percentage of Personal Income	1.88%	1.68%	1.53%	1.44%

**Sources:**

(1) City Auditor's Office

(2) US Bureau of Census, Population Division

(3) US Department of Commerce, Bureau of Economic Analysis

(a) Per Capita Income is only available by County, Total Personal Income is a calculation

Note: OPWC Loan Payable was restated in 2011 for a prior period adjustment.

*City of Portsmouth*

2007	2008	2009	2010	2011	2012
\$1,815,000	\$1,760,000	\$1,705,000	\$1,645,000	\$1,585,000	\$1,520,000
0	0	0	0	0	0
1,161,876	1,021,742	828,223	775,085	673,204	840,435
\$1,732,784	\$4,094,027	\$3,968,134	\$4,881,242	\$5,237,048	\$6,944,097
405,000	913,377	1,060,000	995,000	1,299,069	1,306,049
3,790,141	3,400,093	2,995,045	2,575,000	2,100,000	1,605,000
7,855,343	7,661,637	6,901,831	6,109,916	5,284,523	4,424,232
<u>\$16,760,144</u>	<u>\$18,850,876</u>	<u>\$17,458,233</u>	<u>\$16,981,243</u>	<u>\$16,178,844</u>	<u>\$16,639,813</u>
20,909	20,909	20,909	20,226	20,226	20,226
\$802	\$902	\$835	\$840	\$800	\$823
534,476	576,273	570,628	565,377	584,289	584,289
3.14%	3.27%	3.06%	3.00%	2.77%	2.85%

## *City of Portsmouth*

### *Ratios of General Bonded Debt Outstanding Last Ten Years*

Year	2003	2004	2005	2006
<b>Population</b> (1)	20,909	20,909	20,909	20,909
<b>Assessed Value</b> (2)	\$207,459,910	\$219,358,780	\$223,629,450	\$220,033,280
<b>General Bonded Debt</b> (3)				
General Obligation Bonds-Governmental	\$2,005,000	\$1,960,000	\$1,915,000	\$1,865,000
<b>Resources Available to Pay Principal</b> (4)	\$102,150	\$98,936	\$65,248	\$25,419
<b>Net General Bonded Debt</b>	\$1,902,850	\$1,861,064	\$1,849,752	\$1,839,581
<b>Ratio of Net Bonded Debt to Assessed Value</b>	0.92%	0.85%	0.83%	0.84%
<b>Net Bonded Debt per Capita</b>	\$91.01	\$89.01	\$88.47	\$87.98

**Source:**

- (1) U.S. Bureau of Census of Population
- (2) Scioto County Auditor
- (3) Includes all general obligation bonded debt.
- (4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

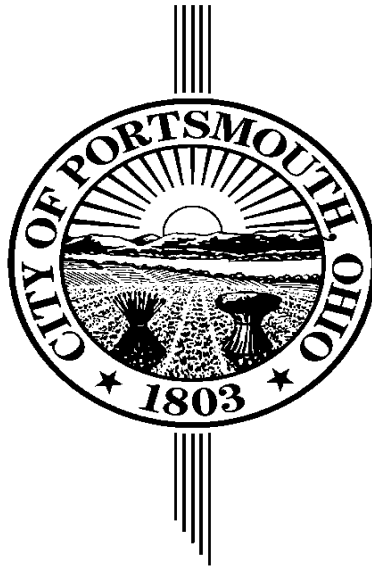


*City of Portsmouth*

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<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
20,909	20,909	20,909	20,226	20,226	20,226
\$228,185,580	\$221,748,980	\$214,886,500	\$217,525,430	\$217,525,430	\$215,298,860
\$1,815,000	\$1,760,000	\$1,705,000	\$1,645,000	\$1,585,000	\$1,520,000
\$31,275	\$32,394	\$11,191	\$40,553	\$65,065	\$80,553
\$1,783,725	\$1,727,606	\$1,693,809	\$1,604,447	\$1,519,935	\$1,439,447
0.78%	0.78%	0.79%	0.74%	0.70%	0.67%
\$85.31	\$82.62	\$81.01	\$79.33	\$75.15	\$71.17



**City of Portsmouth**

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
December 31, 2012*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Portsmouth</u>	<u>Amount Applicable to the City of Portsmouth</u>
<b>Direct:</b>			
City of Portsmouth	\$2,360,435	100.00%	\$2,360,435
<b>Overlapping:</b>			
Scioto County	11,595,258	22.29%	2,584,583
Portsmouth City School District	13,348,878	92.41%	<u>12,335,698</u>
		Subtotal	<u>14,920,281</u>
		Total	<u><u>\$17,280,716</u></u>

**Source:** Scioto County Auditor  
Portsmouth City School District

Percentages determined by dividing each overlapping subdivisions' assessed valuation within the City by the subdivisions' total assessed valuation.

## City of Portsmouth

### Debt Limitations Last Ten Years

Collection Year	2003	2004	2005	2006
<b>Total Debt</b>				
Net Assessed Valuation	\$207,459,910	\$219,358,780	\$223,629,450	\$220,033,280
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	21,783,291	23,032,672	23,481,092	23,103,494
City Debt Outstanding (2)	2,005,000	2,025,000	1,959,132	1,887,475
Less: Applicable Debt Service Fund Amounts	(102,150)	(98,936)	(65,248)	(25,419)
Net Indebtedness Subject to Limitation	<u>1,902,850</u>	<u>1,926,064</u>	<u>1,893,884</u>	<u>1,862,056</u>
Overall Legal Debt Margin	<u>\$19,880,441</u>	<u>\$21,106,608</u>	<u>\$21,587,208</u>	<u>\$21,241,438</u>
<b>Unvoted Debt</b>				
Net Assessed Valuation	\$207,459,910	\$219,358,780	\$223,629,450	\$220,033,280
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	11,410,295	12,064,733	12,299,620	12,101,830
City Debt Outstanding (2)	2,005,000	2,025,000	1,959,132	1,887,475
Less: Applicable Debt Service Fund Amounts	(102,150)	(98,936)	(65,248)	(25,419)
Net Indebtedness Subject to Limitation	<u>1,902,850</u>	<u>1,926,064</u>	<u>1,893,884</u>	<u>1,862,056</u>
Overall Legal Debt Margin	<u>\$9,507,445</u>	<u>\$10,138,669</u>	<u>\$10,405,736</u>	<u>\$10,239,774</u>

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City Debt Outstanding includes Non Self-Supporting General Obligation Bonds and Notes only.  
Enterprise Debt is not considered in the computation of the Legal Debt Margin.

Source: City Auditor's Office

*City of Portsmouth*

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2007	2008	2009	2010	2011	2012
\$228,185,580	\$221,748,980	\$214,886,500	\$217,525,430	\$217,525,430	\$215,298,860
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
23,959,486	23,283,643	22,563,083	22,840,170	22,840,170	22,606,380
1,815,000	2,440,000	2,385,000	1,645,000	1,585,000	1,520,000
(31,275)	(32,394)	(11,191)	(40,553)	(65,065)	(80,553)
<u>1,783,725</u>	<u>2,407,606</u>	<u>2,373,809</u>	<u>1,604,447</u>	<u>1,519,935</u>	<u>1,439,447</u>
<u>\$22,175,761</u>	<u>\$20,876,037</u>	<u>\$20,189,274</u>	<u>\$21,235,723</u>	<u>\$21,320,235</u>	<u>\$21,166,933</u>
\$228,185,580	\$221,748,980	\$214,886,500	\$217,525,430	\$217,525,430	\$215,298,860
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
12,550,207	12,196,194	11,818,758	11,963,899	11,963,899	11,841,437
1,815,000	2,440,000	2,385,000	1,645,000	1,585,000	1,520,000
(31,275)	(32,394)	(11,191)	(40,553)	(65,065)	(80,553)
<u>1,783,725</u>	<u>2,407,606</u>	<u>2,373,809</u>	<u>1,604,447</u>	<u>1,519,935</u>	<u>1,439,447</u>
<u>\$10,766,482</u>	<u>\$9,788,588</u>	<u>\$9,444,949</u>	<u>\$10,359,452</u>	<u>\$10,443,964</u>	<u>\$10,401,990</u>

## *City of Portsmouth*

### *Pledged Revenue Coverage Last Ten Years*

	2003	2004	2005	2006
<b>Water Mortgage Bonds (1)</b>				
Gross Revenues (2)	\$4,810,736	\$4,739,065	\$5,144,913	\$5,559,506
Direct Operating Expenses (3)	3,695,797	4,083,172	4,245,597	4,092,557
Net Revenue Available for Debt Service	1,114,939	655,893	899,316	1,466,949
Annual Debt Service Requirement	121,070	575,525	573,456	574,443
Coverage	9.21	1.14	1.57	2.55
<b>Special Assessment Bonds (4)</b>				
Special Assessment Collections	\$149,637	\$465	\$0	\$0
Debt Service				
Principal	145,000	0	0	0
Interest	7,613	0	0	0
Coverage	0.98	N/A	N/A	N/A

- (1) Water Mortgage Revenue Bonds were issued in 2001 in the amount of \$600,000. These were refunded in 2003 with the issuance of \$5,500,000 of Water Mortgage Revenue Bonds.
- (2) Gross revenues include operating revenues plus interest income.
- (3) Direct operating expenses include operating expenses less depreciation.
- (4) The Downtown Improvement Special Assessment Bonds were issued in 1994, in the amount of \$1,150,000
- (5) Amounts adjusted as a result of a prior period adjustment.

Source: City Auditor's Office

*City of Portsmouth*

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2007	2008	2009	2010	2011	2012
		(5)			
\$5,641,577	\$5,689,761	\$5,497,291	\$6,264,595	\$6,008,911	\$6,332,121
4,882,428	4,385,597	4,982,718	5,145,890	4,330,730	4,484,572
759,149	1,304,164	514,573	1,118,705	1,678,181	1,847,549
573,155	570,024	570,418	569,186	571,155	571,631
1.32	2.29	0.90	1.97	2.94	3.23
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
N/A	N/A	N/A	N/A	N/A	N/A

## *City of Portsmouth*

### *Demographic and Economic Statistics Last Ten Years*

Calendar Year	2003	2004	2005	2006	2007
<b>Population</b> <sup>(1)</sup>					
City of Portsmouth	20,909	20,909	20,909	20,909	20,909
Scioto County	79,195	79,195	79,195	79,195	79,195
<b>Income</b> <sup>(2) (a)</sup>					
Total Personal (in thousands)	451,195	477,896	484,566	499,328	534,476
Per Capita	21,579	22,856	23,175	23,881	25,562
<b>Unemployment Rate</b> <sup>(3)</sup>					
Federal	5.8%	6.0%	5.5%	4.6%	4.6%
State	5.7%	6.1%	6.0%	5.5%	5.6%
Scioto County	8.6%	9.0%	8.8%	7.6%	7.4%
<b>Civilian Work Force Estimates</b> <sup>(3)</sup>					
State	5,915,000	5,875,300	5,900,400	5,934,000	5,976,500
Scioto County	33,900	32,900	32,300	31,300	32,200

**Sources:**

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2011.

For the presentation of 2012 statistics, the City is using the latest information available.

(a) Per Capita Income is only available by County, Total Personal Income is a calculation

(3) State Department of Labor Statistics

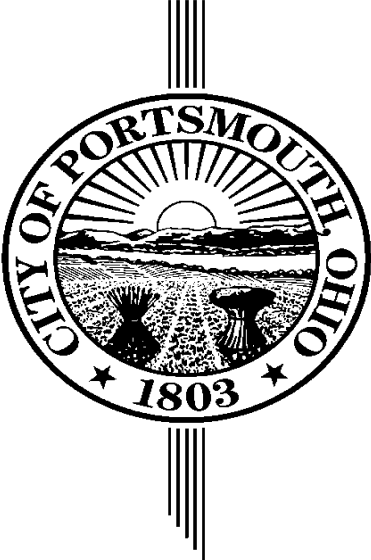


*City of Portsmouth*

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2008	2009	2010	2011	2012
20,909	20,909	20,226	20,226	20,226
79,195	79,195	79,499	79,277	79,277
576,273	570,628	565,377	584,289	584,289
27,561	27,291	27,953	28,888	28,888
5.8%	9.3%	9.6%	8.3%	8.1%
6.5%	10.2%	10.1%	7.6%	7.2%
8.3%	12.3%	12.8%	11.6%	10.7%
5,971,900	5,970,200	5,897,600	5,762,000	5,747,900
32,800	33,100	33,000	31,900	31,900



## *City of Portsmouth*

### *Principal Employers Current Year and Nine Years Ago*

Employer	Nature of Business	2012	
		Number of Employees	Rank
Southern Ohio Medical Center	Health Care Services	2,509	1
Shawnee State University	Education	1,526	2
Scioto County Offices	Government	694	3
Community Action Organization	Government / Social Services	409	4
Portsmouth City Schools	Education	404	5
State of Ohio	Government	312	6
Norfolk and Southern Railway	Railroad	301	7
City of Portsmouth	Government	263	8
OSCO Industries	Manufacturing	231	9
SOMC Medical Care Foundation	Medical	89	10
Total		<u>6,738</u>	

Employer	Nature of Business	2003	
		Number of Employees	Rank
Southern Ohio Medical Center	Health Care Services	2,367	1
Shawnee State University	Education	1,371	2
Scioto County Offices	Government	754	3
State of Ohio	Government	353	4
Portsmouth City Schools	Education	295	5
City of Portsmouth	Government	290	6
Community Action Organization	Government / Social Services	235	7
Oscos Industries	Manufacturing	220	8
Kroger	Retail Grocery	220	9
United States Enrichment Corp.	Uranium Enrichment Plant	117	10
Total		<u>6,222</u>	

**Sources:** City Auditor's Office

Total employment within the City is not available.

## *City of Portsmouth*

### *Full Time Equivalent Employees by Function Last Eight Years*

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Governmental Activities</b>				
Security of Persons and Property				
Police	46	47	46	48
Fire	39	38	43	39
Public Health and Welfare Services				
Health	33	34	35	33
General Government				
Legislative	7	7	7	7
Mayor	3	3	3	3
Finance	5	5	5	5
Legal	5	5	5	5
Court	28	28	24	23
Income Tax	3	3	3	3
Engineering	3	3	4	4
Administration	3	3	8	8
Garage	5	5	5	4
Transportation				
Streets	10	10	14	14
Cemetery Grounds	4	4	4	3
Recreational Grounds	3	3	6	6
Community Environment				
Building Inspection	3	3	3	3
Community Development	2	2	2	2
<b>Business-Type Activities</b>				
Utilities				
Water	34	33	37	39
Sewer	32	30	30	30
Sanitation	16	17	18	13
<i>Total Employees</i>	<u>284</u>	<u>283</u>	<u>302</u>	<u>292</u>

**Method:** 1.00 for each full-time, 0.50 for each part-time and 0.25 for each seasonal employee

Source: City Auditor's Office, Data is not available prior to 2005.

*City of Portsmouth*

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<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
52	52	50	44
36	39	36	37
33	30	26	28
7	6	7	7
3	3	3	3
5	4	5	5
5	5	5	5
24	25	25	25
3	3	2	2
4	3	3	2
7	6	3	3
5	6	3	3
14	15	12	14
3	3	3	3
2	2	2	2
3	2	1	1
2	1	1	1
38	36	38	38
23	22	24	24
13	11	12	13
<u>282</u>	<u>272</u>	<u>260</u>	<u>260</u>

## *City of Portsmouth*

### *Operating Indicators by Function Last Ten Years*

	2003	2004	2005	2006
<b>Governmental Activities</b>				
General Government				
Licenses and Permits				
Number of Building Permits	879	412	326	336
Security of Persons and Property				
Police				
Number of Patrol Units	32	30	27	27
Criminal/Juvenile Citations and Charges	2,291	1,946	2,346	2,202
Traffice Citations Issued	2,118	1,579	2,955	1,392
Parking Tickets Written	1,165	654	614	946
Fire				
Number of Calls Answered	763	699	683	717
Number of Fire Inspections	111	125	131	154
Number of Investigations	22	10	50	30
<b>Business-Type Activities</b>				
Water				
Number of Service Connections	14,289	14,136	14,140	13,963
Average Daily Consumption (thousands of gallons)	7M	7M	7M	7M
Maximum Daily Capacity (thousands of gallons)	12M	12M	12M	12M
Sewer				
Number of Service Connections	8,580	8,580	8,580	8,318
Average Daily Sewage Treatment (thousands of gallons)	5	5	5	5
Maximum Daily Plant Capacity (thousands of gallons)	10	10	10	10
Solid Waste				
Number of Customers Served	7,700	7,700	7,700	7,327

Source: City Auditor's Office

*City of Portsmouth*

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2007	2008	2009	2010	2011	2012
166	305	612	508	325	352
27	27	27	27	27	27
1,912	1,668	1,327	1,991	1,686	1,332
2,052	1,441	1,267	1,966	1,604	738
616	385	487	347	549	495
747	782	785	810	789	861
121	126	99	115	79	79
20	22	32	21	46	83
13,963	13,900	13,900	13,900	13,600	13,600
6M	6M	6M	6M	6M	6M
12M	12M	12M	12M	12M	12M
8,362	8,353	8,360	8,360	8,200	8,200
5	5	5	5	5	5
10	10	10	10	10	10
7,597	7,600	7,600	7,600	7,600	7,600

# City of Portsmouth

## Capital Asset Statistics by Function Last Ten Years

	2003	2004	2005	2006
<b>Governmental Activities</b>				
General Government				
Public Land and Buildings				
Land (acres)	7,680	7,680	7,680	7,680
Security of Persons and Property				
Police				
Stations	1	1	1	1
Vehicles	32	30	27	27
Fire				
Stations	3	3	3	3
Vehicles	10	10	10	10
Transportation				
Street				
Streets (lane miles)	220	220	220	220
Street Lights	1,485	1,475	1,475	1,475
Leisure Time Activities				
Recreation/Seniors				
Land (acres)	223	223	223	223
Parks	17	17	17	17
Number of Ball Fields (Lighted)	4	6	7	7
Number of Ball Fields (Unlighted)	7	5	4	4
Number of Tennis Courts (Lighted)	4	4	4	4
Number of Tennis Courts (Unlighted)	8	8	8	8
Public Health and Welfare				
Cemeteries				
Cemeteries	1	1	1	1
Land (acres)	40	40	40	40
<b>Business-Type Activities</b>				
Utilities				
Water				
Number of Filtration/Purification Plants	1	1	1	1
Waterlines (Miles)	400	400	400	400
Number of Hydrants	865	865	865	865
Sewer				
Number of Sewage Treatment Plants	2	2	2	2
Sewerlines (Miles)	30	30	30	30
Storm Water Drainage				
Storm Drains (Miles)	30	30	30	30

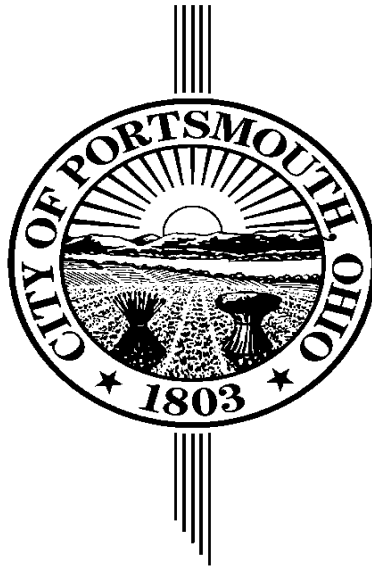
Source: City Auditor's Office



*City of Portsmouth*

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2007	2008	2009	2010	2011	2012
7,680	7,680	7,680	7,680	7,680	7,680
1	1	1	1	1	1
27	27	27	27	27	27
3	3	3	3	3	3
10	14	17	17	17	17
220	220	220	220	220	220
1,475	1,476	1,476	1,476	1,476	1,476
223	223	223	223	223	223
17	17	17	17	17	17
7	7	7	7	7	7
4	4	4	4	4	4
4	4	0	0	0	0
8	8	11	11	11	11
1	1	1	1	1	1
40	40	40	40	40	40
1	1	1	1	1	1
400	400	400	400	400	400
865	865	865	865	865	865
2	2	2	2	2	2
30	30	30	30	30	30
30	30	30	30	30	30





# Dave Yost • Auditor of State

**CITY OF PORTSMOUTH**

**SCIOTO COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 24, 2013**