



**Auditor of State  
Betty Montgomery**



CITY OF PORTSMOUTH  
SCIOTO COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Schedule of Federal Awards Expenditures.....	1
Notes to the Schedule of Federal Awards Expenditures .....	3
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	5
Independent Accountants' Report on Compliance with Requirements Applicable to Major Federal Programs and Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	7
Schedule of Findings and Questioned Costs - <i>OMB Circular A-133 §.505</i> .....	9
Schedule of Prior Audit Findings – <i>OMB Circular A-133 § .315(b)</i> .....	25
Corrective Action Plan - <i>OMB Circular A-133 §.315(c)</i> .....	26

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**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR YEAR ENDED DECEMBER 31, 2003**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Disbursements</b>
<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	A-F-02-067-1	14.228	\$ 180,864
	A-F-01-067-1	14.228	505
Total Community Development Block Grants/State's Program			<u>181,369</u>
Total U.S. Department of Housing and Urban Development			<u>181,369</u>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
<i>Passed through Office of Criminal Justice</i>			
Byrne Formula Grant Program	2002-DG-B02-7262	16.579	4,762
Local Law Enforcement Block Grant Program	2001-LB-BX-0707	16.592	14,565
	2002-LB-BX-1286	16.592	799
Total Local Law Enforcement Block Grant Program			<u>15,364</u>
<i>Direct from Federal Government</i>			
Bulletproof Vest Partnership Program	N/A	16.607	962
Public Safety Partnership and Community Policing Grants	N/A	16.710	<u>8,032</u>
Total U.S. Department of Justice			<u>29,120</u>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
<i>Passed through Ohio Department of Public Safety</i>			
State and Community Highway Safety Grant	2003-J8C-J/6	20.600	9,429
	2003-OPR-N/1	20.600	31,428
	2004-OPR-N/1	20.600	8,807
Total State and Community Highway Safety Grant			<u>49,664</u>
Total U.S. Department of Transportation			<u>49,664</u>
<b><u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u></b>			
<i>Passed through Ohio Environmental Protection Agency</i>			
Air Pollution Control Program Support	N/A	66.001	<u>169,688</u>
Total U.S. Environmental Protection Agency			<u>169,688</u>

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR YEAR ENDED DECEMBER 31, 2003  
(Continued)**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<i>Passed through Ohio Department of Health</i>			
Center for Disease Control and Prevention Investigations and Technical Assistance:			
Tobacco Prevention	73-2-001-2-CJ-02	93.283	40,086
Public Health Infrastructure	73-2-001-2-BI-04	93.283	50,504
	73-2-001-2-BI-03	93.283	<u>57,585</u>
Total Public Health Infrastructure			<u>108,089</u>
Total Center for Disease Control and Prevention Investigations and Technical Assistance			148,175
HIV Prevention Activities Health Department Based	73-2-001-CF-04	93.940	300,000
Preventive Health and Health Services Block Grant:			
Cardiovascular Health	73-2-001-2-ED-03	93.991	56,013
Injury Prevention	73-2-001-2-EE-03	93.991	<u>27,997</u>
Total Preventive Health and Health Services Block Grant			84,010
Maternal and Child Health Services Block Grant	73-2-001-1-AI-03	93.994	170,455
	73-2-001-1-MC-04	93.994	<u>98,945</u>
Total Maternal and Child Health Services Block Grant			<u>269,400</u>
Total U.S. Department of Health and Human Services			<u>801,585</u>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
<i>Passed through Ohio Emergency Management Agency</i>			
Public Assistance Grants	1453-DR-145-64304	97.036	857,953
<i>Direct from Federal Government</i>			
Assistance to Firefighters Grant	N/A	97.044	<u>118,144</u>
Total U.S. Department of Homeland Security			<u>976,097</u>
<b>Total Federal Awards Expenditures</b>			<b><u>\$ 2,207,523</u></b>

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

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

**NOTE A - BASIS OF ACCOUNTING**

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

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

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and 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. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property. At December 31, 2003, the gross amount of loans outstanding under this program was \$177,320.

**NOTE C -- MATCHING REQUIREMENTS**

Certain Federal programs require that the City contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

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## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Members of City Council:

We have 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, 2003, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 26, 2004, wherein we noted the City is experiencing certain negative financial conditions. We also noted the City adopted Governmental Accounting Standards Board Statement No. 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Questioned Costs as items 2003-001 through 2003-005. We also noted certain immaterial instances of noncompliance that we have reported to the City's management in a separate letter dated September 29, 2004.

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

In planning and performing our audit, we considered the City's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 2003-006 through 2003-008.

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider items 2003-006 and 2003-008 listed above to be material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the City's management in a separate letter dated September 29, 2004.

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



**Betty Montgomery**  
Auditor of State

September 29, 2004



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the Members of City Council:

#### Compliance

We have audited the compliance of the City of Portsmouth, Scioto County, Ohio (the City), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2003. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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 that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

As described in items 2003-009 through 2003-015 in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding period of availability, allowable costs/cost principles, and reporting that are applicable to its Maternal and Child Health Services Block Grant and the Disaster Assistance – Federal Emergency Management Agency Grant. Compliance with such requirements is necessary, in our opinion, for the City to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003.

The results of our auditing procedures also disclosed another instance of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2003-016. We also noted certain instances of noncompliance that do not require inclusion in this report that we have reported to management of the City in a separate letter dated September 29, 2004.

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### **Internal Control Over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 2003-015.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness. We also noted other matters involving the internal control over federal compliance that do not require inclusion in this report that we have reported to management of the City in a separate letter dated September 29, 2004.

### **Schedule of Federal Awards Expenditures**

We have audited the basic financial statements of the City as of and for the year ended December 31, 2003, and have issued our report thereon dated August 26, 2004, wherein we noted the City was experiencing certain financial difficulties and wherein we noted the City adopted Governmental Accounting Standards Board Statement No. 34. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, it is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



**Betty Montgomery**  
Auditor of State

September 29, 2004

CITY OF PORTSMOUTH  
SCIOTO COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2003

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<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 other reportable control weakness conditions 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 other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Qualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Maternal and Child Health Service Block Grant – CFDA #93.994 Disaster Assistance – Federal Emergency Management Agency – CFDA # 97.036
<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, 2003  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2003-001**

**Finding for Adjustment**

Ohio Rev. Code Section 1901.26(B)(1) states in pertinent part that the municipal court may determine that, for the efficient operation of the court, additional funds are necessary to acquire and pay for special projects of the court including but not limited to, the acquisition of additional facilities or the rehabilitation of existing facilities, the acquisition of equipment, the hiring and training of staff, community service programs, mediation or dispute resolution services, the employment of magistrates, the training and education of judges, acting judges, and magistrates, and other related services. Upon that determination, the court by rule may charge a fee, in addition to all other court costs, on the filing of each criminal cause, civil action or proceeding, or judgment by confession.

If the municipal court offers a special program or service in cases of a specific type, the municipal court by rule may assess an additional charge in a case of that type, over and above court costs, to cover the special program or service. The municipal court shall adjust the special assessment periodically, but not retroactively, so that the amount assessed in those cases does not exceed the actual cost of providing the service or program.

All monies collected under division (B) of this section shall be paid to the county treasurer if the court is a county-operated municipal court or the city treasurer if the court is not a county-operated municipal court for deposit into either a general special projects fund or a fund established for a specific special project. Moneys from a fund of that nature shall be disbursed upon an order of the court in an amount no greater than the actual cost to the court of a project. If a specific fund is terminated because of the discontinuance of a program or service established under division (B) of this section, the municipal court may order that moneys remaining in the fund be transferred to an account established under this division for a similar purpose.

During July, 2003, Portsmouth Municipal Court transferred \$299.37 from the Municipal Court Special Projects Fund to the Municipal Court Criminal Account to make up for the deficiency of the account balance compared to the Open Items at December 31, 2002. During August, 2003, Portsmouth Municipal Court transferred \$3,034.30 from the Municipal Court Special Projects Fund to the Municipal Court Civil Account to make up for the deficiency of the account balance compared to the Open Items at December 31, 2002. Because the court did not order these disbursements, these expenditures violate Ohio Rev. Code Section 1901.26(B)(1).

Accordingly, a Finding for Adjustment is hereby issued against the Municipal Court Criminal Account in the amount of \$299.37 in favor of the City of Portsmouth Municipal Court Special Projects Fund; and a Finding for Adjustment is hereby issued against the Municipal Court Civil Account in the amount of \$3,034.40 in favor of the City of Portsmouth Municipal Court Special Projects Fund.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 §.505  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2003-002**

**Noncompliance Citation**

Ohio Rev. Code Chapter 5705 sets forth a scheme that provides for a uniform budget and appropriation process to assure that a governmental entity expends no more than it expects to receive in revenue. While federal and state loans and grants are deemed appropriated and in the process of collection so as to be available for expenditure, they must still be recorded. (Ohio Rev. Code Section 5705.42). Thus, a mechanism is still required to account for receipt and expenditure. That mechanism is an amendment of, or a supplement to, the entity's estimated resources, or its appropriation measure, which shall comply with all provisions of law governing the taxing authority in making an original appropriation. (Ohio Rev. Code Section 5705.40). An original appropriation measure must be passed by the taxing authority, and any amendment of, or supplement to, that measure also requires legislative action. (Ohio Rev. Code Section 5705.38).

The City passed an annual appropriation resolution at the beginning of the year; however, this did not include several of the grant funds and Municipal Court funds. Instead, these funds were considered to be appropriated when received. Each of these funds, at some point in the past, was approved to be appropriated in this manner. However, the City's Charter did not address this type of approval, and thus, the City was subject to the code sections listed above.

We identified Ordinances 1995-45, 1996-36, 1996-62, 1997-69, 1997-149, 1997-198, 1998-12, and 1998-175, in which City Council effectively delegated appropriation authority to the City Auditor for certain funds.

*C. B. Transportation, Inc. v. Butler County Board of Mental Retardation* (C.P. 1979), 60 Ohio Misc. 71, 397 N.E.2d 781 citing *Burkholder v. Lauber* (1965), 6 Ohio Misc. 152 held that the board or officer whose judgment and discretion is required, was chosen because they were deemed fit and competent to exercise that judgment and discretion and unless power to substitute another in their place has been given, such board or officer cannot delegate these duties to another. Following such reasoning, a local government's governing board would be prohibited from delegating duties statutorily assigned to it, such as the ability to amend appropriations as provided for in Ohio Rev. Code Section 5705.40.

Therefore, City Council must formally appropriate these amounts and should consult with its legal counsel to take proper steps to do so. The audited budgetary statements do not include amounts City Council did not appropriate.

We recommend that the City follow the budgetary scheme of Chapter 5705 of the Revised Code and amend its appropriation measure to record these funds.

**FINDING NUMBER 2003-003**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.39 states the total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is to become 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.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 §.505  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(Continued)**

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

**FINDING NUMBER 2003-003 (Continued)**

**Noncompliance Citation – Ohio Rev. Code Section 5705.39 (Continued)**

However, the following instances were noted where appropriations did exceed estimated resources:

Fund	Date	Estimated Resources	Appropriations	Variance	% Variance
101 - General	As of May 31, 2003	\$9,524,589	\$10,177,233	\$652,644	7%
211 - Fire Pension	As of May 31, 2003	\$55,000	\$85,000	\$30,000	55%
231 - Street Maintenance	As of May 31, 2003	\$656,555	\$874,114	\$217,559	33%
211 - Fire Pension	As of Dec. 31, 2003	\$63,324	\$85,000	\$21,676	34%
231 - Street Maintenance	As of Dec. 31, 2003	\$695,697	\$874,114	\$178,417	26%
241- Environmental Grant	As of Dec. 31, 2003	\$616,198	\$693,750	\$77,552	13%

We recommend the City monitor their estimated resources versus appropriations. This should be monitored on a regular basis and whenever an amendment is being considered.

**FINDING NUMBER 2003-004**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

There were several instances noted in which expenditures exceeded appropriations. The following tables show the variances noted as of December 31, 2003. The first table shows those funds that had approved appropriations and the variances noted. The second table shows the funds that had no approved appropriations and all expenditures in those funds exceeded appropriations.

Table #1:

Fund	Description:	Appropriations	Expenditures	Encumbrances	Total	Variance	% Variance
225	Law Enforcement Trust	\$10,558	\$12,163	\$0	\$12,163	(\$1,605)	-15%
243	CDBG	\$61,890	\$193,501	\$0	\$193,501	(\$131,611)	-213%
301	Capital Improvement	\$1,034,467	\$1,879,316	\$105,408	\$1,984,724	(\$950,257)	-92%
603	WW – Surcharge	\$1,800,000	\$2,156,358	\$0	\$2,156,358	(\$356,358)	-20%
901	Performance Bonds	\$30,000	\$107,120	\$0	\$107,120	(\$77,120)	-257%



**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 §.505  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(Continued)**

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

**FINDING NUMBER 2003-004 (Continued)**

**Noncompliance Citation – Ohio Rev. Code Section 5705.41(B)(Continued)**

Table #2:

Fund	Description:	Appropriations	Expenditures	Encumbrances	Total	Variance
201	Municipal Court Grants	\$0	\$6,299	\$0	\$6,299	(\$6,299)
202	OCJS Award	\$0	\$50	\$0	\$50	(\$50)
203	Municipal Court. Spec. Projects	\$0	\$77,820	\$0	\$77,820	(\$77,820)
204	Municipal Court Probation	\$0	\$126,960	\$0	\$126,960	(\$126,960)
205	Municipal Court Programs	\$0	\$81,373	\$0	\$81,373	(\$81,373)
207	Municipal Court Computer	\$0	\$36,361	\$0	\$36,361	(\$36,361)
215	Local Law Block	\$0	\$15,819	\$0	\$15,819	(\$15,819)
217	COPS Grant	\$0	\$3,897	\$0	\$3,897	(\$3,897)
219	Indigent Drivers	\$0	\$33,427	\$0	\$33,427	(\$33,427)
221	Enforcement & Education	\$0	\$323	\$0	\$323	(\$323)
223	Mandatory Fines	\$0	\$7,500	\$0	\$7,500	(\$7,500)
252	State Grant – Health	\$0	\$773,887	\$0	\$773,887	(\$773,887)
253	Rural Aid	\$0	\$274,706	\$0	\$274,706	(\$274,706)
254	Litter Control	\$0	\$1,656	\$0	\$1,656	(\$1,656)
255	Wellness Block Grant	\$0	\$17,553	\$0	\$17,553	(\$17,553)
263	Regional HIV Prevention	\$0	\$388,645	\$0	\$388,645	(\$388,645)
605	WW CIP	\$0	\$918,040	\$0	\$918,040	(\$918,040)
803	Unclaimed Monies	\$0	\$238	\$0	\$238	(\$238)
905	Eng / 3% State Fees	\$0	\$2,356	\$0	\$2,356	(\$2,356)

We also noted similar instances of expenditures exceeding appropriations through out the year during testing.

The City Auditor should not certify the availability of funds and should deny payment requests exceeding appropriations. The City Auditor may request Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary. Failing to comply with this requirement contributed the City's current financial difficulties.

**FINDING NUMBER 2003-005**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D)(1) states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer attached that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

CITY OF PORTSMOUTH  
SCIOTO COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 §.505  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(Continued)

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

FINDING NUMBER 2003-005 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 5705.41(D)(1) (Continued)

The following exceptions to this basic requirement are provided by Ohio Rev. Code Section 5705.41 (D)(1):

Then and Now Certificate: If the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, 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 taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of the "then and now" certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$1,000 (\$3,000 after April 7,2003) for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority 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 taxing authority.

Twenty-five percent of expenditures tested were not properly certified.

We recommend the City implement policies to ensure that all purchases first have monies certified by the City Auditor before purchasing or ordering an item. We also recommend the use of a "then and now" certificate in instances of emergency or absence of proper authority. Failing to comply with this requirement contributed to the City's current financial difficulties.

FINDING NUMBER 2003-006

Material Weakness

Total cash on hand and open items should agree to the bank deposits held for these accounts. The reconciliation of these accounts should be done on a monthly basis.

The cash on hand and open items listing for the Municipal Court have not been fully reconciled to the bank balances at any time during the audit period. Failure to reconcile on a monthly basis in the past has resulted in unexplained variances in these reconciliations. At year end, the Court's bank balances were greater than total cash on hand and open items.

The reconciled bank balances at December 31, 2003 for the Criminal Division was \$80 more than total deposits on hand and open items. For the Civil Division, the reconciled bank balances was \$2,130 more than total deposits on hand and open items.

We recommend the Clerk of Courts investigate and resolve the variances between the reconciled bank balances and the total cash on hand and open items as of December 31, 2003. We also recommend these be reconciled on monthly to ensure that variances from one month are not carried forward to the next month so that cash on hand and open items agree to the bank deposits held for these accounts.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 §.505  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(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 2003-007**

**Reportable Condition**

Estimated receipts and appropriations should be posted to the accounting system so that they reflect approved amounts per the Certificate of Estimated Resources and the Appropriation Ordinance.

We noted several discrepancies between the approved amounts and the amounts entered into the system for various funds tested. This could result in misstatement in the City's budgetary statements and inaccurate information upon which Council and the Auditor rely to make financial decisions.

We recommend the City Auditor post appropriations to reflect the appropriation resolutions approved by the City Council in an accurate and timely manner. We further recommend the City Auditor ensure all estimated receipts posted to the system reflect the amounts on the Certificate of Estimated Resources.

**FINDING NUMBER 2003-008**

**Material Weakness**

Testing of the Municipal Court's accounts receivables revealed that the report generated from the Court's Computer System provided for the preparation of the financial statements was dated May 3, 2004. The Court's system would not generate a report as of December 31, 2003 after that date. The Clerk of Municipal Court indicated that he planned to obtain software that would enable him to generate reports as of selected dates to remedy this situation for the future.

Additionally, a review of the report provided indicated that the receivables totaled more than \$3.8 million. The City recorded two-thirds of the amount as its collectible receivables. However there was no substantiation to support the assertion that two thirds of the receivables were collectable. We compared the receivables from the May, 2004 report provided by the Court to the receivables report dated April 16, 2003. This comparison revealed an increase of almost \$300,000. The Municipal Court's receivables have been increasing over the last couple of years. This provided an indication that the Municipal Court was not likely to collect the estimated two-thirds of the receivables.

Based on the review of the receivables amounts, an analysis was performed to determine if the Portsmouth Municipal Court's estimate of collectable receivables was reasonable. We analyzed receipts for several months to determine the amounts collected on cases from previous years. We used this analysis to develop an estimate of the amount that the Municipal Court would likely receive. We determined this amount to be only approximately ten percent of the total receivables reported in the system. This low rate of collection has resulted in lost revenues for Portsmouth Municipal Court and the City of Portsmouth which could be used to provide essential services to the citizens.

We recommend Portsmouth Municipal Court more closely monitor the Court's receivables and the collection process. The Municipal Court should analyze the receivables and determine the best method to collect all possible revenues. We further recommend Portsmouth Municipal Court consider various collection options including possibly contracting the services of a third-party collection agency. While the collection agency would retain a percentage of collected revenues, this would likely lead to increased collection and revenue for the Portsmouth Municipal Court and the City of Portsmouth.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 §.505  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(Continued)**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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<b>Finding Number</b>	2003-009
<b>CFDA Title and Number</b>	Disaster Assistance – Federal Emergency Management Agency – CFDA # 97.036
<b>Federal Award Number / Year</b>	1453-DR-145-34304 / 2003
<b>Federal Agency</b>	United States Department of Homeland Security
<b>Pass-Through Agency</b>	Ohio Emergency Management Agency

**Questioned Cost– Period of Availability**

44 C.F.R. 13.23 provided that where a funding period is specified, a grantee may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award cost authorized by the Federal awarding agency. Also, if authorized by the Federal program, unobligated balances may be carried over and charged for obligations of the subsequent funding period. 44 C.F.R. 13.3 states that “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 grantee during the same or a future period.

44 C.F.R. 206.204(c) provides that project completion deadlines are set from the date that a major disaster or emergency is declared and apply to all projects approved under State disaster assistance grants. The time period for debris clearance and emergency work is six months and the time period for permanent work is eighteen months. 44 C.F.R. 206.204(c)(2)(ii) provides that the State may extend these deadlines, based on extenuating circumstances or unusual project requirements beyond the control of the subgrantee, for an additional six months for debris clearance and emergency work and for an additional 30 months for permanent work, on a project by project basis.

The City of Portsmouth made one payment for Project Worksheet number 1049 after the end of the period of availability. This Project Worksheet was for Debris Removal. The period of availability ended six months from the date of the disaster declaration. The disaster declaration was March 14, 2003. Therefore, the end of the period of availability was September 14, 2003. The City requested a one month extension, thus making the final date of the period of availability October 14, 2003. The City paid \$66,250 on December 19, 2003 in payment of an invoice from Pike Sanitation dated November 25, 2003. Therefore, the cost was incurred after the end of the period of availability. Since the FEMA had approved to reimburse the City for 75 percent of the approved costs, \$49,688 was the federal share of this payment. Based on the fact that the cost was incurred after the end of the period of availability, the \$49,688 federal share is considered to be a federal questioned cost.

We recommend the City review the period of availability requirements for their various federal grants and ensure that obligations and payments are made in accordance with the period of availability requirements of the programs.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 §.505  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(Continued)**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)</b>
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<b>Finding Number</b>	2003-010
<b>CFDA Title and Number</b>	Disaster Assistance – Federal Emergency Management Agency – CFDA # 97.036
<b>Federal Award Number / Year</b>	1453-DR-145-34304 / 2003
<b>Federal Agency</b>	United States Department of Homeland Security
<b>Pass-Through Agency</b>	Ohio Emergency Management Agency

**Questioned Cost – Allowable Costs / Cost Principles**

44 C.F.R. Section 206.228(a)(1)(i) refers to the public assistance program, which restricts eligible direct costs for applicant-owned equipment used to perform eligible work to reasonable rates that were established under State guidelines, or if the hourly rate exceeds \$75, mandates that rates be determined on a case-by-case basis by FEMA. When local guidelines are used to establish equipment rates, reimbursement is based on those rates or rates in a Schedule of Equipment Rates published by FEMA, whichever is lower (44 C.F.R. Section 206.228(a)(1)(ii)).

The City submitted claims for reimbursement from FEMA for force account equipment charges for use of equipment in completing work on the FEMA projects resulting from the February, 2003 ice storm. These claims were submitted to FEMA on the forms provided by FEMA for use. Testing of these forms revealed that the City used rates in excess of the rates in the Schedule of Equipment Rates published by FEMA for some of the equipment. We noted that the FEMA personnel who reviewed the initial claims forms made adjustments to some of the equipment. However, additional discrepancies were noted. The use of the incorrect rates resulted in the City claiming \$2,570 too much for reimbursement for force account equipment.

Additionally, the City's Public Service Department did not maintain usage logs for the equipment used during the FEMA projects. However, the City completed Force Account Equipment Summary Records for the use of force account equipment. A review of the forms completed by the former Public Service Director revealed that the forms were completed and dated April 15, 2003, more than a month after much of the equipment was claimed to have been used. There was inadequate documentation to support the amounts submitted in the reports. As a result, force account equipment claims in the amount of \$68,928 are considered to be questioned costs.

We recommend the City more carefully review the approved rate schedules when completing the force account equipment claim forms for FEMA reimbursement. A review of the information could help to ensure that the appropriate rates are claimed. We further recommend the City maintain equipment usage logs to document the use of the various City owned equipment. Such logs would provide the documentation to substantiate force account equipment claims for reimbursement from FEMA.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 §.505  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(Continued)**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)</b>
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<b>Finding Number</b>	2003-011
<b>CFDA Title and Number</b>	Disaster Assistance – Federal Emergency Management Agency – CFDA # 97.036
<b>Federal Award Number / Year</b>	1453-DR-145-34304 / 2003
<b>Federal Agency</b>	United States Department of Homeland Security
<b>Pass-Through Agency</b>	Ohio Emergency Management Agency

**Questioned Cost – Allowable Costs / Cost Principles**

44 C.F.R. Sections 206.228(a)(2)(i)-(ii) and (a)(3)(ii) provide that a local government may use funds made available in its administrative cost allowance for necessary costs of requesting, obtaining, and administering its subgrant. No other direct or indirect costs are allowable at the subgrantee level. Ohio EMA Public Assistance Handbook Section H-5(c) states that the administrative allowance is not to be utilized to pay project costs, i.e., force account labor, equipment, contract work, etc. The administrative allowance is associated with costs for requesting, obtaining and administering the grant, purchase of office supplies, office equipment, increased audit costs, etc.

The City provided no documentation to support the proper use of the administrative cost allowance. The City received \$21,745 in administrative cost allowance during 2003. Absent documentation, there was no way to determine that the administrative cost allowance was properly expended. Therefore, the \$21,745 administrative costs are considered to be questioned costs.

We recommend the City maintain appropriate documentation to support that the administrative cost allowance was expended in accordance with applicable requirements.

<b>Finding Number</b>	2003-012
<b>CFDA Title and Number</b>	Disaster Assistance – Federal Emergency Management Agency – CFDA # 97.036
<b>Federal Award Number / Year</b>	1453-DR-145-34304 / 2003
<b>Federal Agency</b>	United States Department of Homeland Security
<b>Pass-Through Agency</b>	Ohio Emergency Management Agency

**Finding for Adjustment - Reporting**

Auditor of State Bulletin 98-013 outlines the requirements for accounting for FEMA grant projects. According to the Bulletin, the FEMA funds received as reimbursements must be reimbursed to the funds that incurred the original expenditures (before the FEMA money was received), for the approved projects. The City of Portsmouth first made the FEMA Disaster Assistance expenditures out of the various funds prior to receiving reimbursement of the Federal and State Share of the costs. When the reimbursements were received, the City incorrectly transferred the receipts to the General Fund of the City. The FEMA Federal and State reimbursements should have been transferred to the funds which made the original payments.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 §.505  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(Continued)**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)</b>
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<b>Finding Number</b>	2003-012 (Continued)
<b>CFDA Title and Number</b>	Disaster Assistance – Federal Emergency Management Agency – CFDA # 97.036
<b>Federal Award Number / Year</b>	1453-DR-145-34304 / 2003
<b>Federal Agency</b>	United States Department of Homeland Security
<b>Pass-Through Agency</b>	Ohio Emergency Management Agency

**Finding for Adjustment – Reporting (Continued)**

As a result of transferring all of the FEMA Federal and State Reimbursements to the General Fund, it was determined that the General Fund received \$152,791 that should have been reimbursed to other funds of the City including \$79,213 to the Street Maintenance Fund, \$31,830 to the Water Fund, \$3,850 to the Sewer Fund, \$6,594 to the Sanitation Fund, and \$31,304 that should have remained in the FEMA Fund for a project for which the expenditures were not yet made at December 31, 2003. During an inquiry with the City Auditor regarding the transfers made for the FEMA reimbursements, it was represented that the City Auditor's Office was not made aware of the Force Account Labor and Equipment charges associated with the FEMA projects. As a result, it was believed by the City Auditor's Office that the expenditures were indeed made from the General Fund.

Accordingly, a Finding for Adjustment is hereby issued against the General Fund of the City of Portsmouth in the amount of \$152,790.97 in favor of the Street Maintenance Fund in the amount of \$79,212.92, the Water Fund in the amount of \$31,829.68, the Sewer Fund in the amount of \$3,850, the Sanitation Fund in the amount of \$6,594.37, and the FEMA Fund in the amount of \$31,304. The City of Portsmouth recorded these adjustments to their records and the 2003 financial statements have been appropriately adjusted.

<b>Finding Number</b>	2003-013
<b>CFDA Title and Number</b>	Disaster Assistance – Federal Emergency Management Agency – CFDA # 97.036
<b>Federal Award Number / Year</b>	1453-DR-145-34304 / 2003
<b>Federal Agency</b>	United States Department of Homeland Security
<b>Pass-Through Agency</b>	Ohio Emergency Management Agency

**Noncompliance Citation - Reporting**

Ohio EMA Public Assistance Handbook G-2 states that a Quarterly Progress Report must be submitted for each quarter as long as the work is ongoing. This report shows the percent complete of each Project Worksheet (PW) and how much has been spent to date. The percent completed is based on work completed, not amounts spent. Failure to submit the Quarterly Progress Report could result in the loss of the non-federal share of the grant. This report allows the State to monitor work as it proceeds to ensure that work is being completed and highlights potential underruns and or overruns on PW's.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 §.505  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(Continued)**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)</b>
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<b>Finding Number</b>	2003-013 (Continued)
<b>CFDA Title and Number</b>	Disaster Assistance – Federal Emergency Management Agency – CFDA # 97.036
<b>Federal Award Number / Year</b>	1453-DR-145-34304 / 2003
<b>Federal Agency</b>	United States Department of Homeland Security
<b>Pass-Through Agency</b>	Ohio Emergency Management Agency

**Non Compliance Citation – Reporting (Continued)**

The City of Portsmouth did not timely complete the Quarterly Progress Reports timely. A review of the documentation provided for audit indicated that the City did not complete and file the report due December 15, 2003 until the same time as the March, 2004 report. Additionally, testing of the amounts reported on the Quarterly Progress Reports revealed instances in which the amounts included on the reports were either incorrect or improperly supported or both. Additionally, the percent complete information was based on the amounts reported as the amounts spent rather than the actual work completed. Management represented that the amounts spent was used to calculate the percent complete amounts.

We recommend the City timely complete the required reports for the FEMA program timely. Additionally, the City should properly document the amounts reported as the amounts spent to date on the Quarterly Progress Reports. The City should be able to provide documentation to support the amounts as included on the reports. We further recommend that the City not use the amounts spent as the basis for calculating the percent complete on the projects.

<b>Finding Number</b>	2003-014
<b>CFDA Title and Number</b>	Maternal and Child Health Service Block Grant – CFDA #93.994
<b>Federal Award Number / Year</b>	73-2-001-A1-03 & 73-2-001-MC-04 / 2003
<b>Federal Agency</b>	United States Department of Health and Human Services
<b>Pass-Through Agency</b>	Ohio Department of Health

**Noncompliance Citation – Allowable Costs / Cost Principles**

OMB Cost Principles Circular A-87 prescribes the cost accounting policies associated with the administration of Federal awards by local governments. Federal awards include Federal programs and cost-type contracts and may be in the form of grants, contracts, and other agreements.

The cost principles applicable to a non-Federal entity apply to all Federal awards received by the entity, regardless of whether the awards are received directly from the Federal Government or indirectly through a pass-through entity.



**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 §.505  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(Continued)**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)</b>
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<b>Finding Number</b>	2003-014 (continued)
<b>CFDA Title and Number</b>	Maternal and Child Health Service Block Grant – CFDA #93.994
<b>Federal Award Number / Year</b>	73-2-001-A1-03 & 73-2-001-MC-04 / 2003
<b>Federal Agency</b>	United States Department of Health and Human Services
<b>Pass-Through Agency</b>	Ohio Department of Health

**Noncompliance Citation – Allowable Costs / Cost Principles (Continued)**

Circular A-87 describes selected cost items, allowable and unallowable costs, and standard methodologies for calculating indirect costs rates. The general criteria affecting allowability of costs under Federal awards are:

- \* Costs must be reasonable and necessary for the performance and administration of Federal awards.
- \* Costs must be allocable to the Federal awards under the provisions of OMB's Cost Principles Circular A-87. A cost is allocable to a particular cost objective (e.g., a specific function, program, project, department, or the like) if the goods or services involved are charged or assigned to such cost objectives in accordance with relative benefits received.
- \* Costs must conform to any limitations or exclusions set forth in the circulars, Federal laws, State or local laws, sponsored agreements or other governing regulations as to types or amounts of cost items.
- \* Costs must be net of all applicable credits that result from transactions that reduce or offset direct or indirect costs. Examples of such transactions include purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments for overpayments or erroneous charges.
- \* Costs must be given consistent treatment through application of accounting principles appropriate to the circumstances. 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 was allocated to the Federal award as an indirect cost.

On May 5, 2004, the City paid \$8,769 to the State of Ohio to refund the State for balances not spent that were related to the 2002 Cardiovascular and Immunization Grants. These grants were not related to the Child and Family Health Service (CFHS) program. Due to this, the expenditure is considered an unallowable expenditure from the CFHS program.

We recommend the City ensure that all expenditures from federal grants are allowable according to the grant guidelines. We further recommend the City reimburse the CFHS program for the unallowable expenditure and file an amended Final Expenditure Report for the grant, if this expenditure was included in that report.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 §.505  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(Continued)**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)</b>
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<b>Finding Number</b>	2003-015
<b>CFDA Title and Number</b>	Maternal and Child Health Service Block Grant – CFDA #93.994
<b>Federal Award Number / Year</b>	73-2-001-A1-03 & 73-2-001-MC-04 / 2003
<b>Federal Agency</b>	United States Department of Health and Human Services
<b>Pass-Through Agency</b>	Ohio Department of Health

**Noncompliance/Material Weakness - Reporting**

There are no financial reporting requirements from the local level to the Federal government. Financial reporting at the local level is directly to Ohio Department of Health (ODH) through periodic Certified Expenditure Reports and an Annual Reconciliation Expenditure Report.

- The expenditure reports are to be submitted quarterly unless the subgrantee is directed otherwise in the RFP or Notice of Award.
- The information in the expenditure reports must correspond with the subgrantee's accounting records and supporting documentation.
- Reports of project expenditures and revenues must be on the same accounting basis (i.e., cash or accrued expenditure) as the agency's accounting system. The accounting basis used can not be changed without ODH approval.
- The periodic expenditure report must be submitted in duplicate to the ODH Grants Administration Unit within fifteen (15) calendar days following the end of the reporting period.
- The annual expenditure report must be submitted in duplicate forty-five (45) calendar days following the end of the grant year to the ODH Grants Administration Unit. (ODH GAPP Manual section 505.1, and 505 introduction)

The Certified Expenditure Reports include financial information pertaining to the program (including: current period and year to date expenditures, outstanding obligations, grant and program income receipts for the period and year to date, available cash balance, and other financial information).

The fourth quarterly (or last periodic) Certified Expenditure Report will be considered an interim final expenditure report. If the final Annual Reconciliation Expenditure Report is not received within 45 calendar days after the end of the grant year, the fourth quarterly Certified Expenditure Report will be considered as the final. (ODH GAPP Manual section 506.3)

Both the City's quarterly and the final expenditure reports did not tie to the City's accounting ledgers or the spreadsheets maintained by the Health Department. Although the City tracks all CFHS program expenditures in account 252.443, the expenditures in that account are not just federal expenditures required to be reported to the State of Ohio. It also includes expenditures from program income, Medicaid revenue, and donations received from the women's clinic. With these expenditures included in that account, the health department had no way to identify specific expenditures that were federal. Due to this, the health department had to estimate its expenditures on their quarterly and final expenditure reports.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 §.505  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(Continued)**

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

<b>Finding Number</b>	2003-015 (Continued)
<b>CFDA Title and Number</b>	Maternal and Child Health Service Block Grant – CFDA #93.994
<b>Federal Award Number / Year</b>	73-2-001-A1-03 & 73-2-001-MC-04 / 2003
<b>Federal Agency</b>	United States Department of Health and Human Services
<b>Pass-Through Agency</b>	Ohio Department of Health

**Noncompliance/Material Weakness – Reporting (Continued)**

However, the Health Department did not use a consistent manner when estimating the expenditures so the amounts reported could not be substantiated.

We noted during testing that some expenditures reported for a specific line item exceeded what was expended in account 252.443. These are listed below.

Time Period	Type of Report	Line Item	Amount Reported	Amount Spent per Expenditure Ledger	Variance
2003 Grant Year	Final	Medical Exams	\$8,250	\$7,388	\$862
2003 Grant Year	Final	Medical Supplies	50,542	44,132	6,410
January–March 2003	Quarterly	Personnel	43,688	39,138	4,550
April – June 2003	Quarterly	Personnel	41,673	41,082	591
April – June 2003	Quarterly	Other Direct Cost	31,919	26,807	5,112

We also noted the amounts reported as program income did not agree to the accounting records. These variances are noted below.

Time Period	Type of Report	Program Revenue Per Report	Program Revenue per Accounting Records	Variance
2003 Grant Year	Final	\$21,442	\$37,439	\$15,997
Oct. – Dec. 2003	Quarterly	5,129	6,644	1,515

Without proper support of expenditures and revenues reported to the State of Ohio, there is an increased risk of questioned costs. In order to decrease the incorrect reporting of federal expenditures, the expenditures should be tracked in a manner that allows one to easily identify them as a federal program expenditure. One should also be able to identify which grant period the monies are being charged against. However, the City has commingled its federal, state, and program income from the Child and Family Health Services (CFHS) Program into one fund on the City's ledgers. Due to this, it is difficult to identify which expenditures are federal. It is also difficult to determine which grant year the expenditure pertains to. Without separate identification of federal expenditures, difficulty arises in determining which expenditures are subject to federal guidelines.

We recommend the City begin tracking the federal portion of the CFHS grant in a separate fund to allow for proper tracking of expenditures. This will allow for better monitoring of expenditures and the cash balances. We also recommend the City's Health Department begin reporting to the State those expenditures supported by the City's accounting records. If an estimate must be made, we recommend documenting the method in which the estimate is calculated and consistently applying that estimate for all expenditures reported.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 §.505  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(Continued)**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)</b>
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<b>Finding Number</b>	2003-016
<b>CFDA Title and Number</b>	Community Development Block Grants/State Program – CFDA # 14.228
<b>Federal Award Number / Year</b>	A-F-02-067-1 & A-F-01-067-1 / 2003
<b>Federal Agency</b>	United States Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance Citation – Cash Management**

According to the State of Ohio Department of Development, Office of Housing and Community Partnership Financial Management Rule and Regulation Handbook, Section (A)(3)(f), the grantee must develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds. This rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within fifteen days of receipt of any funds. Lump sum draw downs are not permitted. Escrow accounts are permitted only in the case of rehabilitation of private property. For the purpose of the Fifteen Day Rule only, funds deposited into an escrow account will be considered expended, but it should be noted that funds may only be in an escrow account for 20 days.

The City maintained a balance that well exceeded the \$5,000 for the entire year in the CDBG checking account. For example, the account balance exceeded \$16,000 in the month of November, \$35,000 in September, \$19,000 in June, and \$29,000 in March. They did not expend monies that were drawn down in a timely manner to bring the balance down to the \$5,000 balance.

We recommend the City develop a cash management system to ensure compliance with the Fifteen Day Rule which relates to prompt disbursement of funds. We further recommend that the City Auditor disburse federal funds in a more timely manner in order to avoid this non-compliance.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 § .315 (b)  
FOR THE YEAR ENDED DECEMBER 31, 2003**

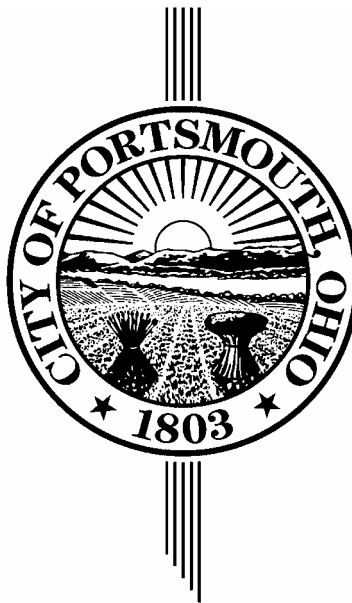
Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2002-001	Noncompliance of Ohio Rev. Code Section 5705.41(B) – Expenditures exceeding Appropriations	No	Not corrected. Repeated as Finding Number 2003-004
2002-002	Noncompliance of Ohio Rev. Code Section 5705.41 (D) – Certification of Funds	No	Not corrected. Repeated as Finding Number 2003-005
2002-003	Noncompliance Ohio Rev. Code Section 5739.02 – Finding for Recovery	Yes	
2002-004	Bank Reconciliations were not completed for Municipal Court	No	Not corrected. Repeated as Finding Number 2003-006
2002-005	Noncompliance and Reportable Condition for CDBG Program – Cash Management	No	Not corrected. Repeated as Finding Number 2003-016

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A-133 §. 315 (c)  
FOR THE YEAR ENDED DECEMBER 31, 2003**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person(s)
2003-001	Repayment has been made. The Court's system has been corrected to maintain accurate reports to prevent similar discrepancies from recurring.	Dec. 31, 2004	Municipal Court Clerk
2003-002	All funds requiring appropriations will be sent to City Council for approval on at least an annual basis.	Dec. 31, 2004	City Auditor
2003-003	Comparison of the estimated resources to appropriations will be made each time an amendment is considered.	Dec. 31, 2004	City Auditor
2003-004	The City will continue to monitor expenditures to ensure that disbursements do not exceed appropriations. All funds requiring appropriations will be sent to City Council for approval as needed and at least on an annual basis. If necessary, the City Auditor will request, or recommend the appropriate department request, the City Council to approve increased expenditure by increasing appropriations and amending resources.	Dec. 31, 2004	City Auditor
2003-005	Policies are in place to ensure that fiscal certification is received prior to purchases, contracts or other obligations of city funds. This policy will be reviewed with the Mayor and appropriate staff to regain compliance.	Dec. 31, 2004	City Auditor, Mayor, Department Heads
2003-006	The Court has corrected computer problems that have prevented compilation of accurate data.	Dec. 31, 2004	Municipal Court Clerk
2003-007	The accounting system will be updated only for approved appropriations and estimated resources.	Dec. 31, 2004	City Auditor
2003-008	The Court is reviewing policies to enhance its future efforts in collection of delinquent fines.	Dec. 31, 2004	Municipal Court Clerk
2003-009	The City will review federal guidelines to ensure compliance.	Dec. 31, 2004	Mayor, Public Service Director
2003-010	The City will review federal guidelines to ensure compliance.	Dec. 31, 2004	Mayor, Public Service Director
2003-011	The City will maintain proper support for any administrative costs for future projects.	Dec. 31, 2004	Mayor, Public Service Director
2003-012	The City has adjusted its financial records for the required adjustment.	Dec. 31, 2004	Mayor, Public Service Director
2003-013	The City will submit accurate and timely reports for any future federal projects.	Dec. 31, 2004	Mayor, Public Service Director
2003-014	The City will monitor all expenditures to ensure they are allowable per the federal guidelines.	Dec. 31, 2004	Health Commissioner
2003-015	The City will report only those expenditures supported by the City's accounting records.	Dec. 31, 2004	Health Commissioner
2003-016	The City will more closely monitor drawdowns and disbursements to ensure 15-day rule compliance.	Dec. 31, 2004	City Auditor, Com. Dev. Director

*Scioto County, Ohio*

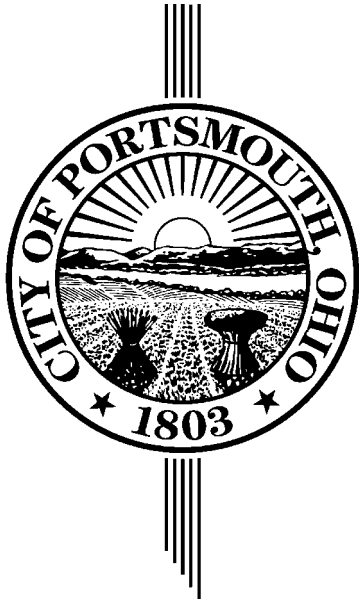


COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2003







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**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2003**

Prepared by:

***M. TRENT WILLIAMS***

*City Auditor*

***Finance Department:***

**Constance J. Snipes**  
Deputy Auditor

**Barbara A. Doyle**  
Finance Clerk II

**Jennifer E. Spriggs**  
Finance Clerk I

**Brenda D. Buffington**  
Finance Clerk I

***Income Tax Department:***

**John F. Queen**  
Tax Commissioner

**David A. Lester**  
Deputy Tax Commissioner

**Emily E. Conley**  
Finance Clerk I



TABLE OF CONTENTS

CITY OF PORTSMOUTH  
SCIOTO COUNTY, OHIO

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**I** INTRODUCTORY SECTION

**A** Letter of Transmittal .....v  
**B** List of Principal Officials .....xv  
**C** City Organizational Chart .....xvi  
**D** Certificate of Achievement for Excellence in Financial Reporting.....xvii

**II** FINANCIAL SECTION

**A** Independent Accountants' Report .....1  
**B** Management's Discussion and Analysis .....3  
**C** Basic Financial Statements:  
    Government-wide Financial Statements:  
        Statement of Net Assets .....13  
        Statement of Activities .....14  
    Fund Financial Statements:  
        *Governmental Funds:*  
            Balance Sheet .....16  
            Reconciliation of Total Governmental Fund Balances to Net Assets of  
            Governmental Activities .....17  
            Statement of Revenues, Expenditures and Changes in Fund Balances .....18  
            Reconciliation of the Statement of Revenues, Expenditures and Changes  
            in Fund Balances to the Statement of Activities .....19  
            Statement of Revenues, Expenditures and Changes in Fund Balance  
            (Budget and Actual):  
                General Fund .....20  
        *Proprietary Funds:*  
            Statement of Net Assets .....21  
            Statement of Revenues, Expenses and Changes in Fund Net Assets .....22  
            Statement of Cash Flows .....23  
        *Fiduciary Funds:*  
            Statement of Net Assets .....25  
            Statement of Changes in Net Assets .....26  
Notes to the Basic Financial Statements .....27

**D Combining and Individual Fund Statements and Schedules:**

Nonmajor Governmental Financial Statements:

Combining Balance Sheet.....62  
Combining Statement of Revenues, Expenditures and Changes in Fund  
Balances.....63  
Combining Balance Sheet – Nonmajor Special Revenue Funds .....64  
Combining Statement of Revenues, Expenditures and Changes in Fund  
Balances – Nonmajor Special Revenue Funds .....70  
Combining Balance Sheet – Nonmajor Permanent Funds.....76  
Combining Statement of Revenues, Expenditures and Changes in Fund  
Balances – Nonmajor Permanent Funds.....77

Individual Schedules of Revenues, Expenditures and Changes  
in Fund Balance (Budget and Actual):

Major Governmental Funds:

*General Fund*.....78  
*Debt Service Fund:*  
General Obligation Bond Retirement Fund.....82  
*Capital Projects Funds:*  
Capital Improvement Fund.....83

Nonmajor Governmental Funds:

*Special Revenue Funds:*  
Municipal Court Grants Fund.....84  
Ohio Criminal Justice System (OCJS) Awards - Municipal Court Fund...85  
Municipal Court Special Projects Fund.....86  
Municipal Court Probation Services Fund .....87  
Municipal Court Programs Fund .....88  
Municipal Court Computer Fund .....89  
Fire Pension Fund.....90  
Police Pension Fund .....91  
D.A.R.E. State Grant Fund.....92  
Local Law Block Grant Fund .....93  
Community Oriented Policing Services (COPS) Fast Grant Fund.....94  
Indigent Drivers Alcohol Treatment Fund .....95

Nonmajor Governmental Funds: (Continued)

Enforcement and Education Fund .....	96
Mandatory Fines Fund.....	97
Law Enforcement Fund .....	98
Street Construction, Maintenance and Repair Fund.....	99
State Highway Improvement Fund.....	100
Environmental State Grants Fund .....	101
Community Development Fund .....	102
Tourism and Cultural Development Fund.....	103
State Grant Health Fund .....	104
Rural AIDS State Grant Fund.....	106
Litter Control Grant Fund.....	107
Wellness Block Grant Fund.....	108
Federal Emergency Management Agency (FEMA) Grant Fund.....	109
Regional HIV Prevention Fund .....	110
Flood Defense Fund .....	111
Council Trust for Recreation Fund.....	112
Playground Trust Fund.....	113
 <i>Permanent Funds:</i>	
Cemetery Trust Fund.....	114
Mausoleum Trust Fund .....	115
 Internal Service Funds:	
Statement of Net Assets.....	117
Statement of Revenues, Expenses and Changes in Fund Net Assets .....	118
Statement of Cash Flows .....	119
 Fiduciary Funds – Agency Funds:	
Combining Statement of Changes in Assets and Liabilities.....	122
 Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Source.....	125
Schedule by Function and Activity.....	126
Schedule of Changes by Function and Activity.....	128

**III**

**STATISTICAL SECTION**

General Governmental Expenditures by Function - Last Ten Years ..... S 2

General Governmental Revenues by Source - Last Ten Years..... S 3

Property Tax Levies and Collections - Last Ten Years ..... S 4

Assessed Valuations and Estimated True Values of Taxable Property - Last Ten  
Years ..... S 5

Property Tax Rates - Direct and Overlapping Governments - Last Ten Years ..... S 6

Special Assessment Billings and Collections - Last Ten Years ..... S 7

Computation of Legal Debt Margin ..... S 8

Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General  
Obligation Bonded Debt Per Capita - Last Ten Years..... S 9

Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt  
to Total General Governmental Expenditures - Last Ten Years..... S 10

Computation of All Direct and Overlapping Governmental Debt..... S 11

Revenue Bond Coverage - Water Mortgage Bonds - Last Ten Years ..... S 12

Demographic Statistics - Last Ten Years ..... S 13

Property Value and Construction Permits - Last Ten Years..... S 14

Principal Taxpayers (Personal Property Tax) ..... S 15

Principal Taxpayers (Real Property and Public Utility Personal Property Tax) ..... S 16

Principal Employers ..... S 17

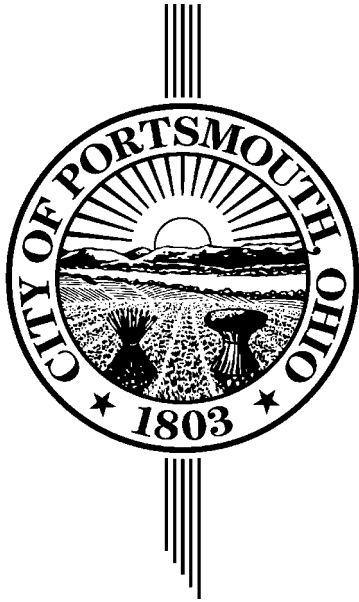
Miscellaneous Statistics..... S 18



## *INTRODUCTORY SECTION*

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# The City of Portsmouth

*"Where the Ohio and Scioto Meet"*

## Department of Finance

Municipal Building, Room 3

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

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

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State of Ohio

*M. Trent Williams, City Auditor*

August 26, 2004

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

As City Auditor, it is my pleasure to present the eighth Comprehensive Annual Financial Report (CAFR) of the City of Portsmouth, Ohio for the fiscal year ended December 31, 2003. 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 accountants' report.

### The Report

This Comprehensive Annual Financial Report (CAFR) is designed to assist and guide the reader in understanding its contents. The report is comprised of the following three major sections:

1. *The Introductory Section* includes this letter of transmittal which presents the City's organization, operational structure and accomplishments; an organizational chart; a list of elected officials; and the GFOA Certificate of Achievement.
2. *The Financial Section* contains the Independent Accountants' Report, Management's Discussion and Analysis, basic financial statements and notes that provide an overview of the City's financial position and operating results, the combining statements for nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.
3. *The Statistical Section* presents social, economic and historical data in a multi-year format useful in identifying financial trends and data relative to the fiscal capacity of the City.

## **CITY OF PORTSMOUTH, OHIO**

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### ***Letter of Transmittal***

***For the Year Ended December 31, 2003***

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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.

### **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 20,909 (2000 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, 2003*

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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 Mayor and the Solicitor are serving their second terms, and the Auditor/Treasurer his first term.

**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 three enterprise activities: water treatment and distribution, wastewater collection and treatment, and solid waste collection and disposal 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.

**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 newspaper, one weekly and one bi-weekly, 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 Medical Center 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 have been erected on the Scioto memorial Campus. SOMC has expanded its Mercy Hospital Campus with the addition of a new Dialysis Center and looks to offer alternatives to its Mercy LIFE Center fitness and rehabilitation location with similar facilities to be 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.

***Letter of Transmittal  
For the Year Ended December 31, 2003***

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**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 8.6% for the 2003 calendar year, which is substantially above the state average of 6.0% and the national average of 6.1%. While the unemployment number is high in comparison to the state and national average, it is just 0.8% higher than the 7.8% rate recorded in 2002. The state of the local economy has been improving and local initiatives are serving to promote a renewed spirit of pride in the community.

**Utilities**

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

- Electric                                      American Electric Power
- Telephone                                    Verizon
- Natural Gas                                  Columbia Gas of Ohio, Inc.

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 14,289 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 8,580 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 and the Rosemount area located in Clay Township.

Solid waste collection and disposal is operated by the City of Portsmouth providing service to approximately 7,700 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 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. Plans are in motion now to provide a visitors center to accommodate those viewing the 2000 feet of spectacular Portsmouth history.

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

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### ***Letter of Transmittal***

***For the Year Ended December 31, 2003***

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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. Firststar 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. The annual River Days Festival is held over the Labor Day weekend and draws many visitors to our area.

The cultural and recreational needs of the City have been enhanced by the 1993 formation of the Portsmouth Community Orchestra. 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 four elementary schools, one middle school and two high schools, with a total combined enrollment of approximately 2,525 students. The pupil-teacher ratio is approximately thirteen 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 five new school buildings. New facilities will include one new high school, one new middle school and three new elementary school buildings in the Portsmouth and Sciotoville areas. The bond issue will provide the local share of financing of the construction with the large majority of the costs to be paid by state school facility funds.

Higher education facilities in the area include 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.

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

---

### ***Letter of Transmittal***

***For the Year Ended December 31, 2003***

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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. Two new apartment style dormitories have been constructed at the SSU campus enabling the university to offer much needed additional student housing. Two more are currently under construction. Shawnee State enrollment is steadily growing 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, Local 1039 AFSCME, Ohio Council 8, 1039-A AFSCME Dispatchers and 1039-C Finance Department Employees. Contract periods are varied for these groups.

## **MAJOR INITIATIVES**

### **Present**

The City's largest project during 2003 was the completion of the Franklin Furnace Waterline Extension. This project was highlighted by the construction of a 12" main extending from Franklin Furnace, on the east end of the county to the end of old US Route 52, approximately 4 miles into Lawrence County, just east of Scioto County. This waterline extension provides a more adequate supply of water service to three existing major industrial sites, Sunoco (formerly Aristech), Cal Pine, Dow Chemical and Duke Energy as well as to provide service for future industrial growth being developed in the far eastern end of the county and just into Lawrence County at the site of the Haverhill Industrial Park. This is the site that will see the development of the new Sun Coke facility, now under construction.

The second largest water project item completed in the early part of 2003 was Phase III, the construction of a 24" trunk line east of the filtration plant to the Sciotoville overhead providing new water lines virtually from the west end of the city, through the entire length of the city and all the way through the east end of the county and just into Lawrence county to the east.

The City continued to make major 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. Among the major enhancements to the sewer system was the replacement of nine hundred feet of 48" storm sewer under Orizaba Lane as well as a power line replacement and transformer upgrade to the #6 pump station of the Flood Defense system.

The Public Service department has recently completed the implementation of a new system within its Sanitation division. The new system provides for the acquisition of two new side-loading, semi-automated sanitation trucks as well as providing new 96 gallon, wheeled garbage containers to each residence within the City served by the sanitation system. The City completed the construction of the



***Letter of Transmittal  
For the Year Ended December 31, 2003***

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new Offnere Street boat launching ramp to provide recreational boaters with an additional point of entry to the Ohio river. The City sold the Chillicothe Street viaduct property in 2000, that already has seen the construction of a telemarketing office, employing several hundred part-time workers. This site also will see the completion of two new restaurants by the end of summer that are currently in construction and ground is being worked at the development site for the construction of a new multi-screen movie theatre.

**Future**

The City continues its water line upgrade project by continuing replacement of various 6" lines throughout the City, systemwide meter replacements and various filtration plant enhancements. Planned improvements also include the construction of new water tanks on Sunrise Hill in the city and a water tank in the Wheelersburg area. The 900,000 gallon Sunrise tank is projected for completion by the end of August 2004 with the 500,000 gallon Wheelersburg tank to commence shortly thereafter, with design and engineering already in progress. The construction of both tanks will provide more adequate water pressure to those areas as well as enhanced fire protection service in the higher elevated areas of the City and Wheelersburg.

The Filtration plant has completed a pilot study for the MIEX (Magnetic Ion Exchange) technology that would provide for long-term, more efficient removal of disinfection by-products within the City's water system. The preliminary engineering for the MIEX system will begin in 2004 with the system projected to be in effect by the end of 2006. Several physical upgrades are planned for the plant to include repairs of concrete throughout the facility.

The Charles Street wastewater treatment plant will see continued pump, plant and 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 underway now 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. A feasibility study was begun in 2003 that will be used in the future development of an all new, modern \$25 million facility.

Renovations to the new Municipal Building annex were completed in 2001 allowing for demolition of the former Griffin Hall. The demolition was necessary for the construction of a new U.S. Grant Bridge by the State of Ohio. The modern bridge, with wider lane capacity, spanning the Ohio River from Chillicothe Street in downtown Portsmouth to South Shore, Kentucky is projected to be open in June of 2005. As the replacement of the structure with a new, state-funded steel, cable-stayed bridge takes place, the Carl Perkins Bridge, erected in 1987, just two miles west of the Grant Bridge will keep Portsmouth connected to its southern neighbor.

Currently renovations are being made to a large downtown building that will be home to a number of senior apartments. The new dormitory facilities at Shawnee State University continue to multiply. Several new businesses have begun to spring up in the downtown and Boneyfiddle districts of Portsmouth. The City has recently acquired a large building in the downtown area and plans to convert this building to its new City Hall. The project has recently completed the planning and architectural stage with plans to bring the remaining city offices together in the renovated building by 2005.

*Letter of Transmittal  
For the Year Ended December 31, 2003*

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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.

**Cash Management**

Cash management is a vital component of the City of Portsmouth's overall financial strategy. The primary objective of the City's investment activity is the preservation and protection of invested capital. The City pools its cash for maximum investment efficiency.

## **CITY OF PORTSMOUTH, OHIO**

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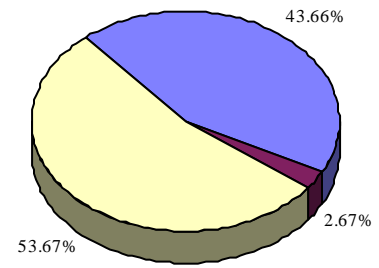
### **Letter of Transmittal For the Year Ended December 31, 2003**

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Funds are invested with member banks of the Federal Reserve System in Certificates of Deposit at the highest possible rate of interest. To avoid risk, investments are diversified and invested to ensure that funds are available at all times to provide for efficient and timely operation of City functions.

The City's cash was invested at December 31, 2003 as follows:

<u>Cash Resources</u>	<u>2003</u>	<u>%</u>
Cash and Cash Equivalents	\$2,995,797	43.66%
Certificates of Deposit	183,000	2.67%
Repurchase Agreement	3,683,351	53.67%
Total	<u>\$6,862,148</u>	<u>100.00%</u>



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.

### **Risk Management**

The City has provided bodily injury, personal injury, general liability, boiler and machinery coverage and fleet (automotive) insurance through the Portsmouth Insurance Agency. Police and fire professional liability and elected officials liability are also covered by the Portsmouth Insurance Agency.

All City employees are bonded in varying amounts dependent on the scope of their activity. Elected officials are bonded as required by Charter.

## **OTHER INFORMATION**

### **Independent Audit**

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

***Letter of Transmittal  
For the Year Ended December 31, 2003***

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**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 eighth 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.

**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. 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**

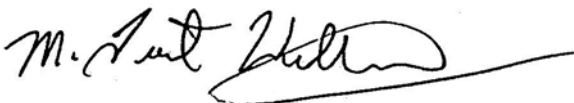
This report is the result of hard work and dedication on the part of many employees and individuals. Special thanks to David Green, Scioto County Auditor, and staff; Margaret Gordley, Scioto County Treasurer, and staff, the employees of the Portsmouth Auditor's office and all other City employees who 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.

I especially 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. By providing the funds and assistance to conform to the reporting requirements which have been established for municipal governments, the City has been able to maintain a sound financial position for many years.

Sincerely,



M. Trent Williams  
City Auditor

# CITY OF PORTSMOUTH, OHIO

## List of Principal Officials For the Year Ended December 31, 2003

Position	Name	Term of Office	Years with City	
<b>Executive</b> (Elected)				
Mayor	Gregory A. Bauer	01/07/02 - 01/01/06	8	
City Auditor	M. Trent Williams	01/03/00 - 01/04/04	5	
City Solicitor	David W. Kuhn	01/03/00 - 01/04/04	15	
<b>Legislative</b> (Elected)				
President of Council	James D. Kalb	<u>Ward</u> 4th	01/03/00 - 01/04/04	8
Vice-President of Council	Raymond E. Pyles	2nd	01/03/00 - 01/04/04	7
Member of Council	Ann S. Sydnor	1st	01/07/02 - 01/01/06	16
Member of Council	Maddeline C. Caudill	3rd	01/07/02 - 01/01/06	6
Member of Council	Howard E. Baughman	5th	01/07/02 - 01/01/06	4
Member of Council	Barbara E. Halcomb	6th	11/26/01 - 01/04/04	2
<b>Judicial</b> (Elected)				
Municipal Court Judge	Russell D. Kegley		02/03/03 - 12/31/05	1
Municipal Court Judge	Richard T. Schisler		01/01/98 - 12/31/03	24
<b>Administrative</b> (Appointed)				
Police Chief	Charles H. Horner, Jr.		Indefinite	23
Fire Chief	Robert A. Storey		Indefinite	30
Public Service Director	Clifford Wolfe III		Indefinite	3
Director of Water	Samuel J. Sutherland		Indefinite	15
Director of Waste Water	Michael D. Shaw		Indefinite	27
Community Development Director	Jennifer D. Hanlon		Indefinite	1
City Clerk	Jo Ann Aeh		Indefinite	18
Municipal Court Clerk	R. Leroy Kegley		Indefinite	25
Health Commissioner	Donald J. Walden		Indefinite	24

Executive Offices:

**Gregory A. Bauer, Mayor**  
City of Portsmouth  
728 Second Street, Room 1  
Portsmouth, Ohio 45662  
Ph: 740-354-8807 Fax: 740-354-8809  
Email: mayor@iname.com

**M. Trent Williams, Auditor**  
City of Portsmouth  
728 Second Street, Room 3  
Portsmouth, Ohio 45662  
Ph: 740-354-7751 Fax: 740-353-4583  
Email: cityauditor@mail.com

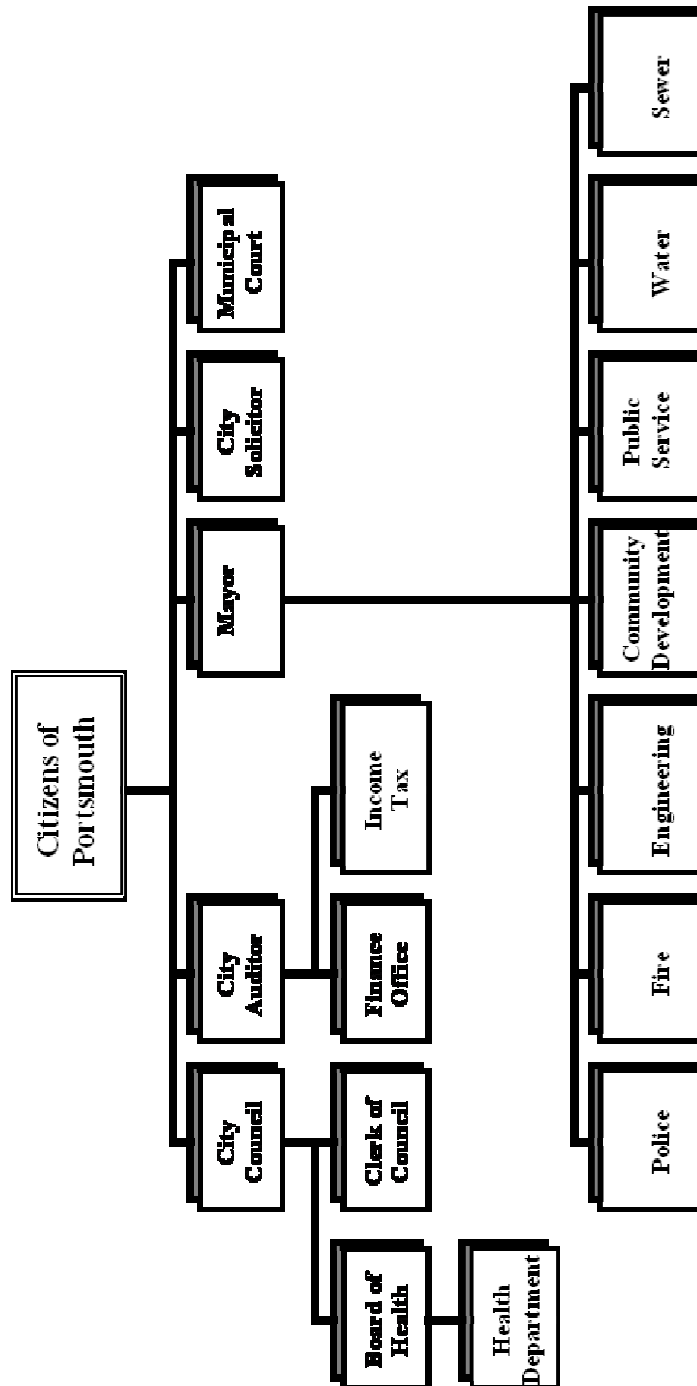
**David W. Kuhn, Solicitor**  
City of Portsmouth  
728 Second Street, Room 22  
Portsmouth, Ohio 45662  
Ph: 740-353-5229 Fax: 740-353-0136

**CITY OF PORTSMOUTH, OHIO**

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*City Organizational Chart  
For the Year Ended December 31, 2003*

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Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

City of Portsmouth,  
Ohio

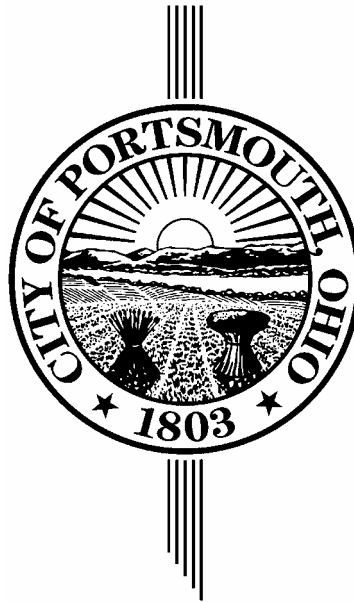
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2002

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



President

Executive Director

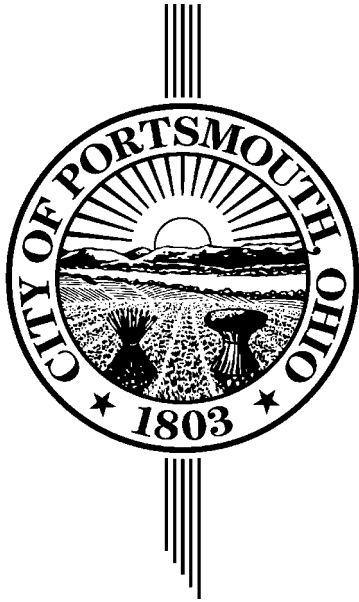




## *FINANCIAL SECTION*

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Members of City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Portsmouth, Scioto County, Ohio (the City), as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Portsmouth, Scioto County, Ohio, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 19, the City is experiencing certain negative financial conditions. Note 19, discloses those conditions and management's intended plans.

As described in Note 2, during the year ended December 31, 2003, the City implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to form opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules and statistical tables are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is 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 tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.



**Betty Montgomery**  
Auditor of State

August 26, 2004

The discussion and analysis of the City of Portsmouth's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2003. 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 2003 are as follows:

- ❑ In total, net assets increased \$563,849. Net assets of governmental activities decreased \$127,290, which represents a 1.0% decrease from 2002. Net assets of business-type activities increased \$691,139, or 6.9% from 2002.
- ❑ General revenues accounted for \$10,990,721 in revenue or 44.9% of all revenues. Program specific revenues in the form of charges for services, and grants and contributions accounted for \$13,478,950, 55.1% of total revenues of \$24,469,671.
- ❑ The City had \$16,044,650 in expenses related to governmental activities; only \$5,082,819 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$10,990,721 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$11,340,659 in revenues and other financing sources and \$11,578,811 in expenditures and other financing uses. The general fund's fund balance decreased from \$1,030,750 to \$813,115.

## **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 assets includes all of the government's assets and liabilities. 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 assets and how they have changed. Net-assets (the difference between the City's assets and liabilities) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net assets 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, and sanitation 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 Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Proprietary Funds** – Proprietary funds use the same basis of accounting as business-type activities; therefore, the Statement of Net Assets and the Statement of Activities will essentially match the fund financial statements. The proprietary fund financial statements provide separate information for the Water, Sewer, and Sanitation, all of which 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 Assets and Changes in Net Assets.

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

This is the first year for government-wide financial statements using the full accrual basis of accounting, therefore a comparison with prior year's information is not available. A comparative analysis will be provided in future years when prior year's information is available.

	Governmental Activities	Business-type Activities	Total
	2003	2003	2003
Current and other assets	\$9,482,451	\$6,277,501	\$15,759,952
Capital assets, Net	8,620,384	11,575,936	20,196,320
Total assets	18,102,835	17,853,437	35,956,272
Long-term debt outstanding	2,720,664	6,484,622	9,205,286
Other liabilities	2,899,786	721,397	3,621,183
Total liabilities	5,620,450	7,206,019	12,826,469
Net assets			
Invested in capital assets, net of related debt	8,518,643	7,868,348	16,386,991
Restricted	4,490,806	0	4,490,806
Unrestricted	(527,064)	2,779,070	2,252,006
Total net assets	\$12,482,385	\$10,647,418	\$23,129,803

**CITY OF PORTSMOUTH, OHIO****Management's Discussion and Analysis  
For the Year Ended December 31, 2003****Unaudited**

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2003:

	Governmental Activities	Business-type Activities	Total
	2003	2003	2003
Revenues			
Program revenues:			
Charges for Services and Sales	\$2,080,874	\$8,396,131	\$10,477,005
Operating Grants and Contributions	2,804,495	0	2,804,495
Capital Grants and Contributions	197,450	0	197,450
General revenues:			
Property Taxes	1,933,630	0	1,933,630
Income Taxes	5,921,082	0	5,921,082
Other Local Taxes	188,158	0	188,158
Shared Revenues	2,745,257	0	2,745,257
Investment Earnings	47,865	0	47,865
Miscellaneous	154,729	0	154,729
Total revenues	16,073,540	8,396,131	24,469,671
Program Expenses			
Security of Persons and Property	6,827,105	0	6,827,105
Public Health and Welfare Services	2,625,762	0	2,625,762
Leisure Time Activities	80,977	0	80,977
Community Environment	453,348	0	453,348
Transportation	2,344,695	0	2,344,695
General Government	3,562,433	0	3,562,433
Interest and Fiscal Charges	150,330	0	150,330
Water	0	4,202,204	4,202,204
Sewer	0	2,263,503	2,263,503
Sanitation	0	1,395,465	1,395,465
Total expenses	16,044,650	7,861,172	23,905,822
Change in Net Assets before transfers	28,890	534,959	563,849
Transfers	(156,180)	156,180	0
Total Change in Net Assets	(127,290)	691,139	563,849
Beginning Net Assets	12,609,675	9,956,279	22,565,954
Ending Net Assets	\$12,482,385	\$10,647,418	\$23,129,803

**Governmental Activities**

Net assets of the City's governmental activities decreased by \$127,290. The slight decrease in Net Assets is a result of maintaining revenues and expenses at prior year levels.

The City receives an income tax, which is based on 1.4% of all salaries, wages, commissions and other compensation and on net profits earned from those working or doing business in the City.



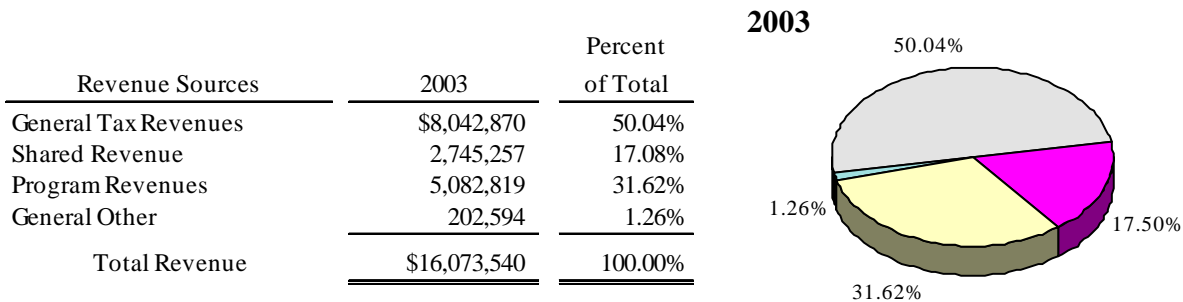
**CITY OF PORTSMOUTH, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2003**

**Unaudited**

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. In general, the overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Income taxes and property taxes made up 28.4% and 20.2% respectively of revenues for governmental activities for the City in fiscal year 2003. The City's reliance upon tax revenues is demonstrated by the following graph indicating 49.83% of total revenues from general tax revenues:



**Business-Type Activities**

Net assets of the business type activities increased by \$691,139. This increase was partially a result of rate increases of 5% for water and sewer services. The revenue increases were offset by increases in health insurance costs for employees.

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

The City's governmental funds reported a combined fund balance of \$3,927,358, which is a decrease from last year's balance of \$4,737,174. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2003 and 2002:

	Fund Balance December 31, 2003	Fund Balance December 31, 2002	Increase (Decrease)
General	\$813,115	\$1,030,750	(\$217,635)
General Obligation Bond Retirement	102,150	2,303,009	(2,200,859)
Capital Improvement	341,121	(1,504,052)	1,845,173
Other Governmental	2,670,972	2,907,467	(236,495)
<b>Total</b>	<b>\$3,927,358</b>	<b>\$4,737,174</b>	<b>(\$809,816)</b>

**CITY OF PORTSMOUTH, OHIO**

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**Management's Discussion and Analysis  
For the Year Ended December 31, 2003**

**Unaudited**

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

	2003	2002	Increase
	Revenues	Revenues	(Decrease)
Property and Other Taxes	\$6,229,377	\$6,070,703	\$158,674
Intergovernmental Revenue	1,951,316	2,107,163	(155,847)
Charges for Services	429,472	313,837	115,635
Licenses and Permits	230,950	177,004	53,946
Investment Earnings	42,427	127,460	(85,033)
Fines and Forfeitures	604,900	519,459	85,441
All Other Revenue	71,575	147,424	(75,849)
Total	<u>\$9,560,017</u>	<u>\$9,463,050</u>	<u>\$96,967</u>

General Fund revenues in 2003 increased approximately 1.0% compared to revenues in fiscal year 2002. There was no significant growth or decline in revenues from 2002 to 2003.

	2003	2002	Increase
	Expenditures	Expenditures	(Decrease)
Security of Persons and Property	\$6,258,671	\$6,053,062	\$205,609
Public Health and Welfare Services	484,252	532,519	(48,267)
Community Environment	244,410	182,586	61,824
Transportation	1,521,921	531,345	990,576
General Government	2,955,067	2,984,302	(29,235)
Total	<u>\$11,464,321</u>	<u>\$10,283,814</u>	<u>\$1,180,507</u>

General Fund expenditures increased by \$1,180,507 or 11.5% compared to the prior year primarily due to an ice storm in February which caused significant debris in the streets. The City received Federal Emergency Management Agency funds which helped cover the costs of cleaning up the debris. Much of the funds were used to contract with outside services.

*General Obligation Bond Retirement Fund* – The General Obligation Bond Retirement Fund balance decreased from \$2,303,009 to \$102,150. This \$2.2 million decrease was a result of transferring over \$2 million to the Capital Improvement Fund to retire the City's note payable.

*Capital Improvement Fund* - The Capital Improvement Fund balance increased from a deficit of \$1,504,052 to \$341,121. The \$1.5 million increase was a combination of transferring in over \$2 million to retire the City's note payable from this fund and reducing capital expenditures which were offset by the Capital Improvement Fund transferring over \$.9 million to the General Fund to cover deficit cash balances.

**CITY OF PORTSMOUTH, OHIO**

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**Management's Discussion and Analysis  
For the Year Ended December 31, 2003**

**Unaudited**

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 fiscal year 2003 the City amended its General Fund budget several times, the most significant being a \$1 million dollar increase for street clean up after an ice storm in February.

For the General Fund, final budget basis revenue of \$11,341,976 changed over the original budget estimates of \$9,500,000 because addition taxes were collected and a transfer in was made from the Capital Improvement Fund. The General Fund had an adequate fund balance to cover expenditures. The actual revenues of \$11,342,353 were not significantly different that the final budget basis revenue.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal 2003 the City had \$20,196,320 net of accumulated depreciation invested in buildings, equipment and vehicles. Of this total, \$8,620,384 was related to governmental activities and \$11,575,936 to the business-type activities. The following table shows fiscal year 2003 and 2002 balances:

	Governmental Activities		Increase (Decrease)
	2003	2002	
Land	\$612,891	\$612,891	\$0
Buildings	5,771,469	5,748,969	22,500
Improvements	2,125,765	1,931,564	194,201
Infrastructure	143,682	0	143,682
Machinery and Equipment	7,052,403	6,865,720	186,683
Less: Accumulated Depreciation	(7,085,826)	(6,431,017)	(654,809)
Totals	<u>\$8,620,384</u>	<u>\$8,728,127</u>	<u>(\$107,743)</u>

The primary increases occurred in improvements and infrastructure, which included street projects the City is involved with.

	Business-Type Activities		Increase (Decrease)
	2003	2002	
Land	\$55,424	\$55,424	\$0
Construction in Progress	21,752	7,211	14,541
Buildings	1,007,674	998,684	8,990
Improvements other than Buildings	23,411,585	22,338,588	1,072,997
Machinery and Equipment	3,097,811	2,779,094	318,717
Less: Accumulated Depreciation	(16,018,310)	(15,545,608)	(472,702)
Totals	<u>\$11,575,936</u>	<u>\$10,633,393</u>	<u>\$942,543</u>

Business type capital assets increased by \$ 942,543. The major addition was the Route 52 waterline. Additional information on the City's capital assets can be found in Note 9.

## CITY OF PORTSMOUTH, OHIO

### Management's Discussion and Analysis For the Year Ended December 31, 2003

Unaudited

#### Debt

At December 31, 2003, the City had \$2,005,000 in General Obligation Bonds outstanding, \$45,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2003 and 2002:

	2003	2002
Governmental Activities:		
Special Assessment Bond		
with Governmental Commitment	\$0	\$145,000
General Obligation Bond	2,005,000	2,050,000
Compensated Absences	613,923	605,427
Capital Leases	101,741	164,047
Total Governmental Activities	<u>\$2,720,664</u>	<u>\$2,964,474</u>
Business-Type Activities:		
Ohio Water Development Authority Loans	\$0	\$281,536
Ohio Public Works Commission Loan	525,000	562,747
General Obligation Bond	0	2,770,000
Mortgage Revenue Bond	0	594,400
Water Refunding Revenue Bond	5,255,333	0
Compensated Absences	119,674	139,062
Capital Leases	584,615	286,477
Total Business-Type Activities	<u>6,484,622</u>	<u>4,634,222</u>
Totals	<u>\$9,205,286</u>	<u>\$7,598,696</u>

During 2003, the City entered the bond market to refinance two debt issues of the water fund in addition to obtaining additional financing for water fund projects.

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, 2003, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 12.

#### ECONOMIC FACTORS

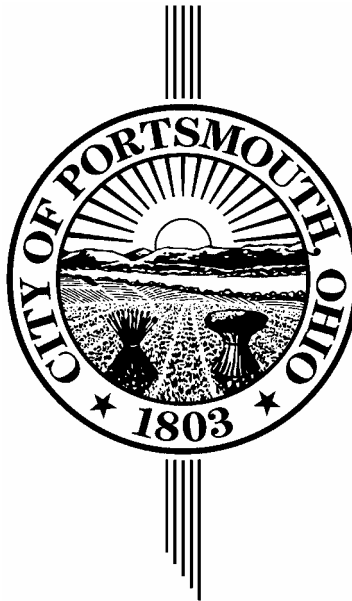
New construction is the economic theme in the City of Portsmouth. Groundbreakings around the City in 2003 produced major new construction jobs in 2004. Among the major projects in progress include five new school buildings being erected on three campuses in the downtown and Sciotoville areas that will accommodate all Portsmouth city school students from kindergarten through grade twelve. Two new United Methodist churches are being built in the downtown and Sciotoville. The Southern Ohio Medical Center continues the implementation of its long-term expansion plan with the addition of the new Cancer Center on Kinney's Lane and hospital expansion and additional doctors offices on the Scioto Memorial campus.

Other major projects within the City include student, senior and inmate housing. More and more Shawnee State University students are finding available dorm space along Third Street with the addition of two more modern student dormitories being erected by Campus View. Hillview Retirement Center continues its expansion with the addition of "Water's Edge", an independent living apartment complex scheduled to open in 2005. The Scioto County Sheriff is overseeing the development and construction of a new sheriff's office and jail at the north entrance of downtown that will provide needed jail space while keeping sheriff deputy jobs inside the City.

One particularly notable project begun in 2003 is the complete restoration of the Columbia Theatre. The historic theatre has been completely gutted and is being restored as the Columbia Music Hall and will provide an additional area entertainment venue. The downtown theatre is located adjacent to the Roy Rogers Esplanade just a few blocks from the Shawnee State University campus and is projected to open in late 2004 or by early 2005.

#### **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, City Auditor of the City of Portsmouth.



**CITY OF PORTSMOUTH, OHIO**

**Statement of Net Assets  
December 31, 2003**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 2,569,483	\$ 1,105,766	\$ 3,675,249
Receivables:			
Taxes	3,837,161	0	3,837,161
Accounts	158,188	1,769,293	1,927,481
Intergovernmental	2,332,183	0	2,332,183
Loans	177,320	0	177,320
Internal Balances	(123,322)	123,322	0
Inventory of Supplies at Cost	65,405	370,870	436,275
Prepaid Items	260,085	52,236	312,321
Deferred Charge	0	176,483	176,483
Restricted Assets:			
Cash and Cash Equivalents	205,948	2,679,531	2,885,479
Capital Assets (net of accum. dep.):			
Capital Assets Not Being Depreciated	612,891	77,176	690,067
Capital Assets Being Depreciated	8,007,493	11,498,760	19,506,253
<b>Total Assets</b>	<b>18,102,835</b>	<b>17,853,437</b>	<b>35,956,272</b>
<b>Liabilities:</b>			
Accounts Payable	137,001	234,407	371,408
Accrued Wages and Benefits	627,682	234,778	862,460
Intergovernmental Payable	13,891	5,200	19,091
Refundable Deposits	0	201,411	201,411
Deferred Revenue	2,086,400	0	2,086,400
Accrued Interest Payable	34,812	45,601	80,413
Long-term Liabilities:			
Due within one year	157,711	523,733	681,444
Due in more than one year	2,562,953	5,960,889	8,523,842
<b>Total Liabilities</b>	<b>5,620,450</b>	<b>7,206,019</b>	<b>12,826,469</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	8,518,643	7,868,348	16,386,991
Restricted For:			
Capital Projects	575,054	0	575,054
Debt Service	144,960	0	144,960
Expendable	178,966	0	178,966
Nonexpendable	26,843	0	26,843
Other Purposes	3,564,983	0	3,564,983
Unrestricted (Deficit)	(527,064)	2,779,070	2,252,006
<b>Total Net Assets</b>	<b>\$ 12,482,385</b>	<b>\$ 10,647,418</b>	<b>\$ 23,129,803</b>

See accompanying notes to the basic financial statements

**CITY OF PORTSMOUTH, OHIO**

**Statement of Activities  
For the Year Ended December 31, 2003**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Current:				
Security of Persons and Property	\$ 6,827,105	\$ 1,350,489	\$ 260,376	\$ 0
Public Health and Welfare Services	2,625,762	409,486	2,396,017	0
Leisure Time Activities	80,977	49,573	2,162	0
Community Environment	453,348	197,233	118,351	194,750
Transportation	2,344,695	62,690	0	2,700
General Government	3,562,433	11,403	27,589	0
Interest and Fiscal Charges	150,330	0	0	0
<b>Total Governmental Activities</b>	<b>16,044,650</b>	<b>2,080,874</b>	<b>2,804,495</b>	<b>197,450</b>
<b>Business-Type Activities:</b>				
Water	4,202,204	4,810,736	0	0
Sewer	2,263,503	2,522,946	0	0
Sanitation	1,395,465	1,062,449	0	0
<b>Total Business-Type Activities</b>	<b>7,861,172</b>	<b>8,396,131</b>	<b>0</b>	<b>0</b>
<b>Totals</b>	<b>\$ 23,905,822</b>	<b>\$ 10,477,005</b>	<b>\$ 2,804,495</b>	<b>\$ 197,450</b>

**General Revenues**

Property Taxes Levied for:

General Purposes

Special Purpose

Debt Service

Income Taxes

Other Local Taxes

Shared Revenues

Investment Earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Assets

Restated Net Assets Beginning of Year

Net Assets 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 Assets

Governmental Activities	Business-Type Activities	Total
\$ (5,216,240)	\$ 0	\$ (5,216,240)
179,741	0	179,741
(29,242)	0	(29,242)
56,986	0	56,986
(2,279,305)	0	(2,279,305)
(3,523,441)	0	(3,523,441)
(150,330)	0	(150,330)
<u>(10,961,831)</u>	<u>0</u>	<u>(10,961,831)</u>
0	608,532	608,532
0	259,443	259,443
0	(333,016)	(333,016)
<u>0</u>	<u>534,959</u>	<u>534,959</u>
<u>\$ (10,961,831)</u>	<u>\$ 534,959</u>	<u>\$ (10,426,872)</u>
\$ 1,576,158	\$ 0	\$ 1,576,158
301,851	0	301,851
55,621	0	55,621
5,921,082	0	5,921,082
188,158	0	188,158
2,745,257	0	2,745,257
47,865	0	47,865
154,729	0	154,729
(156,180)	156,180	0
<u>10,834,541</u>	<u>156,180</u>	<u>10,990,721</u>
(127,290)	691,139	563,849
<u>12,609,675</u>	<u>9,956,279</u>	<u>22,565,954</u>
<u>\$ 12,482,385</u>	<u>\$ 10,647,418</u>	<u>\$ 23,129,803</u>

**CITY OF PORTSMOUTH, OHIO**

**Balance Sheet  
Governmental Funds  
December 31, 2003**

	General	General Obligation Bond Retirement	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 79,445	\$ 102,150	\$ 105,408	\$ 2,202,824	\$ 2,489,827
Receivables:					
Taxes	2,666,879	558,925	333,413	277,944	3,837,161
Accounts	96,687	0	0	61,501	158,188
Intergovernmental	954,763	35,697	0	1,341,723	2,332,183
Loans	0	0	0	177,320	177,320
Due from Other Funds	0	0	0	134,970	134,970
Inventory of Supplies, at Cost	39,863	0	0	25,542	65,405
Prepaid Items	47,368	0	0	8,872	56,240
Restricted Assets:					
Cash and Cash Equivalents	0	0	0	205,948	205,948
<b>Total Assets</b>	<b>\$ 3,885,005</b>	<b>\$ 696,772</b>	<b>\$ 438,821</b>	<b>\$ 4,436,644</b>	<b>\$ 9,457,242</b>
<b>Liabilities:</b>					
Accounts Payable	\$ 59,932	\$ 0	\$ 29,785	\$ 47,284	\$ 137,001
Accrued Wages and Benefits Payable	510,634	0	0	117,048	627,682
Intergovernmental Payable	4,073	0	9,660	158	13,891
Due to Other Funds	177,244	0	0	0	177,244
Deferred Revenue	2,320,007	594,622	58,255	1,601,182	4,574,066
<b>Total Liabilities</b>	<b>3,071,890</b>	<b>594,622</b>	<b>97,700</b>	<b>1,765,672</b>	<b>5,529,884</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	21,600	0	105,408	7,135	134,143
Reserved for Prepaid Items	47,368	0	0	8,872	56,240
Reserved for Supplies Inventory	39,863	0	0	25,542	65,405
Reserved for Debt Service	0	102,150	0	0	102,150
Reserved for Endowments	0	0	0	26,843	26,843
Unreserved, Undesignated in:					
General Fund	704,284	0	0	0	704,284
Capital Projects Fund	0	0	235,713	0	235,713
Special Revenue Funds	0	0	0	2,423,614	2,423,614
Permanent Fund	0	0	0	178,966	178,966
<b>Total Fund Balances</b>	<b>813,115</b>	<b>102,150</b>	<b>341,121</b>	<b>2,670,972</b>	<b>3,927,358</b>
<b>Total Liabilities and Funds Balances</b>	<b>\$ 3,885,005</b>	<b>\$ 696,772</b>	<b>\$ 438,821</b>	<b>\$ 4,436,644</b>	<b>\$ 9,457,242</b>

See accompanying notes to the basic financial statements

**CITY OF PORTSMOUTH, OHIO**

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***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
December 31, 2003***

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**Total Governmental Fund Balances** \$ 3,927,358

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

Capital Assets used in governmental activities are not resources and therefore are not reported in the funds. 8,620,384

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. 2,487,666

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 assets. 202,453

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	(2,005,000)	
Capital Leases Payable	(101,741)	
Compensated Absences Payable	(613,923)	
Accrued Interest Payable	(34,812)	
	<u>(2,755,476)</u>	

***Net Assets of Governmental Activities*** \$12,482,385

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, 2003**

	General	General Obligation Bond Retirement	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 6,229,377	\$ 17,681	\$ 1,241,467	\$ 302,800	\$ 7,791,325
Intergovernmental Revenues	1,951,316	0	194,750	3,317,016	5,463,082
Charges for Services	429,472	0	0	225,503	654,975
Licenses and Permits	230,950	0	175	0	231,125
Investment Earnings	42,427	0	0	5,438	47,865
Fines and Forfeitures	604,900	0	0	390,015	994,915
All Other Revenue	71,575	149,751	103,821	157,767	482,914
<b>Total Revenue</b>	<b>9,560,017</b>	<b>167,432</b>	<b>1,540,213</b>	<b>4,398,539</b>	<b>15,666,201</b>
<b>Expenditures:</b>					
Current:					
Security of Persons and Property	6,258,671	0	0	313,798	6,572,469
Public Health and Welfare Services	484,252	0	0	2,081,233	2,565,485
Leisure Time Activities	0	0	0	73,507	73,507
Community Environment	244,410	0	0	127,403	371,813
Transportation	1,521,921	0	0	770,753	2,292,674
General Government	2,955,067	0	0	448,561	3,403,628
Capital Outlay	0	0	665,748	0	665,748
Debt Service:					
Principal Retirement	0	190,000	62,306	0	252,306
Interest & Fiscal Charges	0	114,291	37,251	0	151,542
<b>Total Expenditures</b>	<b>11,464,321</b>	<b>304,291</b>	<b>765,305</b>	<b>3,815,255</b>	<b>16,349,172</b>
Excess (Deficiency) of Revenues Over Expenditures	(1,904,304)	(136,859)	774,908	583,284	(682,971)
<b>Other Financing Sources (Uses):</b>					
Sale of Capital Assets	10,840	0	0	10,558	21,398
Transfers In	1,769,802	0	2,064,000	273,007	4,106,809
Transfers Out	(114,490)	(2,064,000)	(993,735)	(1,090,764)	(4,262,989)
<b>Total Other Financing Sources (Uses)</b>	<b>1,666,152</b>	<b>(2,064,000)</b>	<b>1,070,265</b>	<b>(807,199)</b>	<b>(134,782)</b>
Net Change in Fund Balances	(238,152)	(2,200,859)	1,845,173	(223,915)	(817,753)
<b>Fund Balances at Beginning of Year</b>	<b>1,030,750</b>	<b>2,303,009</b>	<b>(1,504,052)</b>	<b>2,907,467</b>	<b>4,737,174</b>
Increase (Decrease) in Inventory Reserve	20,517	0	0	(12,580)	7,937
<b>Fund Balances End of Year</b>	<b>\$ 813,115</b>	<b>\$ 102,150</b>	<b>\$ 341,121</b>	<b>\$ 2,670,972</b>	<b>\$ 3,927,358</b>

See accompanying notes to the basic financial statements

**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, 2003***

---

**Net Change in Fund Balances - Total Governmental Funds** \$ (817,753)

***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 depreciation exceeded capital outlays in the current period.

Capital Outlay	567,306	
Depreciation Expense	<u>(675,049)</u>	(107,743)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 385,941

Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Special Assessment Bonds Payable	145,000	
General Obligation Bonds Payable	45,000	
Capital Leases Payable	<u>62,306</u>	252,306

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 1,212

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	(8,496)	
Change in Inventory	<u>7,937</u>	(559)

Internal Service Funds used by management to charge the costs of insurance and use of supplies to individual funds are not reported in the statement of activities. Governmental fund expenditures and related internal service revenues are eliminated. The net revenue (expense) of the internal service funds is allocated among the governmental activities. 159,306

***Change in Net Assets of Governmental Activities*** \$ (127,290)

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, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 5,654,840	\$ 6,750,939	\$ 6,136,633	\$ (614,306)
Intergovernmental Revenue	2,000,885	2,388,725	1,924,670	(464,055)
Charges for Services	566,471	676,272	429,472	(246,800)
Licenses and Permits	167,610	200,099	231,375	31,276
Investment Earnings	141,007	168,894	42,602	(126,292)
Fines and Forfeitures	578,128	690,188	572,593	(117,595)
All Other Revenues	391,059	466,859	71,575	(395,284)
Total Revenues	<u>9,500,000</u>	<u>11,341,976</u>	<u>9,408,920</u>	<u>(1,933,056)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	6,344,575	6,374,468	6,134,721	239,747
Public Health and Welfare Services	483,241	507,347	474,543	32,804
Community Environment	227,507	251,614	240,945	10,669
Transportation	329,081	1,360,967	1,521,188	(160,221)
General Government	2,801,270	2,886,103	2,923,032	(36,929)
Total Expenditures	<u>10,185,674</u>	<u>11,380,499</u>	<u>11,294,429</u>	<u>86,070</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(685,674)	(38,523)	(1,885,509)	(1,846,986)
<b>Other Financing Sources (Uses):</b>				
Proceeds from the Sale of Capital Assets	0	0	10,840	10,840
Operating Transfers In	0	0	1,922,593	1,922,593
Operating Transfers Out	0	(114,490)	(114,490)	0
Total Other Financing Sources (Uses):	<u>0</u>	<u>(114,490)</u>	<u>1,818,943</u>	<u>1,933,433</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(685,674)	(153,013)	(66,566)	86,447
Fund Balance at Beginning of Year	40,168	40,168	40,168	0
Prior Year Encumbrances	45,875	45,875	45,875	0
Fund Balance at End of Year	<u>\$ (599,631)</u>	<u>\$ (66,970)</u>	<u>\$ 19,477</u>	<u>\$ 86,447</u>

See accompanying notes to the basic financial statements

**CITY OF PORTSMOUTH, OHIO**

**Statement of Net Assets  
Proprietary Funds  
December 31, 2003**

	Business-Type Activities Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Sanitation	Total	
<b>ASSETS</b>					
Current assets:					
Cash and Cash Equivalents	\$ 899,793	\$ 190,908	\$ 15,065	\$ 1,105,766	\$ 79,656
Accounts receivable (net of allowance for uncollectibles)	1,015,222	528,168	225,903	1,769,293	0
Due from Other Funds	31,830	3,850	6,594	42,274	0
Inventory of Supplies at Cost	353,339	16,104	1,427	370,870	0
Prepaid Items	22,410	17,601	12,225	52,236	203,845
Total current assets	<u>2,322,594</u>	<u>756,631</u>	<u>261,214</u>	<u>3,340,439</u>	<u>283,501</u>
Noncurrent assets:					
Restricted Assets:					
Cash and Cash Equivalents	2,679,531	0	0	2,679,531	0
Total restricted assets	<u>2,679,531</u>	<u>0</u>	<u>0</u>	<u>2,679,531</u>	<u>0</u>
Deferred Charges	176,483	0	0	176,483	0
Capital assets:					
Capital Assets Not Being Depreciated	63,027	14,149	0	77,176	0
Capital Assets Being Depreciated, net of acc. dep.	9,719,178	863,739	915,843	11,498,760	0
Total capital assets	<u>9,782,205</u>	<u>877,888</u>	<u>915,843</u>	<u>11,575,936</u>	<u>0</u>
Total noncurrent assets	<u>12,638,219</u>	<u>877,888</u>	<u>915,843</u>	<u>14,431,950</u>	<u>0</u>
Total assets	<u>14,960,813</u>	<u>1,634,519</u>	<u>1,177,057</u>	<u>17,772,389</u>	<u>283,501</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts Payable	50,810	168,297	15,300	234,407	0
Accrued Wages and Benefits	121,538	74,185	39,055	234,778	0
Intergovernmental Payable	0	5,200	0	5,200	0
Refundable Deposits	201,411	0	0	201,411	0
Accrued Interest Payable	45,601	0	0	45,601	0
Capital Leases Payable - Current	42,317	10,374	82,772	135,463	0
Revenue Bond Payable - Current	355,048	0	0	355,048	0
OPWC Loans Payable - Current	0	30,000	0	30,000	0
Compensated Absences Payable - Current	0	2,362	860	3,222	0
Total Current Liabilities	<u>816,725</u>	<u>290,418</u>	<u>137,987</u>	<u>1,245,130</u>	<u>0</u>
Noncurrent Liabilities:					
Capital Leases Payable	45,280	139,090	264,782	449,152	0
Revenue Bonds Payable	4,900,285	0	0	4,900,285	0
OPWC Loans Payable	0	495,000	0	495,000	0
Compensated Absences Payable	48,027	66,538	1,887	116,452	0
Total noncurrent liabilities	<u>4,993,592</u>	<u>700,628</u>	<u>266,669</u>	<u>5,960,889</u>	<u>0</u>
<b>Total Liabilities</b>	<u>5,810,317</u>	<u>991,046</u>	<u>404,656</u>	<u>7,206,019</u>	<u>0</u>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	6,571,635	728,424	568,289	7,868,348	0
Unrestricted	2,578,861	(84,951)	204,112	2,698,022	283,501
Total Net Assets	<u>\$ 9,150,496</u>	<u>\$ 643,473</u>	<u>\$ 772,401</u>	<u>\$ 10,566,370</u>	<u>\$ 283,501</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds				<u>81,048</u>	
Total Net Assets per the government-wide Statement of Net Assets				<u>\$ 10,647,418</u>	

See accompanying notes to the basic financial statements

**CITY OF PORTSMOUTH, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2003**

	Business-Type Activities				Governmental Activities - Internal Service Funds
	Enterprise Funds				
	Water	Sewer	Sanitation	Total	
<b>Operating Revenues:</b>					
Charges for Services	\$ 4,731,108	\$ 2,498,015	\$ 1,039,647	\$ 8,268,770	\$ 227,193
Other Operating Revenues	74,136	24,931	22,802	121,869	0
<b>Total Operating Revenues</b>	<b>4,805,244</b>	<b>2,522,946</b>	<b>1,062,449</b>	<b>8,390,639</b>	<b>227,193</b>
<b>Operating Expenses:</b>					
Personal Services	2,350,793	1,401,858	798,606	4,551,257	0
Contractual Services	660,919	672,884	359,593	1,693,396	0
Materials and Supplies	684,085	120,981	194,383	999,449	4,114
Depreciation	363,019	76,156	54,351	493,526	0
<b>Total Operating Expenses</b>	<b>4,058,816</b>	<b>2,271,879</b>	<b>1,406,933</b>	<b>7,737,628</b>	<b>4,114</b>
<b>Operating Income (Loss)</b>	<b>746,428</b>	<b>251,067</b>	<b>(344,484)</b>	<b>653,011</b>	<b>223,079</b>
<b>Non-Operating Revenue (Expenses):</b>					
Interest Income	5,492	0	0	5,492	0
Interest and Fiscal Charges	(176,233)	(10,910)	(174)	(187,317)	0
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(170,741)</b>	<b>(10,910)</b>	<b>(174)</b>	<b>(181,825)</b>	<b>0</b>
<b>Income(Loss) Before Operating Transfers</b>	<b>575,687</b>	<b>240,157</b>	<b>(344,658)</b>	<b>471,186</b>	<b>223,079</b>
<b>Transfers:</b>					
Transfers In	81,830	117,756	6,594	206,180	0
Transfers Out	0	(50,000)	0	(50,000)	0
<b>Total Operating Transfers</b>	<b>81,830</b>	<b>67,756</b>	<b>6,594</b>	<b>156,180</b>	<b>0</b>
<b>Change in Net Assets</b>	<b>657,517</b>	<b>307,913</b>	<b>(338,064)</b>	<b>627,366</b>	<b>223,079</b>
Net Assets Beginning of Year	8,492,979	335,560	1,110,465	9,939,004	60,422
<b>Net Assets End of Year</b>	<b>\$ 9,150,496</b>	<b>\$ 643,473</b>	<b>\$ 772,401</b>	<b>\$ 10,566,370</b>	<b>\$ 283,501</b>
Change in Net Assets - Total Enterprise Funds				627,366	
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds				63,773	
Change in Net Assets - Total Enterprise Funds				<u>\$ 691,139</u>	

See accompanying notes to the basic financial statements



**CITY OF PORTSMOUTH, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2003**

	Business-Type Activities				Governmental -Activities Internal Service Funds
	Enterprise Funds				
	Water	Sewer	Sanitation	Total	
<u>Cash Flows from Operating Activities:</u>					
Cash Received from Customers	\$4,702,295	\$2,501,769	\$1,058,186	\$8,262,250	\$227,193
Cash Payments for Goods and Services	(1,327,716)	(651,613)	(387,888)	(2,367,217)	(211,209)
Cash Payments to Employees	(2,302,041)	(1,363,309)	(800,920)	(4,466,270)	0
Customer Deposits Received	82,408	0	0	82,408	0
Customer Deposits Refunded	(84,517)	0	0	(84,517)	0
Net Cash Provided (Used) by Operating Activities	<u>1,070,429</u>	<u>486,847</u>	<u>(130,622)</u>	<u>1,426,654</u>	<u>15,984</u>
<u>Cash Flows from Noncapital Financing Activities:</u>					
Transfers In from Other Funds	50,000	113,906	0	163,906	0
Transfers Out to Other Funds	0	(50,000)	0	(50,000)	0
Principal Paid on Lease Payable	0	0	(29,539)	(29,539)	0
Principal Paid on Ohio Public Works Commission Loan	0	(30,000)	0	(30,000)	0
Net Cash Provided (Used) by Noncapital Financing Activities	<u>50,000</u>	<u>33,906</u>	<u>(29,539)</u>	<u>54,367</u>	<u>0</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Proceeds from Sale of Revenue Bonds	3,687,714	0	0	3,687,714	0
Acquisition and Construction of Assets	(972,785)	(186,537)	(18,801)	(1,178,123)	0
Principal Paid on General Obligation Bond	(1,481,070)	0	0	(1,481,070)	0
Principal Paid on Mortgage Revenue Bond	(594,400)	0	0	(594,400)	0
Principal Paid on Ohio Public Works Commission Loan	0	0	(7,747)	(7,747)	0
Principal Paid on Ohio Water Development Authority Loan	0	(281,536)	0	(281,536)	0
Capital Lease Payment	(39,549)	(9,867)	(50,632)	(100,048)	0
Interest Paid on All Debt	(80,888)	(21,791)	(174)	(102,853)	0
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>519,022</u>	<u>(499,731)</u>	<u>(77,354)</u>	<u>(58,063)</u>	<u>0</u>
<u>Cash Flows from Investing Activities:</u>					
Receipt of Interest	<u>5,492</u>	<u>0</u>	<u>0</u>	<u>5,492</u>	<u>0</u>
Net Cash Provided by Investing Activities	<u>5,492</u>	<u>0</u>	<u>0</u>	<u>5,492</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,644,943	21,022	(237,515)	1,428,450	15,984
Cash and Cash Equivalents at Beginning of Year	<u>1,934,381</u>	<u>169,886</u>	<u>252,580</u>	<u>2,356,847</u>	<u>63,672</u>
Cash and Cash Equivalents at End of Year	<u>\$3,579,324</u>	<u>\$190,908</u>	<u>\$15,065</u>	<u>\$3,785,297</u>	<u>\$79,656</u>
<u>Reconciliation of Cash and Cash Equivalent per the Balance Sheet:</u>					
Cash and Cash Equivalents	\$899,793	\$190,908	\$15,065	\$1,105,766	\$79,656
Restricted Cash and Cash Equivalents	<u>2,679,531</u>	<u>0</u>	<u>0</u>	<u>2,679,531</u>	<u>0</u>
Cash and Cash Equivalents at End of Year	<u>\$3,579,324</u>	<u>\$190,908</u>	<u>\$15,065</u>	<u>\$3,785,297</u>	<u>\$79,656</u>

(Continued)

**CITY OF PORTSMOUTH, OHIO**

	Business-Type Activities				Governmental -Activities Internal Service Funds
	Enterprise Funds				
	Water	Sewer	Sanitation	Total	
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>					
<u>Provided (Used) by Operating Activities:</u>					
Operating Income (Loss)	\$746,428	\$251,067	(\$344,484)	\$653,011	\$223,079
Adjustments to Reconcile Operating Income (Loss) to					
Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	363,019	76,156	54,351	493,526	0
Changes in Assets and Liabilities:					
Increase in Accounts Receivable	(102,949)	(21,177)	(4,263)	(128,389)	0
(Increase) Decrease in Inventory	9,969	(623)	11	9,357	0
Increase in Prepaid Items	(18,579)	(15,267)	(1,992)	(35,838)	(203,845)
Increase (Decrease) in Accounts Payable	35,243	160,893	15,300	211,436	(3,250)
Increase in Intergovernmental Payable	0	5,200	0	5,200	0
Increase in Accrued Wages and Benefits	40,054	26,575	15,634	82,263	0
Decrease in Customer Deposits	(2,109)	0	0	(2,109)	0
Increase in Lease Payable	0	0	157,585	157,585	0
Increase (Decrease) in Compensated Absences	(647)	4,023	(22,764)	(19,388)	0
Total Adjustments	<u>324,001</u>	<u>235,780</u>	<u>213,862</u>	<u>773,643</u>	<u>(207,095)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$1,070,429</u>	<u>\$486,847</u>	<u>(\$130,622)</u>	<u>\$1,426,654</u>	<u>\$15,984</u>

Schedule of Noncash Investing, Capital and Financing Activities:

During 2003, the Sanitation Fund entered into a \$270,140 capital lease for sanitation trucks, and a \$157,585 capital lease for tipper carts.

See accompanying notes to the basic financial statements

**CITY OF PORTSMOUTH, OHIO**

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**Statement of Net Assets  
Fiduciary Funds  
December 31, 2003**

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	<u>Private Purpose</u>	<u>Agency</u>	<u>Total</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 79,930	\$ 0	\$ 79,930
Receivables:			
Accounts	0	161,371	161,371
Due from Other Funds	0	3,220	3,220
Restricted Assets:			
Cash and Cash Equivalents	<u>0</u>	<u>221,490</u>	<u>221,490</u>
<b>Total Assets</b>	<u>79,930</u>	<u>386,081</u>	<u>466,011</u>
<b>Liabilities:</b>			
Intergovernmental Payable	0	40,456	40,456
Claims Payable	71,364	0	71,364
Due to Others	0	342,405	342,405
Due to Other Funds	<u>0</u>	<u>3,220</u>	<u>3,220</u>
<b>Total Liabilities</b>	<u>71,364</u>	<u>386,081</u>	<u>457,445</u>
Unrestricted	<u>8,566</u>	<u>0</u>	<u>8,566</u>
<b>Total Net Assets</b>	<u>\$ 8,566</u>	<u>\$ 0</u>	<u>\$ 8,566</u>

See accompanying notes to the basic financial statements

**CITY OF PORTSMOUTH, OHIO**

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***Statement of Changes in Net Assets  
Fiduciary Funds  
For the Year Ended December 31, 2003***

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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 Assets	0
Net Assets at Beginning of Year	<u>          8,566</u>
Net Assets End of Year	<u><u>          8,566</u></u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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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, 2003 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,"* 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, liabilities, 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, 2003***

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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 and all liabilities 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 total assets.

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.

Internal Service Funds - The internal service funds are 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, 2003***

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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 assets and changes in net assets. 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, funds from the three percent (3%) fees as required by Ohio Revised Code, funds that flow through the municipal court office, and insurance premiums paid for employees' health insurance. 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 assets 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, 2003***

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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 assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. 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, 2003***

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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.

Special assessment installments and related accrued interest, which are measurable but not available at December 31, are recorded as deferred revenues. Property taxes measurable as of December 31, 2003 but which are not intended to finance 2003 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenues.

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

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," the City's Enterprise Proprietary Funds, Business Type Activities, and Governmental Type Activities follow GASB guidance which is applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

**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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

**E. Budgetary Process** (Continued)

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 is by fund by department for most funds. However, the legal level of budgetary control for some of the special revenue funds is at the fund level. 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.

**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 reflect the amounts in the final amended official certificate of estimated resources issued during 2003.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

**E. Budgetary Process (Continued)**

**3. Appropriations**

The appropriation ordinance establishes spending controls at the by fund level by department for most funds. However, the legal level of budgetary control for some of the special revenue funds is at the fund level. 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 2003. 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 and are reported as reservations of fund balances for governmental funds in the accompanying general purpose financial statements.

**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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

**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. 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:

<u>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</u>	
	<u>General Fund</u>
GAAP Basis (as reported)	(\$238,152)
Increase (Decrease):	
Accrued Revenues at December 31, 2003 received during 2004	(1,436,690)
Accrued Revenues at December 31, 2002 received during 2003	1,285,593
Accrued Expenditures at December 31, 2003 paid during 2004	751,883
Accrued Expenditures at December 31, 2002 paid during 2003	(395,054)
2002 Prepays for 2003	34,822
2003 Prepays for 2004	(47,368)
Outstanding Encumbrances	<u>(21,600)</u>
Budget Basis	<u><u>(\$66,566)</u></u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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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 certificates of deposit 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 4, "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 and expendable trust funds when purchased and as expenses in the proprietary and non-expendable trust funds when used.

**H. Capital Assets and Depreciation**

Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000.

**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 Assets, but they are not reported in the Fund Financial Statements.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

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

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. Only current year additions to street were included. Infrastructure did not include bridges, curbs and gutter, sidewalks, drainage systems and lighting systems. 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.

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. 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 Assets and in the respective funds.

3. Depreciation

All capital assets are depreciated, excluding land. 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
Infrastructure	10-50
Machinery, Equipment, Furniture and Fixtures	3 - 15

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

**I. 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 Water Fund
Special Assessments Bond Payable	Bond Retirement Fund
Mortgage Revenue Bond Payable	Water Fund
Ohio Water Development Authority Loan Payable	Sewer Fund
Ohio Public Works Commission Loans Payable	Sewer Fund Sanitation Fund
Compensated Absences	General Fund, Water Fund, Sewer Fund, Sanitation Fund
Capital Leases Payable	Capital Improvement Fund Water Fund, Sewer Fund

**J. 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," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned, but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

**J. Compensated Absences** (Continued)

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 funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." The noncurrent portion of the liability is not reported.

**K. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are 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. Net Assets restricted for Other Purposes include programs for street and highway improvements, federal and state grants for security of persons and property, public health and welfare and mandatory fines for various court programs.

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

**L. Pensions**

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

**M. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. 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.

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.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

**N. Reservations of Fund Balance**

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for inventories of supplies, prepaid items, debt service, endowments, and encumbered amounts that have not been accrued at year-end.

**O. 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, maintenance of storm water collection systems and collection of solid waste refuse. 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.

**NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE**

**A. Changes in Accounting Principles**

For fiscal year 2003, the City has implemented GASB Statement No. 34, “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*”; GASB Statement No. 37, “*Basic Financial Statements for State and Local Governments: Omnibus*”; GASB Statement No. 38, “*Certain Financial Statement Note Disclosures*”; and GASB Interpretation No. 6, “*Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statement.*” At December 31, 2002, there was no effect on fund balance as a result of implementing GASB Statements 37 and 38, or Interpretation No. 6.

GASB 34 creates new basic financial statements for reporting on the City’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements split the City’s programs between business-type and governmental activities. Certain funds have been reclassified as a result of implementing GASB 34. The beginning net asset amount for the business-type activities equals fund equity of the enterprise funds from last year adjusted for the elimination of the internal service funds. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at December 31, 2002, caused by the elimination of the internal service funds and the conversion to the accrual basis of accounting.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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**NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE**

**B. Restatement of Fund Balance/Retained Earnings**

The transition from fund balance/retained earnings to net assets of the governmental activities and the business-type activities are as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Fund Balance/Retained Earnings December 31, 2002	\$4,386,811	\$1,288,188
Adjustments:		
Reclassified funds	<u>350,363</u>	<u>0</u>
Restated Fund Balance/Retained Earnings	<u>4,737,174</u>	<u>1,288,188</u>
GASB 34 Adjustments:		
Capital Assets	8,728,127	0
Contributed Capital	0	8,650,816
Internal Service Fund	43,147	17,275
Long-Term Liabilities	(3,000,498)	0
Long-Term (Deferred) Assets	<u>2,101,725</u>	<u>0</u>
Net Assets, December 31, 2002	<u>\$12,609,675</u>	<u>\$9,956,279</u>

**NOTE 3 - COMPLIANCE AND ACCOUNTABILITY**

**A. Fund Deficit**

The fund deficits of \$3,000 in the Fire Pension Fund and \$3,000 in the Police Pension Fund (special revenue funds) arise 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.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

**NOTE 3 - COMPLIANCE AND ACCOUNTABILITY (continued)**

**B. Excess Expenditures over Appropriations**

For the year ended December 31, 2003, expenditures exceeded appropriations at the legal level of budgetary control as follows:

<u>Fund</u>	<u>Excess</u>	<u>Fund</u>	<u>Excess</u>
General Fund:		Special Revenue Funds:	
Transportation:		State Grant Health Fund	
Traffic Lights	\$53,832	Public Health and Welfare Services	12,283
Cemetery Grounds	144,549	Health	396,286
General Government:		Prevention	29,264
Engineering	3,175	AIDS Grant	78,765
Public Service	12,037	Lead Poisoning:	20
Garage	170,557	Family Living	1,093
		Temporary Assistance to Needy Families	9,988
Special Revenue Funds:		Tobacco Use Prevention	42,753
Municipal Court Grants Fund	6,299	Gene Screening	1,955
OCJS Awards - Municipal Court Fund	50	Cardiovascular	54,445
Municipal Court Special Project Fund	77,820	Safety Grant	39,645
Municipal Court Probation Services Fund	126,962	Bioterrorism Grant	107,391
Municipal Court Programs Fund	81,373	Rural AIDS State Grant Fund	276,042
Municipal Court Computer Fund	36,361	Litter Control Grant Fund	1,656
Local Law Block Grant Fund	15,820	Wellness Block Grant Fund	17,553
COPS Fast Grant Fund	3,898	Regional HIV Prevention Fund	388,646
Indigent Drivers Alcohol Treatment Fund	33,427		
Enforcement and Education Fund	323	Capital Projects Fund:	
Mandatory Fines Fund	7,500	Capital Improvement	4,526
Law Enforcement Fund	1,605		
Community Development Fund	131,612		

The excess expenditures were funded from available fund balances.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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**NOTE 4 - 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 "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 no later than the end of the current period of designation of depositories.

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

- 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).

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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**NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

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. Based upon criteria described in GASB Statement No. 3, "*Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements,*" collateral held in single financial institution collateral pools with securities being held by the pledging financial institutions' agent in the pool's name are classified as Category 3.

The GASB has established risk categories for deposits and investments as follows:

*Deposits:*

- Category 1 Insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 Uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the City's name.)

*Investments:*

- Category 1 Insured or registered, with securities held by the City or its agent in the City's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

**A. Deposits**

At year end the carrying amount of the City's deposits was \$3,178,797 and the bank balance was \$4,046,171. Federal depository insurance covered \$400,000 of the bank balance. All remaining deposits were classified as Category 3. All statutory requirements for the deposit of money had been followed, non compliance with federal requirements would potentially subject the City to a successful claim by the Federal Deposit Insurance Corporation.

Investment earnings of \$42,427 earned by other funds was credited to the General Fund as required by state statute.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

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**NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

**B. Investments**

The City's investments at December 31, 2003 were as follows:

<u>Categorized Investments</u>	<u>Category 3</u>	<u>Fair Value</u>
Repurchase Agreement	\$3,683,351	\$3,683,351
Total Investments	<u>\$3,683,351</u>	<u>\$3,683,351</u>

**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. Investments with an original maturity of three months or less are treated as cash and cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note is based on criteria set forth in GASB Statement No. 3.

A reconciliation between classifications of cash and investments on the financial statements and the classifications per items A and B of this note are as follows:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Combined Balance Sheet	\$6,862,148	\$0
Investments:		
Repurchase Agreement	<u>(3,683,351)</u>	<u>3,683,351</u>
Per GASB Statement No. 3	<u>\$3,178,797</u>	<u>\$3,683,351</u>

**NOTE 5 - 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 (other than public utility) collected during 2003 were levied after October 1, 2002 on assessed values as of January 1, 2002, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market 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 1998. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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**NOTE 5 - TAXES (Continued)**

**A. Property Taxes (Continued)**

Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually: the first payment is due April 30; the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

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, 2003 was \$9.55 per \$1,000 of assessed value. The assessed value upon which the 2003 tax collections were based was \$206,248,060. This amount constituted \$169,259,180 in real property assessed value, \$14,562,350 in public utility assessed value and \$22,426,530 in tangible personal property assessed value.

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 .955% (9.55 mills) of assessed value.

**B. Income Tax**

The City levies a tax of 1.4% 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 6 - RECEIVABLES**

Receivables at December 31, 2003 consisted of taxes, intergovernmental, accounts receivable, and loans. The City changed the estimate for doubtful accounts for the Municipal Court agency fund.

**CITY OF PORTSMOUTH, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

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**NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES**

Individual interfund receivables and payables balances at December 31, 2003 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$0	\$177,244
Nonmajor Special Revenue Funds	134,970	0
Water Fund	31,830	0
Sewer Fund	3,850	0
Sanitation Fund	6,594	0
	<u>177,244</u>	<u>177,244</u>
Agency Funds:		
Law Library Fund	3,220	0
Municipal Court Fund	0	3,220
Total Agency Funds	<u>3,220</u>	<u>3,220</u>
Totals	<u>\$180,464</u>	<u>\$180,464</u>

On the Statement of Net Assets, the Business-Type Activities reported an internal balance at December 31, 2003 of \$123,322, which was offset in the Governmental Activities by the same amount. The Due to/Due from Other Funds is for a reimbursement of expenditures made by other funds for the General Fund.

**NOTE 8 - TRANSFERS**

Following is a summary of Transfers in and out for all funds for 2003:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Fund	\$1,769,802	\$114,490
General Bond Retirement Fund	0	2,064,000
Capital Improvement Fund	2,064,000	993,735
Nonmajor Governmental Funds	273,007	1,090,764
Total Governmental Funds	<u>4,106,809</u>	<u>4,262,989</u>
Proprietary Funds:		
Water Fund	81,830	0
Sewer Fund	117,756	50,000
Sanitation Fund	6,594	0
Total Enterprise Funds	<u>206,180</u>	<u>50,000</u>
Totals	<u>\$4,312,989</u>	<u>\$4,312,989</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; to return money to the fund from which it was originally provided once a project is completed. There was a nonroutine transfer of \$945,735 from the Permanent Improvement Fund to the General Fund to cover a cash deficit in the General Fund



**CITY OF PORTSMOUTH, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

**NOTE 9 - CAPITAL ASSETS**

**A. Governmental Capital Assets**

Summary by category of changes in Governmental Capital Assets:

**Historical Cost:**

Class	December 31, 2002	Additions	Deletions	December 31, 2003
<b>Capital assets not being depreciated:</b>				
Land	\$612,891	\$0	\$0	\$612,891
Subtotal	612,891	0	0	612,891
<b>Capital assets being depreciated:</b>				
Buildings	5,748,969	22,500	0	5,771,469
Improvements	1,931,564	194,201	0	2,125,765
Infrastructure	0	143,682	0	143,682
Machinery and Equipment	6,865,720	206,923	(20,240)	7,052,403
Subtotal	14,546,253	567,306	(20,240)	15,093,319
Total Cost	<u>\$15,159,144</u>	<u>\$567,306</u>	<u>(\$20,240)</u>	<u>\$15,706,210</u>

**Accumulated Depreciation:**

Class	Restated December 31, 2002	Additions	Deletions	December 31, 2003
Buildings	(\$1,077,060)	(\$113,974)	\$0	(\$1,191,034)
Improvements	(395,657)	(73,002)	0	(468,659)
Infrastructure	0	(3,592)	0	(3,592)
Machinery and Equipment	(4,958,300)	(484,481)	20,240	(5,422,541)
Total Depreciation	<u>(\$6,431,017)</u>	<u>(\$675,049)</u>	<u>\$20,240</u>	<u>(\$7,085,826)</u>
<b>Net Value:</b>	<u>\$8,728,127</u>			<u>\$8,620,384</u>

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

Security of Persons and Property	\$234,201
Leisure Time Activities	7,470
Community Development	83,987
Transportation	64,008
Public Health & Welfare	68,245
General Government	217,138
Total Depreciation Expense	<u>\$675,049</u>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

**NOTE 9 - CAPITAL ASSETS (Continued)**

**B. Business Type Capital Assets**

Summary by Category at December 31, 2003:

*Historical Cost:*

Class	December 31, 2002	Additions	Deletions	December 31, 2003
<i>Capital assets not being depreciated:</i>				
Land	\$55,424	\$0	\$0	\$55,424
Construction in Progress	7,211	14,541	0	21,752
Subtotal	62,635	14,541	0	77,176
<i>Capital assets being depreciated:</i>				
Buildings	998,684	8,990	0	1,007,674
Improvements other than Buildings	22,338,588	1,072,997	0	23,411,585
Machinery and Equipment	2,779,094	339,541	(20,824)	3,097,811
Subtotal	26,116,366	1,421,528	(20,824)	27,517,070
Total Cost	\$26,179,001	\$1,436,069	(\$20,824)	\$27,594,246

*Accumulated Depreciation:*

Class	December 31, 2002	Additions	Deletions	December 31, 2003
Buildings	(\$289,893)	(\$20,537)	\$0	(\$310,430)
Improvements other than Buildings	(13,668,151)	(265,402)	0	(13,933,553)
Machinery and Equipment	(1,587,564)	(207,587)	20,824	(1,774,327)
Total Depreciation	(\$15,545,608)	(\$493,526)	\$20,824	(\$16,018,310)

*Net Value:*

\$10,633,393	\$942,543	\$0	\$11,575,936
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**NOTE 10 – 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 (the “Ohio PERS”)**

The following information was provided by the Ohio PERS 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 the Ohio PERS: 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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

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. 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.

The Ohio PERS 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. 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 the Ohio PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2003, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 8.5%. The 2003 employer contribution rate for local government employer units was 13.55%, of covered payroll, 8.55% to fund the pension and 5.0% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the Ohio PERS for the years ending December 31, 2003, 2002 and 2001 were \$847,901, \$873,483 and \$836,250, respectively, which were equal to the required contributions for each year, 75% of the required contribution was paid in 2003, the remaining portion was recorded as a liability.

The Ohio PERS provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2003 employer contribution rate (identified above) that was used to fund health care for the year 2003 was 5.0% of covered payroll which amounted to \$312,879.

In December 2001, the Board adopted the Health Care “Choices” Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year “cliff” eligibility standard for the present Plan.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System’s latest actuarial review performed as of December 31, 2002. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2002 was 8.0%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 364,881. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2002 is \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$18.7 billion and \$8.7 billion, respectively.

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

All City full-time police officers and full-time firefighters participate in the OP&F Fund, a cost-sharing multiple-employer defined benefit pension plan. The OP&F Fund 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 Ohio Revised Code. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the OP&F Fund. 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. The City's contributions to the OP&F Fund for the years ending December 31, 2003, 2002 and 2001 were \$303,163, \$311,008 and \$313,344 for police and \$400,725, \$406,228 and \$385,986 for firefighters, respectively, which were equal to the required contributions for each year, 75% of the required contribution was paid in 2003, the remaining portion was recorded as a liability.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS**

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

The OP&F Fund provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The health care coverage provided by the OP&F Fund is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 2003 covered payroll that was used to fund postemployment health care benefits was \$120,488 representing 7.75% of covered payroll for police and \$129,401 representing 7.75% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. As of December 31, 2002, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,527 for police and 10,396 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 2002 were \$141,028,006, which was net of member contributions of \$12,623,875.

**NOTE 11 - NOTES PAYABLE**

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or from available funds of the City or a combination of these sources. The City retired its note in 2003.

	Maturity Date	Balance January 1, 2003	Issued (Retired)	Balance December 31, 2003
Capital Improvement Fund Note Payable:				
3.20% Building Acquisition	6/2/2003	\$2,000,000	(\$2,000,000)	\$0

The Note Payable was issued for the purchase of a building to house City departments.

**CITY OF PORTSMOUTH, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

**NOTE 12 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS**

Long-term debt and other long-term obligations of the City at December 31, 2003 were as follows:

				Balance December 31, 2002	Additions	(Deletions)	Balance December 31, 2003	Amount due Within One Year
<b>Business-Type Activities Long-Term Debt:</b>								
Ohio Water Development Authority Loan:								
1987	7.73%	Pure Water	2003	\$281,536	\$0	(\$281,536)	\$0	\$0
Ohio Public Works Commission Loans:								
1993	3.0%	Solid Waste Facility	2004	7,747	0	(7,747)	0	0
2000	0.0%	Wastewater Improvement	2021	555,000	0	(30,000)	525,000	30,000
Total Ohio Public Works Commission Loans				562,747	0	(37,747)	525,000	30,000
General Obligation Bond:								
1996	4.5-6%	Waterworks Improvement	2010	2,770,000	0	(2,770,000)	0	0
Mortgage Revenue Bond:								
2001	4.50%	Waterworks Improvement	2041	594,400	0	(594,400)	0	0
Water Refunding Revenue Bond:								
2003	1.6-4.15%	Waterworks Improvement	2015	0	5,500,000	0	5,500,000	390,000
		Deferred Loss on Refunding		0	(244,667)	0	(244,667)	(34,952)
Total Revenue Bonds Payable				594,400	5,255,333	(594,400)	5,255,333	355,048
Compensated Absences				139,062	194,891	(214,279)	119,674	3,222
Capital Lease - Enterprise Funds				286,477	427,725	(129,587)	584,615	135,463
Total Business-Type Long-Term Debt				<u>\$4,634,222</u>	<u>\$5,877,949</u>	<u>(\$4,027,549)</u>	<u>\$6,484,622</u>	<u>\$523,733</u>
<b>Governmental Activities Long-Term Debt:</b>								
Special Assessment Bond								
with Governmental Commitment:								
1994	4.625-5.25%	Downtown Improvement	2003	\$145,000	\$0	(\$145,000)	\$0	\$0
General Obligation Bond								
2001	3.6-5.5%	Police and Fireman's Disability and Pension	2027	2,050,000	0	(45,000)	2,005,000	45,000
Total General Long-Term Debt				<u>2,195,000</u>	<u>0</u>	<u>(190,000)</u>	<u>2,005,000</u>	<u>45,000</u>
<b>Other General Long-Term Obligations:</b>								
Compensated Absences				605,427	977,364	(968,868)	613,923	46,038
Capital Lease Payable				164,047	0	(62,306)	101,741	66,673
Total Other General Long-Term Obligations				<u>769,474</u>	<u>977,364</u>	<u>(1,031,174)</u>	<u>715,664</u>	<u>112,711</u>
Total Governmental Activities				<u>\$2,964,474</u>	<u>\$977,364</u>	<u>(\$1,221,174)</u>	<u>\$2,720,664</u>	<u>\$157,711</u>

During 1994, the City issued \$1,150,000 in special assessment general obligation bonds to finance downtown improvement. These ten-year bonds have interest rates that range from 4.625% to 5.25%. Debt service is financed by assessments to affected property owners. However, the City is ultimately responsible for the debt service if the assessments are not collected.

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

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

**NOTE 12 - 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, 2003 follows:

Years	General Obligation Bonds		OPWC Loans	
	Principal	Interest	Principal	Interest
2004	\$45,000	\$104,435	\$30,000	\$0
2005	45,000	102,635	30,000	0
2006	50,000	100,768	30,000	0
2007	50,000	98,642	30,000	0
2008	55,000	96,468	30,000	0
2009-2013	310,000	442,300	150,000	0
2014-2018	400,000	354,930	150,000	0
2019-2023	520,000	234,850	75,000	0
2024-2042	530,000	75,075	0	0
<b>Totals</b>	<b>\$2,005,000</b>	<b>\$1,610,103</b>	<b>\$525,000</b>	<b>\$0</b>

Years	Mortgage Revenue Bond		Totals	
	Principal	Interest	Principal	Interest
2004	\$390,000	\$185,526	\$465,000	\$289,961
2005	395,000	178,456	470,000	281,091
2006	405,000	169,443	485,000	270,211
2007	415,000	158,155	495,000	256,797
2008	425,000	145,024	510,000	241,492
2009-2013	2,380,000	473,315	2,840,000	915,615
2014-2018	1,090,000	45,650	1,640,000	400,580
2019-2023	0	0	595,000	234,850
2024-2042	0	0	530,000	75,075
<b>Totals</b>	<b>\$5,500,000</b>	<b>\$1,355,569</b>	<b>\$8,030,000</b>	<b>\$2,965,672</b>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

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**NOTE 12 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)**

**B. Defeased Debt**

In April 2003, the City defeased \$2,485,000 of General Obligation Bonds and \$594,400 of Mortgage Revenue Bonds for Water System Improvements dated April 1, 1996 (the "1996 Bonds") and July 1, 2001 (the "2001 Bonds"), respectively through the issuance of \$5,500,000 of Mortgage Revenue Bonds for Water System Improvement (the "2003 Bonds"). A portion of the net proceeds of the 2003 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$2,485,000 at December 31, 2003, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding. The refunding was undertaken to reduce total debt service payments over the next 6 years by \$44,014 and resulted in an economic gain of \$49,939 in the Water Fund. The acquisition price exceeded the net carrying amount of the old debt by \$244,667. These amounts are being netted against the new debt and amortized over the old debt's remaining life which is seven years.

**NOTE 13 - CAPITALIZED LEASES**

The City leases twenty-three vehicles, and sewer cleaning equipment, all classified as machinery and equipment under capital leases. The cost of the equipment obtained under capital leases is \$333,310 included in the General Activities Capital Assets, \$212,556 in the Water Fund, \$209,331 in the Sewer Fund, and \$427,725 in the Sanitation Fund. The related liability is included in the Governmental Activities Long-Term Liabilities, the Water Fund, the Sewer Fund, and the Sanitation Fund.

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, 2003

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2004	\$72,554	\$160,540
2005	36,277	160,540
2006	0	112,091
2007	0	216,757
Minimum Lease Payments	108,831	649,928
Less amount representing interest at the City's incremental borrowing rate of interest	(7,090)	(65,313)
Present value of minimum lease payments	<u>\$101,741</u>	<u>\$584,615</u>



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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**NOTE 14 - CONTINGENCIES**

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.

**NOTE 15 - 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 has provided bodily injury, personal injury, general liability, boiler and machinery coverage and fleet (automotive) insurance through the Portsmouth Insurance Agency and the Berndt Murfin Insurance Agency. Police and fire professional liability and elected officials liability are also covered by the Portsmouth Insurance Agency. 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.

**NOTE 16 – CONDUIT DEBT**

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the state, nor any political subdivision thereof is obligated in any manner for repayment on the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements.

As of December 31, 2003, there was one series of Industrial Revenue Bonds outstanding, with a principal amount payable of \$1,200,000.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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**NOTE 17 - CONSTRUCTION COMMITMENTS**

As of December 31, 2003, the City had the following commitments with respect to capital improvements:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>
Sunrise Tower	\$553,200

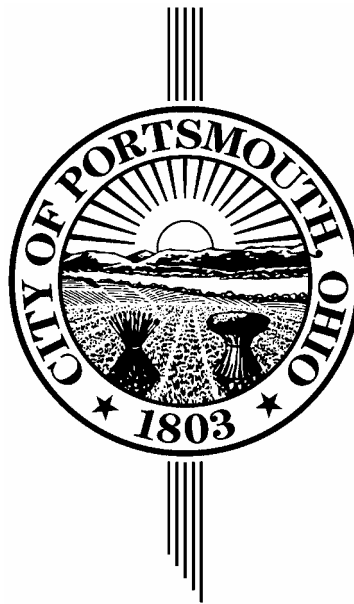
**NOTE 18 - SUBSEQUENT EVENTS**

On February 9, 2004, the City authorized and issued \$600,000 of revenue bonds for sewer system improvements. On May 10, 2004, the City authorized and issued \$450,000 of bond anticipation notes for municipal administration building improvements.

**NOTE 19 - FINANCIAL CONDITION**

During 2003, the City had a negative cash balances in the General Fund until the City was able to obtain a court approval to transfer \$945,735 from the Capital Improvement Fund to the General Fund to cover the deficit balance. The City had the following cash basis General Fund balance as of the date indicated: \$70,465 as of December 31, 2002, (\$240,101) as of March 31, 2003, (\$1,224,881) as of June 30, 2003 and (\$944,269) as of September 30, 2003. As of June 30, 2004 the General Fund had a cash basis fund balance of (\$671,550).

These negative conditions have resulted in a reduction in the workforce. If the negative conditions continue, the City could face a fiscal watch/fiscal emergency condition. Currently, the City is monitoring its financial condition and making revision to its current budget. In addition, the City has implemented a hiring freeze and is making only essential expenditures.



*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.

**Ohio Criminal Justice System (OCJS) Awards - Municipal Court Fund**

To account for revenues derived from the Ohio Criminal Justice System grant used to support the advancement of court programs. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

**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.

**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.

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

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

**Local Law Block Grant Fund**

To account for grant monies to be used specifically for the improvement of public safety and the reduction of crime.

(Continued)

***Special Revenue Funds***

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**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.

**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.

**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 designated 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.

(Continued)

***Special Revenue Funds***

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**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.

**Litter Control Grant Fund**

To account for monies received from the Ohio Department of Natural Resources for the purpose of litter control.

**Wellness Block Grant Fund**

To account for receipt of funds from the Scioto County Family and Children First Council to be used to cover the costs of education and supplies related to the Wellness Education Program.

**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.

**Flood Defense Fund**

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

**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 Fund***

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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, 2003**

	Nonmajor Special Revenue Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 2,202,824	\$ 0	\$ 2,202,824
Receivables			
Taxes	277,944	0	277,944
Accounts	61,501	0	61,501
Intergovernmental	1,341,723	0	1,341,723
Loans	177,320	0	177,320
Due from Other Funds	134,970	0	134,970
Inventory of Supplies, at Cost	25,542	0	25,542
Prepaid Items	8,872	0	8,872
Restricted Assets:			
Cash and Cash Equivalents	0	205,948	205,948
<b>Total Assets</b>	<b>\$ 4,230,696</b>	<b>\$ 205,948</b>	<b>\$ 4,436,644</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 47,284	\$ 0	\$ 47,284
Accrued Wages and Benefits Payable	116,909	139	117,048
Intergovernmental Payable	158	0	158
Deferred Revenue	1,601,182	0	1,601,182
<b>Total Liabilities</b>	<b>1,765,533</b>	<b>139</b>	<b>1,765,672</b>
<b>Fund Balances:</b>			
Reserved for Encumbrances	7,135	0	7,135
Reserved for Prepaid Items	8,872	0	8,872
Reserved for Supplies Inventory	25,542	0	25,542
Reserved for Endowments	0	26,843	26,843
Unreserved, Undesignated in:			
Special Revenue Funds	2,423,614	0	2,423,614
Permanent Funds	0	178,966	178,966
<b>Total Fund Balances</b>	<b>2,465,163</b>	<b>205,809</b>	<b>2,670,972</b>
<b>Total Liabilities and Funds Balances</b>	<b>\$ 4,230,696</b>	<b>\$ 205,948</b>	<b>\$ 4,436,644</b>



**CITY OF PORTSMOUTH, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2003**

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 302,800	\$ 0	\$ 302,800
Intergovernmental Revenues	3,317,016	0	3,317,016
Charges for Services	204,053	21,450	225,503
Investment Earnings	4,719	719	5,438
Fines and Forfeitures	390,015	0	390,015
All Other Revenue	157,767	0	157,767
<b>Total Revenue</b>	<b>4,376,370</b>	<b>22,169</b>	<b>4,398,539</b>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	313,798	0	313,798
Public Health and Welfare Services	2,077,233	4,000	2,081,233
Leisure Time Activities	73,507	0	73,507
Community Environment	127,403	0	127,403
Transportation	770,753	0	770,753
General Government	448,561	0	448,561
<b>Total Expenditures</b>	<b>3,811,255</b>	<b>4,000</b>	<b>3,815,255</b>
Excess (Deficiency) of Revenues Over Expenditures	565,115	18,169	583,284
<b>Other Financing Sources (Uses):</b>			
Sale of Capital Assets	10,558	0	10,558
Transfers In	273,007	0	273,007
Transfers Out	(1,090,764)	0	(1,090,764)
<b>Total Other Financing Sources (Uses)</b>	<b>(807,199)</b>	<b>0</b>	<b>(807,199)</b>
Net Change in Fund Balances	(242,084)	18,169	(223,915)
<b>Fund Balances at Beginning of Year</b>	<b>2,719,827</b>	<b>187,640</b>	<b>2,907,467</b>
Increase (Decrease) in Inventory Reserve	(12,580)	0	(12,580)
<b>Fund Balances End of Year</b>	<b>\$ 2,465,163</b>	<b>\$ 205,809</b>	<b>\$ 2,670,972</b>

**CITY OF PORTSMOUTH, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2003**

	Municipal Court Grants	Municipal Court Special Project	Municipal Court Probation Services	Municipal Court Programs
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 15,389	\$ 128,186	\$ 22,719	\$ 19,759
Receivables (net of allowance for doubtful accounts):				
Taxes	0	0	0	0
Accounts	0	28,644	17,791	4,006
Intergovernmental	25,887	0	0	0
Loans	0	0	0	0
Due from Other Funds	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	0	400	0	0
<b>Total Assets</b>	<b>\$ 41,276</b>	<b>\$ 157,230</b>	<b>\$ 40,510</b>	<b>\$ 23,765</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 0	\$ 2,345	\$ 0	\$ 0
Accrued Wages and Benefits Payable	146	1,560	7,094	3,284
Intergovernmental Payable	0	0	0	0
Deferred Revenue	12,944	19,819	12,310	2,772
<b>Total Liabilities</b>	<b>13,090</b>	<b>23,724</b>	<b>19,404</b>	<b>6,056</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	0	0	0	0
Reserved for Prepaid Items	0	400	0	0
Reserved for Supplies Inventory	0	0	0	0
Unreserved, Undesignated in:				
Special Revenue Funds	28,186	133,106	21,106	17,709
<b>Total Fund Balances</b>	<b>28,186</b>	<b>133,506</b>	<b>21,106</b>	<b>17,709</b>
<b>Total Liabilities and Funds Balances</b>	<b>\$ 41,276</b>	<b>\$ 157,230</b>	<b>\$ 40,510</b>	<b>\$ 23,765</b>

**CITY OF PORTSMOUTH, OHIO**

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<u>Municipal Court Computer</u>	<u>Fire Pension</u>	<u>Police Pension</u>	<u>D.A.R.E. State Grant</u>	<u>Local Law Block Grant</u>
\$ 17,379	\$ 0	\$ 0	\$ 3,216	\$ 41,340
0	52,284	52,284	0	0
7,022	0	0	0	0
0	3,630	3,630	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
135	0	0	0	0
<u>\$ 24,536</u>	<u>\$ 55,914</u>	<u>\$ 55,914</u>	<u>\$ 3,216</u>	<u>\$ 41,340</u>
\$ 2,385	\$ 0	\$ 0	\$ 0	\$ 0
547	3,000	3,000	0	18
0	0	0	0	0
4,858	55,914	55,914	0	0
<u>7,790</u>	<u>58,914</u>	<u>58,914</u>	<u>0</u>	<u>18</u>
0	0	0	0	0
135	0	0	0	0
0	0	0	0	0
<u>16,611</u>	<u>(3,000)</u>	<u>(3,000)</u>	<u>3,216</u>	<u>41,322</u>
<u>16,746</u>	<u>(3,000)</u>	<u>(3,000)</u>	<u>3,216</u>	<u>41,322</u>
<u>\$ 24,536</u>	<u>\$ 55,914</u>	<u>\$ 55,914</u>	<u>\$ 3,216</u>	<u>\$ 41,340</u>

(Continued)

**CITY OF PORTSMOUTH, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2003**

	COPS Fast Grant	Indigent Drivers Alcohol Treatment	Enforcement and Education	Mandatory Fines
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 41,947	\$ 29,564	\$ 19,502	\$ 38,364
Receivables (net of allowance for doubtful accounts):				
Taxes	0	0	0	0
Accounts	0	2,180	533	1,325
Intergovernmental	126,046	0	0	500
Loans	0	0	0	0
Due from Other Funds	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	0	0	0	0
<b>Total Assets</b>	<b>\$ 167,993</b>	<b>\$ 31,744</b>	<b>\$ 20,035</b>	<b>\$ 40,189</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 0	\$ 23,106	\$ 484	\$ 0
Accrued Wages and Benefits Payable	113	0	0	0
Intergovernmental Payable	0	0	0	0
Deferred Revenue	126,046	1,508	369	917
<b>Total Liabilities</b>	<b>126,159</b>	<b>24,614</b>	<b>853</b>	<b>917</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	0	0	0	0
Reserved for Prepaid Items	0	0	0	0
Reserved for Supplies Inventory	0	0	0	0
Unreserved, Undesignated in:				
Special Revenue Funds	41,834	7,130	19,182	39,272
<b>Total Fund Balances</b>	<b>41,834</b>	<b>7,130</b>	<b>19,182</b>	<b>39,272</b>
<b>Total Liabilities and Funds Balances</b>	<b>\$ 167,993</b>	<b>\$ 31,744</b>	<b>\$ 20,035</b>	<b>\$ 40,189</b>

**CITY OF PORTSMOUTH, OHIO**

Law Enforcement	Street Construction, Maintenance & Repair	State Highway Improvement	Environmental State Grants	Community Development	Tourism and Cultural Development
\$ 4,467	\$ 1,000	\$ 20	\$ 18,859	\$ 523,705	\$ 8,665
0	0	0	0	0	10,086
0	0	0	0	0	0
0	328,744	22,725	490,695	147,000	0
0	0	0	0	177,320	0
0	79,213	0	0	24,453	0
0	10,533	0	1,673	0	0
0	2,891	0	1,216	785	0
<u>\$ 4,467</u>	<u>\$ 422,381</u>	<u>\$ 22,745</u>	<u>\$ 512,443</u>	<u>\$ 873,263</u>	<u>\$ 18,751</u>
\$ 0	\$ 8,426	\$ 0	\$ 742	\$ 0	\$ 0
0	32,890	2,717	25,150	1,196	0
0	0	0	158	0	0
0	219,000	15,000	393,335	324,320	0
0	260,316	17,717	419,385	325,516	0
0	0	0	0	0	0
0	2,891	0	1,216	785	0
0	10,533	0	1,673	0	0
4,467	148,641	5,028	90,169	546,962	18,751
4,467	162,065	5,028	93,058	547,747	18,751
<u>\$ 4,467</u>	<u>\$ 422,381</u>	<u>\$ 22,745</u>	<u>\$ 512,443</u>	<u>\$ 873,263</u>	<u>\$ 18,751</u>

(Continued)

**CITY OF PORTSMOUTH, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2003**

	State Grant Health	Rural AIDS State Grant	Litter Control Grant	Wellness Block Grant
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 382,627	\$ 26,792	\$ 1,293	\$ 5,592
Receivables (net of allowance for doubtful accounts):				
Taxes	0	0	0	0
Accounts	0	0	0	0
Intergovernmental	112,404	0	0	0
Loans	0	0	0	0
Due from Other Funds	0	0	0	0
Inventory of Supplies, at Cost	9,540	3,398	0	398
Prepaid Items	806	2,511	0	0
<b>Total Assets</b>	<b>\$ 505,377</b>	<b>\$ 32,701</b>	<b>\$ 1,293</b>	<b>\$ 5,990</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 7,789	\$ 1,962	\$ 0	\$ 0
Accrued Wages and Benefits Payable	23,540	9,948	0	414
Intergovernmental Payable	0	0	0	0
Deferred Revenue	112,404	0	0	0
<b>Total Liabilities</b>	<b>143,733</b>	<b>11,910</b>	<b>0</b>	<b>414</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	0	0	0	0
Reserved for Prepaid Items	806	2,511	0	0
Reserved for Supplies Inventory	9,540	3,398	0	398
Unreserved, Undesignated in:				
Special Revenue Funds	351,298	14,882	1,293	5,178
<b>Total Fund Balances</b>	<b>361,644</b>	<b>20,791</b>	<b>1,293</b>	<b>5,576</b>
<b>Total Liabilities and Funds Balances</b>	<b>\$ 505,377</b>	<b>\$ 32,701</b>	<b>\$ 1,293</b>	<b>\$ 5,990</b>

**CITY OF PORTSMOUTH, OHIO**

<u>F.E.M.A. Grant</u>	<u>Regional HIV Prevention</u>	<u>Flood Defense</u>	<u>Council Trust for Recreation</u>	<u>Playground Trust</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 5,288	\$ 33,689	\$ 608,005	\$ 196,990	\$ 8,467	\$ 2,202,824
0	0	163,290	0	0	277,944
0	0	0	0	0	61,501
70,936	0	9,526	0	0	1,341,723
0	0	0	0	0	177,320
31,304	0	0	0	0	134,970
0	0	0	0	0	25,542
0	0	0	128	0	8,872
<u>\$ 107,528</u>	<u>\$ 33,689</u>	<u>\$ 780,821</u>	<u>\$ 197,118</u>	<u>\$ 8,467</u>	<u>\$ 4,230,696</u>
\$ 0	\$ 0	\$ 0	\$ 45	\$ 0	\$ 47,284
0	0	0	2,275	17	116,909
0	0	0	0	0	158
<u>70,936</u>	<u>0</u>	<u>172,816</u>	<u>0</u>	<u>0</u>	<u>1,601,182</u>
<u>70,936</u>	<u>0</u>	<u>172,816</u>	<u>2,320</u>	<u>17</u>	<u>1,765,533</u>
2,863	0	4,272	0	0	7,135
0	0	0	128	0	8,872
0	0	0	0	0	25,542
<u>33,729</u>	<u>33,689</u>	<u>603,733</u>	<u>194,670</u>	<u>8,450</u>	<u>2,423,614</u>
<u>36,592</u>	<u>33,689</u>	<u>608,005</u>	<u>194,798</u>	<u>8,450</u>	<u>2,465,163</u>
<u>\$ 107,528</u>	<u>\$ 33,689</u>	<u>\$ 780,821</u>	<u>\$ 197,118</u>	<u>\$ 8,467</u>	<u>\$ 4,230,696</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, 2003**

	Municipal Court Grants	OCJS Award - Municipal Court	Municipal Court Special Project	Municipal Court Probation Services
<b>Revenues:</b>				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	50,502	0	0	0
Charges for Services	0	0	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	0	0	147,229	70,382
All Other Revenue	0	0	0	0
<b>Total Revenue</b>	<b>50,502</b>	<b>0</b>	<b>147,229</b>	<b>70,382</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare Services	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	0	0	0	0
General Government	3,994	50	79,828	130,687
<b>Total Expenditures</b>	<b>3,994</b>	<b>50</b>	<b>79,828</b>	<b>130,687</b>
Excess (Deficiency) of Revenues Over Expenditures	46,508	(50)	67,401	(60,305)
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balances	46,508	(50)	67,401	(60,305)
<b>Fund Balances at Beginning of Year</b>	<b>(18,322)</b>	<b>50</b>	<b>66,105</b>	<b>81,411</b>
Increase (Decrease) in Inventory Reserve	0	0	0	0
<b>Fund Balances End of Year</b>	<b>\$ 28,186</b>	<b>\$ 0</b>	<b>\$ 133,506</b>	<b>\$ 21,106</b>



**CITY OF PORTSMOUTH, OHIO**

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Municipal Court Programs	Municipal Court Computer	Fire Pension	Police Pension	D.A.R.E. State Grant	Local Law Block Grant
\$ 0	\$ 0	\$ 56,054	\$ 56,054	\$ 0	\$ 0
0	0	7,270	7,270	0	13,087
0	0	0	0	0	0
0	0	0	0	0	111
85,814	46,949	0	0	0	0
0	20	0	0	0	56
<u>85,814</u>	<u>46,969</u>	<u>63,324</u>	<u>63,324</u>	<u>0</u>	<u>13,254</u>
0	0	51,324	51,324	0	15,760
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
82,136	38,535	0	0	0	0
<u>82,136</u>	<u>38,535</u>	<u>51,324</u>	<u>51,324</u>	<u>0</u>	<u>15,760</u>
3,678	8,434	12,000	12,000	0	(2,506)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
3,678	8,434	12,000	12,000	0	(2,506)
14,031	8,312	(15,000)	(15,000)	3,216	43,828
0	0	0	0	0	0
<u>\$ 17,709</u>	<u>\$ 16,746</u>	<u>\$ (3,000)</u>	<u>\$ (3,000)</u>	<u>\$ 3,216</u>	<u>\$ 41,322</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, 2003**

	COPS Fast Grant	Indigent Drivers Alcohol Treatment	Enforcement and Education	Mandatory Fines
<b>Revenues:</b>				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	8,100	0	0	0
Charges for Services	0	0	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	0	24,754	2,793	12,034
All Other Revenue	0	0	0	0
<b>Total Revenue</b>	<b>8,100</b>	<b>24,754</b>	<b>2,793</b>	<b>12,034</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	3,635	0	0	7,500
Public Health and Welfare Services	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	0	0	0	0
General Government	0	54,209	678	0
<b>Total Expenditures</b>	<b>3,635</b>	<b>54,209</b>	<b>678</b>	<b>7,500</b>
Excess (Deficiency) of Revenues Over Expenditures	4,465	(29,455)	2,115	4,534
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balances	4,465	(29,455)	2,115	4,534
<b>Fund Balances at Beginning of Year</b>	<b>37,369</b>	<b>36,585</b>	<b>17,067</b>	<b>34,738</b>
Increase (Decrease) in Inventory Reserve	0	0	0	0
<b>Fund Balances End of Year</b>	<b>\$ 41,834</b>	<b>\$ 7,130</b>	<b>\$ 19,182</b>	<b>\$ 39,272</b>

**CITY OF PORTSMOUTH, OHIO**

Law Enforcement	Street Construction, Maintenance & Repair	State Highway Improvement	Environmental State Grants	Community Development	Tourism and Cultural Development
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 44,746
0	700,405	48,965	357,155	183,000	0
0	0	0	0	0	0
0	864	432	0	2,345	0
60	0	0	0	0	0
5,625	144	0	7,708	70,872	0
<u>5,685</u>	<u>701,413</u>	<u>49,397</u>	<u>364,863</u>	<u>256,217</u>	<u>44,746</u>
12,163	0	0	0	0	0
0	0	0	634,627	0	0
0	0	0	0	0	0
0	0	0	0	79,301	48,102
0	709,422	61,331	0	0	0
0	0	0	0	0	0
<u>12,163</u>	<u>709,422</u>	<u>61,331</u>	<u>634,627</u>	<u>79,301</u>	<u>48,102</u>
(6,478)	(8,009)	(11,934)	(269,764)	176,916	(3,356)
10,558	0	0	0	0	0
0	79,213	0	18,000	0	0
0	0	0	0	(113,906)	0
<u>10,558</u>	<u>79,213</u>	<u>0</u>	<u>18,000</u>	<u>(113,906)</u>	<u>0</u>
4,080	71,204	(11,934)	(251,764)	63,010	(3,356)
387	93,984	16,962	344,499	484,737	22,107
0	(3,123)	0	323	0	0
<u>\$ 4,467</u>	<u>\$ 162,065</u>	<u>\$ 5,028</u>	<u>\$ 93,058</u>	<u>\$ 547,747</u>	<u>\$ 18,751</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, 2003**

	State Grant Health	Rural AIDS State Grant	Litter Control Grant	Wellness Block Grant
<b>Revenues:</b>				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	424,575	127,767	0	19,383
Charges for Services	178,762	0	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	70,444	0	236	0
<b>Total Revenue</b>	<b>673,781</b>	<b>127,767</b>	<b>236</b>	<b>19,383</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare Services	767,902	279,149	1,764	17,018
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	0	0	0	0
General Government	0	0	0	0
<b>Total Expenditures</b>	<b>767,902</b>	<b>279,149</b>	<b>1,764</b>	<b>17,018</b>
Excess (Deficiency) of Revenues Over Expenditures	(94,121)	(151,382)	(1,528)	2,365
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balances	(94,121)	(151,382)	(1,528)	2,365
<b>Fund Balances at Beginning of Year</b>	<b>465,985</b>	<b>170,131</b>	<b>2,821</b>	<b>4,813</b>
Increase (Decrease) in Inventory Reserve	(10,220)	2,042	0	(1,602)
<b>Fund Balances End of Year</b>	<b>\$ 361,644</b>	<b>\$ 20,791</b>	<b>\$ 1,293</b>	<b>\$ 5,576</b>

**CITY OF PORTSMOUTH, OHIO**

<u>F.E.M.A. Grant</u>	<u>Regional HIV Prevention</u>	<u>Flood Defense</u>	<u>Council Trust for Recreation</u>	<u>Playground Trust</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 0	\$ 0	\$ 145,946	\$ 0	\$ 0	\$ 302,800
1,098,068	252,425	19,044	0	0	3,317,016
0	0	0	25,291	0	204,053
0	0	934	0	33	4,719
0	0	0	0	0	390,015
0	0	0	500	2,162	157,767
<u>1,098,068</u>	<u>252,425</u>	<u>165,924</u>	<u>25,791</u>	<u>2,195</u>	<u>4,376,370</u>
118,144	0	53,948	0	0	313,798
0	376,773	0	0	0	2,077,233
0	0	0	73,032	475	73,507
0	0	0	0	0	127,403
0	0	0	0	0	770,753
0	0	0	58,444	0	448,561
<u>118,144</u>	<u>376,773</u>	<u>53,948</u>	<u>131,476</u>	<u>475</u>	<u>3,811,255</u>
979,924	(124,348)	111,976	(105,685)	1,720	565,115
0	0	0	0	0	10,558
31,304	0	0	144,490	0	273,007
(976,858)	0	0	0	0	(1,090,764)
<u>(945,554)</u>	<u>0</u>	<u>0</u>	<u>144,490</u>	<u>0</u>	<u>(807,199)</u>
34,370	(124,348)	111,976	38,805	1,720	(242,084)
2,222	158,037	496,029	155,993	6,730	2,719,827
0	0	0	0	0	(12,580)
<u>\$ 36,592</u>	<u>\$ 33,689</u>	<u>\$ 608,005</u>	<u>\$ 194,798</u>	<u>\$ 8,450</u>	<u>\$ 2,465,163</u>

**CITY OF PORTSMOUTH, OHIO**

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***Combining Balance Sheet  
Nonmajor Permanent Funds  
December 31, 2003***

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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	\$ 201,310	\$ 4,638	\$ 205,948
<b>Total Assets</b>	<u>\$ 201,310</u>	<u>\$ 4,638</u>	<u>\$ 205,948</u>
<b>Liabilities:</b>			
Accrued Wages and Benefits Payable	\$ 139	\$ 0	\$ 139
<b>Total Liabilities</b>	<u>139</u>	<u>0</u>	<u>139</u>
<b>Fund Balances:</b>			
Reserved for Endowments	22,339	4,504	26,843
Unreserved, Undesignated in:			
Permanent Funds	178,832	134	178,966
<b>Total Fund Balances</b>	<u>201,171</u>	<u>4,638</u>	<u>205,809</u>
<b>Total Liabilities and Funds Balances</b>	<u>\$ 201,310</u>	<u>\$ 4,638</u>	<u>\$ 205,948</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, 2003***

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	Cemetery Trust	Mausoleum Trust	Total Nonmajor Special Revenue Funds
<b>Revenues:</b>			
Charges for Services	\$ 21,450	\$ 0	\$ 21,450
Investment Earnings	702	17	719
<b>Total Revenue</b>	<u>22,152</u>	<u>17</u>	<u>22,169</u>
<b>Expenditures:</b>			
Current:			
Public Health and Welfare Services	4,000	0	4,000
<b>Total Expenditures</b>	<u>4,000</u>	<u>0</u>	<u>4,000</u>
Net Change in Fund Balances	18,152	17	18,169
<b>Fund Balances at Beginning of Year</b>	<u>183,019</u>	<u>4,621</u>	<u>187,640</u>
<b>Fund Balances End of Year</b>	<u>\$ 201,171</u>	<u>\$ 4,638</u>	<u>\$ 205,809</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, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Taxes	\$ 5,654,840	\$ 6,750,939	\$ 6,136,633	\$ (614,306)
Intergovernmental Revenues	2,000,885	2,388,725	1,924,670	(464,055)
Charges for Services	566,471	676,272	429,472	(246,800)
Licenses and Permits	167,610	200,099	231,375	31,276
Investment Earnings	141,007	168,894	42,602	(126,292)
Fines and Forfeitures	578,128	690,188	572,593	(117,595)
All Other Revenues	391,059	466,859	71,575	(395,284)
Total Revenues	<u>9,500,000</u>	<u>11,341,976</u>	<u>9,408,920</u>	<u>(1,933,056)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Police:				
Personal Services	2,884,993	2,895,408	2,760,987	134,421
Materials and Supplies	12,500	15,555	12,857	2,698
Contractual Services	65,875	82,297	62,925	19,372
Capital Outlay	300	300	294	6
Total Police	<u>2,963,668</u>	<u>2,993,560</u>	<u>2,837,063</u>	<u>156,497</u>
Fire:				
Personal Services	3,125,057	3,125,332	3,060,198	65,134
Materials and Supplies	19,050	20,877	14,482	6,395
Contractual Services	61,600	59,499	52,863	6,636
Capital Outlay	200	200	0	200
Total Fire	<u>3,205,907</u>	<u>3,205,908</u>	<u>3,127,543</u>	<u>78,365</u>
Street Lighting:				
Materials and Supplies	3,000	3,000	852	2,148
Contractual Services	172,000	172,000	169,263	2,737
Total Street Lighting	<u>175,000</u>	<u>175,000</u>	<u>170,115</u>	<u>4,885</u>
Total Security of Persons and Property	<u>6,344,575</u>	<u>6,374,468</u>	<u>6,134,721</u>	<u>239,747</u>
Public Health and Welfare Services:				
Health:				
Personal Services	421,016	410,258	395,701	14,557
Materials and Supplies	3,500	3,500	3,382	118
Contractual Services	58,225	93,089	74,960	18,129
Capital Outlay	500	500	500	0
Total Health	<u>483,241</u>	<u>507,347</u>	<u>474,543</u>	<u>32,804</u>
Total Public Health and Welfare Services	<u>483,241</u>	<u>507,347</u>	<u>474,543</u>	<u>32,804</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, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Community Environment:				
Building Inspection:				
Personal Services	157,030	157,030	156,000	1,030
Materials and Supplies	2,000	2,062	2,062	0
Contractual Services	43,433	67,478	65,264	2,214
Total Building Inspection	<u>202,463</u>	<u>226,570</u>	<u>223,326</u>	<u>3,244</u>
Administration:				
Personal Services	19,444	19,444	15,014	4,430
Materials and Supplies	1,300	1,300	607	693
Contractual Services	4,300	4,300	1,998	2,302
Total Administration	<u>25,044</u>	<u>25,044</u>	<u>17,619</u>	<u>7,425</u>
Total Community Environment	<u>227,507</u>	<u>251,614</u>	<u>240,945</u>	<u>10,669</u>
Transportation:				
Traffic Lights:				
Personal Services	50,217	50,217	107,372	(57,155)
Materials and Supplies	9,900	19,146	17,583	1,563
Contractual Services	34,960	34,960	33,200	1,760
Total Traffic Lights	<u>95,077</u>	<u>104,323</u>	<u>158,155</u>	<u>(53,832)</u>
Cemetery Grounds:				
Personal Services	142,848	171,860	183,831	(11,971)
Materials and Supplies	4,875	73,803	2,053	71,750
Contractual Services	33,450	958,150	1,162,678	(204,528)
Capital Outlay	200	200	0	200
Total Cemetery Grounds	<u>181,373</u>	<u>1,204,013</u>	<u>1,348,562</u>	<u>(144,549)</u>
Recreational Grounds:				
Personal Services	47,556	47,556	12,902	34,654
Materials and Supplies	3,625	3,625	1,288	2,337
Contractual Services	1,250	1,250	281	969
Capital Outlay	200	200	0	200
Total Recreational Grounds	<u>52,631</u>	<u>52,631</u>	<u>14,471</u>	<u>38,160</u>
Total Transportation	<u>329,081</u>	<u>1,360,967</u>	<u>1,521,188</u>	<u>(160,221)</u>
General Government:				
City Council:				
Personal Services	44,454	44,454	43,610	844
Materials and Supplies	800	508	215	293
Contractual Services	7,450	7,742	6,412	1,330
Total City Council	<u>52,704</u>	<u>52,704</u>	<u>50,237</u>	<u>2,467</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, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Executive:</b>				
Personal Services	73,787	73,787	75,791	(2,004)
Materials and Supplies	1,750	1,750	1,344	406
Contractual Services	16,610	16,610	14,945	1,665
Capital Outlay	200	200	0	200
Total Executive	<u>92,347</u>	<u>92,347</u>	<u>92,080</u>	<u>267</u>
<b>Legal:</b>				
Personal Services	179,191	206,576	208,165	(1,589)
Materials and Supplies	1,000	1,000	866	134
Contractual Services	16,075	16,075	13,043	3,032
Total Legal	<u>196,266</u>	<u>223,651</u>	<u>222,074</u>	<u>1,577</u>
<b>Finance:</b>				
Personal Services	159,598	157,428	157,278	150
Materials and Supplies	2,750	4,030	3,535	495
Contractual Services	54,232	55,272	54,601	671
Capital Outlay	715	332	77	255
Total Finance	<u>217,295</u>	<u>217,062</u>	<u>215,491</u>	<u>1,571</u>
<b>Civil Service:</b>				
Personal Services	9,248	9,248	9,196	52
Contractual Services	4,034	4,034	3,145	889
Total Civil Service	<u>13,282</u>	<u>13,282</u>	<u>12,341</u>	<u>941</u>
<b>Municipal Court:</b>				
Personal Services	714,672	714,672	678,796	35,876
Materials and Supplies	8,500	8,500	5,302	3,198
Contractual Services	102,648	139,331	137,281	2,050
Capital Outlay	1,000	1,000	696	304
Total Municipal Court	<u>826,820</u>	<u>863,503</u>	<u>822,075</u>	<u>41,428</u>
<b>Income Tax:</b>				
Personal Services	149,753	143,725	142,906	819
Materials and Supplies	1,750	1,457	1,170	287
Contractual Services	93,920	92,576	85,544	7,032
Total Income Tax	<u>245,423</u>	<u>237,758</u>	<u>229,620</u>	<u>8,138</u>
<b>Engineering:</b>				
Personal Services	55,161	55,161	60,958	(5,797)
Materials and Supplies	1,200	1,000	659	341
Contractual Services	26,350	26,550	24,269	2,281
Capital Outlay	200	200	200	0
Total Engineering	<u>82,911</u>	<u>82,911</u>	<u>86,086</u>	<u>(3,175)</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, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Service:				
Personal Services	24,147	24,147	41,018	(16,871)
Materials and Supplies	2,450	2,450	1,881	569
Contractual Services	13,235	13,235	9,370	3,865
Capital Outlay	400	400	0	400
Total Public Service	40,232	40,232	52,269	(12,037)
City Building:				
Personal Services	135,817	135,817	90,139	45,678
Materials and Supplies	4,000	4,000	3,539	461
Contractual Services	101,883	101,883	80,587	21,296
Total City Building	241,700	241,700	174,265	67,435
Garage:				
Personal Services	121,217	121,217	136,715	(15,498)
Materials and Supplies	(32,900)	(32,900)	116,497	(149,397)
Contractual Services	27,000	27,378	33,840	(6,462)
Capital Outlay	800	800	0	800
Total Garage	116,117	116,495	287,052	(170,557)
Non-Departmental:				
Personal Services	62,000	62,000	37,964	24,036
Materials and Supplies	5,000	5,000	4,387	613
Contractual Services	609,173	637,458	637,091	367
Total Non-Departmental	676,173	704,458	679,442	25,016
Total General Government	2,801,270	2,886,103	2,923,032	(36,929)
Total Expenditures	10,185,674	11,380,499	11,294,429	86,070
Excess (Deficiency) of Revenues Over (Under) Expenditures	(685,674)	(38,523)	(1,885,509)	(1,846,986)
<b>Other Financing Sources (Uses):</b>				
Proceeds from the Sale of Fixed Assets	0	0	10,840	10,840
Operating Transfers In	0	0	1,922,593	1,922,593
Operating Transfers Out	0	(114,490)	(114,490)	0
Total Other Financing Sources (Uses)	0	(114,490)	1,818,943	1,933,433
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(685,674)	(153,013)	(66,566)	86,447
Fund Balance at Beginning of Year	40,168	40,168	40,168	0
Prior Year Encumbrances	45,875	45,875	45,875	0
Fund Balance at End of Year	\$ (599,631)	\$ (66,970)	\$ 19,477	\$ 86,447

**CITY OF PORTSMOUTH, OHIO**

**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, 2003**

	GENERAL OBLIGATION BOND RETIREMENT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Taxes	\$ 0	\$ 0	\$ 17,681	\$ 17,681
Special Assessment Revenues	155,000	167,432	149,751	(17,681)
Total Revenues	<u>155,000</u>	<u>167,432</u>	<u>167,432</u>	<u>0</u>
<b>Expenditures:</b>				
Debt Service:				
Principal Retirement	145,000	2,252,000	2,190,000	62,000
Interest and Fiscal Charges	160,000	117,000	178,291	(61,291)
Total Expenditures	<u>305,000</u>	<u>2,369,000</u>	<u>2,368,291</u>	<u>709</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(150,000)	(2,201,568)	(2,200,859)	709
<b>Other Financing Sources (Uses):</b>				
Operating Transfers Out	(2,195,000)	(131,000)	0	131,000
Total Other Financing Sources (Uses)	<u>(2,195,000)</u>	<u>(131,000)</u>	<u>0</u>	<u>131,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,345,000)	(2,332,568)	(2,200,859)	131,709
Fund Balance at Beginning of Year	2,303,009	2,303,009	2,303,009	0
Fund Balance at End of Year	<u>\$ (41,991)</u>	<u>\$ (29,559)</u>	<u>\$ 102,150</u>	<u>\$ 131,709</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, 2003**

	<b>CAPITAL IMPROVEMENT FUND</b>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>				
Taxes	\$ 1,100,000	\$ 1,514,916	\$ 1,216,171	\$ (298,745)
Intergovernmental Revenues	0	0	194,750	194,750
Licenses and Permits and Fees	0	0	175	175
All Other Revenues	0	0	103,821	103,821
Total Revenues	<u>1,100,000</u>	<u>1,514,916</u>	<u>1,514,917</u>	<u>1</u>
<b>Expenditures:</b>				
Capital Outlay	207,691	911,465	918,437	(6,972)
Debt Service:				
Principal Retirement	0	65,000	62,306	2,694
Interest and Fiscal Charges	0	10,000	10,248	(248)
Total Expenditures	<u>207,691</u>	<u>986,465</u>	<u>990,991</u>	<u>(4,526)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	892,309	528,451	523,926	(4,525)
<b>Other Financing Sources (Uses):</b>				
Operating Transfers Out	0	(48,000)	(993,735)	(945,735)
Total Other Financing Sources (Uses)	<u>0</u>	<u>(48,000)</u>	<u>(993,735)</u>	<u>(945,735)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	892,309	480,451	(469,809)	(950,260)
Fund Balance at Beginning of Year	262,118	262,118	262,118	0
Prior Year Encumbrances	207,691	207,691	207,691	0
Fund Balance at End of Year	<u>\$ 1,362,118</u>	<u>\$ 950,260</u>	<u>\$ 0</u>	<u>\$ (950,260)</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, 2003**

	MUNICIPAL COURT GRANTS FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u></u>
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 50,000	\$ 50,495	\$ 50,495	\$ 0
Total Revenues	<u>50,000</u>	<u>50,495</u>	<u>50,495</u>	<u>0</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	0	0	6,299	(6,299)
Total Expenditures	<u>0</u>	<u>0</u>	<u>6,299</u>	<u>(6,299)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	50,000	50,495	44,196	(6,299)
Fund Balance at Beginning of Year	<u>(28,807)</u>	<u>(28,807)</u>	<u>(28,807)</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 21,193</u>	<u>\$ 21,688</u>	<u>\$ 15,389</u>	<u>\$ (6,299)</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, 2003***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<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>0</u>	<u>0</u>	<u>50</u>	<u>(50)</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>50</u>	<u>(50)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	(50)	(50)
Fund Balance at Beginning of Year	<u>50</u>	<u>50</u>	<u>50</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 50</u>	<u>\$ 50</u>	<u>\$ 0</u>	<u>\$ (50)</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, 2003**

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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	\$ 50,000	\$ 138,240	\$ 138,240	\$ 0
Total Revenues	<u>50,000</u>	<u>138,240</u>	<u>138,240</u>	<u>0</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	0	0	22,936	(22,936)
Materials and Supplies	0	0	14,328	(14,328)
Contractual Services	0	0	1,840	(1,840)
Capital Outlay	0	0	38,716	(38,716)
Total Expenditures	<u>0</u>	<u>0</u>	<u>77,820</u>	<u>(77,820)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	50,000	138,240	60,420	(77,820)
Fund Balance at Beginning of Year	<u>57,826</u>	<u>57,826</u>	<u>57,826</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 107,826</u>	<u>\$ 196,066</u>	<u>\$ 118,246</u>	<u>\$ (77,820)</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, 2003**

**MUNICIPAL COURT PROBATION SERVICES FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 50,000	\$ 65,449	\$ 65,450	\$ 1
Total Revenues	<u>50,000</u>	<u>65,449</u>	<u>65,450</u>	<u>1</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	0	0	126,962	(126,962)
Total Expenditures	<u>0</u>	<u>0</u>	<u>126,962</u>	<u>(126,962)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	50,000	65,449	(61,512)	(126,961)
Fund Balance at Beginning of Year	79,341	79,341	79,341	0
Fund Balance at End of Year	<u>\$ 129,341</u>	<u>\$ 144,790</u>	<u>\$ 17,829</u>	<u>\$ (126,961)</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, 2003**

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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	\$ 50,000	\$ 100,186	\$ 100,186	\$ 0
Total Revenues	<u>50,000</u>	<u>100,186</u>	<u>100,186</u>	<u>0</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	0	0	50,015	(50,015)
Contractual Services	0	0	31,358	(31,358)
Total Expenditures	<u>0</u>	<u>0</u>	<u>81,373</u>	<u>(81,373)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	50,000	100,186	18,813	(81,373)
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 50,000</u>	<u>\$ 100,186</u>	<u>\$ 18,813</u>	<u>\$ (81,373)</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, 2003**

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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	\$ 50,000	\$ 44,623	\$ 44,603	\$ (20)
All Other Revenues	0	0	20	20
Total Revenues	<u>50,000</u>	<u>44,623</u>	<u>44,623</u>	<u>0</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	0	0	7,971	(7,971)
Materials and Supplies	0	0	15,751	(15,751)
Contractual Services	0	0	12,639	(12,639)
Total Expenditures	<u>0</u>	<u>0</u>	<u>36,361</u>	<u>(36,361)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	50,000	44,623	8,262	(36,361)
Fund Balance at Beginning of Year	5,888	5,888	5,888	0
Fund Balance at End of Year	<u>\$ 55,888</u>	<u>\$ 50,511</u>	<u>\$ 14,150</u>	<u>\$ (36,361)</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, 2003**

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	FIRE PENSION FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u></u>
<b>Revenues:</b>				
Taxes	\$ 50,000	\$ 56,054	\$ 56,054	\$ 0
Intergovernmental Revenues	5,000	7,270	7,270	0
Total Revenues	<u>55,000</u>	<u>63,324</u>	<u>63,324</u>	<u>0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	85,000	85,000	63,324	21,676
Total Expenditures	<u>85,000</u>	<u>85,000</u>	<u>63,324</u>	<u>21,676</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,000)	(21,676)	0	21,676
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ (30,000)</u>	<u>\$ (21,676)</u>	<u>\$ 0</u>	<u>\$ 21,676</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, 2003**

	<b>POLICE PENSION FUND</b>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u></u>
<b>Revenues:</b>				
Taxes	\$ 50,000	\$ 56,054	\$ 56,054	\$ 0
Intergovernmental Revenues	5,000	7,270	7,270	0
Total Revenues	<u>55,000</u>	<u>63,324</u>	<u>63,324</u>	<u>0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	85,000	85,000	63,324	21,676
Total Expenditures	<u>85,000</u>	<u>85,000</u>	<u>63,324</u>	<u>21,676</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,000)	(21,676)	0	21,676
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ (30,000)</u>	<u>\$ (21,676)</u>	<u>\$ 0</u>	<u>\$ 21,676</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, 2003***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<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>3,216</u>	<u>3,216</u>	<u>3,216</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 3,216</u></u>	<u><u>\$ 3,216</u></u>	<u><u>\$ 3,216</u></u>	<u><u>\$ 0</u></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, 2003**

	LOCAL LAW BLOCK GRANT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 20,000	\$ 13,246	\$ 13,087	\$ (159)
Investment Earnings	0	0	111	111
All Other Revenues	0	0	56	56
Total Revenues	<u>20,000</u>	<u>13,246</u>	<u>13,254</u>	<u>8</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	0	0	445	(445)
Contractual Services	0	0	1,056	(1,056)
Capital Outlay	0	0	14,319	(14,319)
Total Expenditures	<u>0</u>	<u>0</u>	<u>15,820</u>	<u>(15,820)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,000	13,246	(2,566)	(15,812)
Fund Balance at Beginning of Year	43,906	43,906	43,906	0
Fund Balance at End of Year	<u>\$ 63,906</u>	<u>\$ 57,152</u>	<u>\$ 41,340</u>	<u>\$ (15,812)</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, 2003***

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<b>COPS FAST GRANT FUND</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u></u>
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 0	\$ 11,555	\$ 13,048	\$ 1,493
Total Revenues	<u>0</u>	<u>11,555</u>	<u>13,048</u>	<u>1,493</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	0	0	3,898	(3,898)
Total Expenditures	<u>0</u>	<u>0</u>	<u>3,898</u>	<u>(3,898)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	11,555	9,150	(2,405)
Fund Balance at Beginning of Year	<u>32,797</u>	<u>32,797</u>	<u>32,797</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 32,797</u>	<u>\$ 44,352</u>	<u>\$ 41,947</u>	<u>\$ (2,405)</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, 2003**

**INDIGENT DRIVERS ALCOHOL TREATMENT FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Fines and Forfeitures	\$ 40,000	\$ 24,209	\$ 24,209	\$ 0
Total Revenues	<u>40,000</u>	<u>24,209</u>	<u>24,209</u>	<u>0</u>
<b>Expenditures:</b>				
General Government:				
Contractual Services	0	0	33,427	(33,427)
Total Expenditures	<u>0</u>	<u>0</u>	<u>33,427</u>	<u>(33,427)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	40,000	24,209	(9,218)	(33,427)
Fund Balance at Beginning of Year	<u>38,267</u>	<u>38,267</u>	<u>38,267</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 78,267</u>	<u>\$ 62,476</u>	<u>\$ 29,049</u>	<u>\$ (33,427)</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, 2003**

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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	\$ 10,000	\$ 2,693	\$ 2,693	\$ 0
Total Revenues	<u>10,000</u>	<u>2,693</u>	<u>2,693</u>	<u>0</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	0	0	128	(128)
Contractual Services	0	0	195	(195)
Total Expenditures	<u>0</u>	<u>0</u>	<u>323</u>	<u>(323)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,000	2,693	2,370	(323)
Fund Balance at Beginning of Year	<u>17,006</u>	<u>17,006</u>	<u>17,006</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 27,006</u>	<u>\$ 19,699</u>	<u>\$ 19,376</u>	<u>\$ (323)</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, 2003**

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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	\$ 10,000	\$ 11,312	\$ 11,311	\$ (1)
Total Revenues	<u>10,000</u>	<u>11,312</u>	<u>11,311</u>	<u>(1)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Contractual Services	0	0	7,500	(7,500)
Total Expenditures	<u>0</u>	<u>0</u>	<u>7,500</u>	<u>(7,500)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,000	11,312	3,811	(7,501)
Fund Balance at Beginning of Year	<u>34,240</u>	<u>34,240</u>	<u>34,240</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 44,240</u>	<u>\$ 45,552</u>	<u>\$ 38,051</u>	<u>\$ (7,501)</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, 2003***

<b>LAW ENFORCEMENT FUND</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u></u>
<b>Revenues:</b>				
Fines and Forfeitures	\$ 20,000	\$ 8,963	\$ 60	\$ (8,903)
All Other Revenues	0	2,521	5,625	3,104
Total Revenues	<u>20,000</u>	<u>11,484</u>	<u>5,685</u>	<u>(5,799)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Materials and Supplies	0	10,558	12,163	(1,605)
Total Expenditures	<u>0</u>	<u>10,558</u>	<u>12,163</u>	<u>(1,605)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,000	926	(6,478)	(7,404)
<b>Other Financing Sources (Uses):</b>				
Proceeds from the Sale of Fixed Assets	0	4,759	10,558	5,799
Total Other Financing Sources (Uses)	<u>0</u>	<u>4,759</u>	<u>10,558</u>	<u>5,799</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	20,000	5,685	4,080	(1,605)
Fund Balance at Beginning of Year	387	387	387	0
Fund Balance at End of Year	<u>\$ 20,387</u>	<u>\$ 6,072</u>	<u>\$ 4,467</u>	<u>\$ (1,605)</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, 2003***

**STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 508,459	\$ 688,134	\$ 688,134	\$ 0
Investment Earnings	0	864	864	0
All Other Revenues	<u>141,541</u>	<u>19,644</u>	<u>144</u>	<u>(19,500)</u>
Total Revenues	<u>650,000</u>	<u>708,642</u>	<u>689,142</u>	<u>(19,500)</u>
<b>Expenditures:</b>				
Transportation:				
Personal Services	730,374	730,374	616,504	113,870
Materials and Supplies	46,285	46,429	37,389	9,040
Contractual Services	71,155	71,155	31,547	39,608
Capital Outlay	<u>1,300</u>	<u>26,300</u>	<u>14,932</u>	<u>11,368</u>
Total Expenditures	<u>849,114</u>	<u>874,258</u>	<u>700,372</u>	<u>173,886</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(199,114)	(165,616)	(11,230)	154,386
Fund Balance at Beginning of Year	6,555	6,555	6,555	0
Prior Year Encumbrances	<u>5,675</u>	<u>5,675</u>	<u>5,675</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (186,884)</u>	<u>\$ (153,386)</u>	<u>\$ 1,000</u>	<u>\$ 154,386</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, 2003***

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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	\$ 50,500	\$ 47,971	\$ 47,971	\$ 0
Investment Earnings	1,200	432	432	0
Total Revenues	<u>51,700</u>	<u>48,403</u>	<u>48,403</u>	<u>0</u>
<b>Expenditures:</b>				
Transportation:				
Personal Services	<u>67,500</u>	<u>67,500</u>	<u>59,659</u>	<u>7,841</u>
Total Expenditures	<u>67,500</u>	<u>67,500</u>	<u>59,659</u>	<u>7,841</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,800)	(19,097)	(11,256)	7,841
Fund Balance at Beginning of Year	11,276	11,276	11,276	0
Fund Balance at End of Year	<u>\$ (4,524)</u>	<u>\$ (7,821)</u>	<u>\$ 20</u>	<u>\$ 7,841</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, 2003**

<b>ENVIRONMENTAL STATE GRANTS FUND</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 488,000	\$ 399,840	\$ 399,840	\$ 0
All Other Revenues	8,500	7,708	7,708	0
Total Revenues	<u>496,500</u>	<u>407,548</u>	<u>407,548</u>	<u>0</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Personal Services	574,825	484,359	446,914	37,445
Materials and Supplies	12,400	32,078	23,310	8,768
Contractual Services	61,325	78,114	64,673	13,441
Capital Outlay	45,200	99,200	91,192	8,008
Total Expenditures	<u>693,750</u>	<u>693,751</u>	<u>626,089</u>	<u>67,662</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(197,250)	(286,203)	(218,541)	67,662
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	0	18,000	18,000	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>18,000</u>	<u>18,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(197,250)	(268,203)	(200,541)	67,662
Fund Balance at Beginning of Year	190,650	190,650	190,650	0
Prior Year Encumbrances	28,750	28,750	28,750	0
Fund Balance at End of Year	<u>\$ 22,150</u>	<u>\$ (48,803)</u>	<u>\$ 18,859</u>	<u>\$ 67,662</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, 2003**

COMMUNITY DEVELOPMENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 200,000	\$ 183,000	\$ 183,000	\$ 0
Investment Earnings	0	2,344	2,345	1
All Other Revenues	0	70,872	70,872	0
Total Revenues	<u>200,000</u>	<u>256,216</u>	<u>256,217</u>	<u>1</u>
<b>Expenditures:</b>				
Community Environment:				
Personal Services	4,811	8,987	26,309	(17,322)
Materials and Supplies	449	838	2,454	(1,616)
Contractual Services	5,804	6,635	31,739	(25,104)
Capital Outlay	24,321	45,431	133,000	(87,569)
Total Expenditures	<u>35,385</u>	<u>61,891</u>	<u>193,502</u>	<u>(131,611)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	164,615	194,325	62,715	(131,610)
Fund Balance at Beginning of Year	460,990	460,990	460,990	0
Fund Balance at End of Year	<u>\$ 625,605</u>	<u>\$ 655,315</u>	<u>\$ 523,705</u>	<u>\$ (131,610)</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, 2003***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Taxes	\$ 45,000	\$ 44,716	\$ 44,716	\$ 0
Total Revenues	<u>45,000</u>	<u>44,716</u>	<u>44,716</u>	<u>0</u>
<b>Expenditures:</b>				
Community Environment:				
Contractual Services	60,000	60,000	48,102	11,898
Total Expenditures	<u>60,000</u>	<u>60,000</u>	<u>48,102</u>	<u>11,898</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,000)	(15,284)	(3,386)	11,898
Fund Balance at Beginning of Year	12,051	12,051	12,051	0
Fund Balance at End of Year	<u>\$ (2,949)</u>	<u>\$ (3,233)</u>	<u>\$ 8,665</u>	<u>\$ 11,898</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, 2003***

STATE GRANT HEALTH FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b><u>Revenues:</u></b>				
Intergovernmental Revenues	\$ 548,000	\$ 550,795	\$ 576,295	\$ 25,500
Charges for Services	266,600	178,761	178,762	1
All Other Revenues	51,400	70,444	70,444	0
Total Revenues	<u>866,000</u>	<u>800,000</u>	<u>825,501</u>	<u>25,501</u>
<b><u>Expenditures:</u></b>				
Public Health and Welfare Services:				
Child Abuse:				
Personal Services	0	0	8,542	(8,542)
Materials and Supplies	0	0	3,646	(3,646)
Contractual Services	0	0	95	(95)
Total Child Abuse	<u>0</u>	<u>0</u>	<u>12,283</u>	<u>(12,283)</u>
At Risk Neonatal:				
Personal Services	0	0	(1,336)	1,336
Materials and Supplies	0	0	0	0
Total At Risk Neonatal	<u>0</u>	<u>0</u>	<u>(1,336)</u>	<u>1,336</u>
State Grant - Health:				
Personal Services	0	0	188,169	(188,169)
Materials and Supplies	0	0	75,416	(75,416)
Contractual Services	0	0	132,701	(132,701)
Total State Grant - Health	<u>0</u>	<u>0</u>	<u>396,286</u>	<u>(396,286)</u>
Prevention:				
Personal Services	0	0	21,091	(21,091)
Materials and Supplies	0	0	0	0
Contractual Services	0	0	8,173	(8,173)
Total Prevention	<u>0</u>	<u>0</u>	<u>29,264</u>	<u>(29,264)</u>
AIDS Grant:				
Personal Services	0	0	62,599	(62,599)
Materials and Supplies	0	0	9,362	(9,362)
Contractual Services	0	0	6,804	(6,804)
Total AIDS Grant	<u>0</u>	<u>0</u>	<u>78,765</u>	<u>(78,765)</u>
State Grant - Lead Poisoning:				
Personal Services	0	0	20	(20)
Total State Grant - Lead Poisoning	<u>0</u>	<u>0</u>	<u>20</u>	<u>(20)</u>
State Grant - Family Living:				
Materials and Supplies	0	0	1,093	(1,093)
Contractual Services	0	0	0	0
Total State Grant - Family Living	<u>0</u>	<u>0</u>	<u>1,093</u>	<u>(1,093)</u>

(Continued)

**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, 2003***

STATE GRANT HEALTH FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
State Grant-Temporary Assistance to Needy Families:				
Personal Services	0	0	9,446	(9,446)
Materials and Supplies	0	0	42	(42)
Contractual Services	0	0	500	(500)
Total State Grant - Temporary Assistance to Needy Families	0	0	9,988	(9,988)
State Grant - Tobacco Use Prevention:				
Personal Services	0	0	11,683	(11,683)
Materials and Supplies	0	0	30,429	(30,429)
Contractual Services	0	0	641	(641)
Total State Grant - Tobacco Use Prevention	0	0	42,753	(42,753)
Gene Screening:				
Materials and Supplies	0	0	0	0
Contractual Services	0	0	1,955	(1,955)
Total Gene Screening	0	0	1,955	(1,955)
State Grant - Cardiovascular:				
Personal Services	0	0	13,500	(13,500)
Materials and Supplies	0	0	4,868	(4,868)
Contractual Services	0	0	36,077	(36,077)
Capital Outlay	0	0	0	0
Total State Grant - Cardiovascular	0	0	54,445	(54,445)
State Grant - Safety Grant:				
Personal Services	0	0	31,540	(31,540)
Materials and Supplies	0	0	2,616	(2,616)
Contractual Services	0	0	4,992	(4,992)
Capital Outlay	0	0	497	(497)
Total State Grant - Safety Grant	0	0	39,645	(39,645)
Bioterrorism Grant:				
Personal Services	0	0	62,572	(62,572)
Materials and Supplies	0	0	3,891	(3,891)
Contractual Services	0	0	20,811	(20,811)
Capital Outlay	0	0	20,117	(20,117)
Total Bioterrorism Grant	0	0	107,391	(107,391)
Total Expenditures	0	0	772,552	(772,552)
Excess (Deficiency) of Revenues Over (Under) Expenditures	866,000	800,000	52,949	(747,051)
Fund Balance at Beginning of Year	329,678	329,678	329,678	0
Fund Balance at End of Year	<u>\$ 1,195,678</u>	<u>\$ 1,129,678</u>	<u>\$ 382,627</u>	<u>\$ (747,051)</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, 2003**

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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>\$ 200,000</u>	<u>\$ 246,476</u>	<u>\$ 246,476</u>	<u>\$ 0</u>
Total Revenues	<u>200,000</u>	<u>246,476</u>	<u>246,476</u>	<u>0</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Personal Services	0	0	179,673	(179,673)
Materials and Supplies	0	0	50,542	(50,542)
Contractual Services	0	0	45,827	(45,827)
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>276,042</u>	<u>(276,042)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	200,000	246,476	(29,566)	(276,042)
Fund Balance at Beginning of Year	<u>56,358</u>	<u>56,358</u>	<u>56,358</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 256,358</u>	<u>\$ 302,834</u>	<u>\$ 26,792</u>	<u>\$ (276,042)</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, 2003**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
All Other Revenues	\$ 0	\$ 236	\$ 236	\$ 0
Total Revenues	<u>0</u>	<u>236</u>	<u>236</u>	<u>0</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Materials and Supplies	0	0	1,656	(1,656)
Total Expenditures	<u>0</u>	<u>0</u>	<u>1,656</u>	<u>(1,656)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	236	(1,420)	(1,656)
Fund Balance at Beginning of Year	<u>2,713</u>	<u>2,713</u>	<u>2,713</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,713</u>	<u>\$ 2,949</u>	<u>\$ 1,293</u>	<u>\$ (1,656)</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, 2003**

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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	\$ 40,000	\$ 23,145	\$ 23,145	\$ 0
Total Revenues	<u>40,000</u>	<u>23,145</u>	<u>23,145</u>	<u>0</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Personal Services	0	0	14,337	(14,337)
Materials and Supplies	0	0	3,052	(3,052)
Contractual Services	0	0	164	(164)
Total Expenditures	<u>0</u>	<u>0</u>	<u>17,553</u>	<u>(17,553)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	40,000	23,145	5,592	(17,553)
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 40,000</u>	<u>\$ 23,145</u>	<u>\$ 5,592</u>	<u>\$ (17,553)</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, 2003**

	F.E.M.A. GRANT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 0	\$ 1,098,068	\$ 1,098,068	\$ 0
Total Revenues	0	1,098,068	1,098,068	0
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Materials and Supplies	0	121,210	121,007	203
Total Expenditures	0	121,210	121,007	203
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	976,858	977,061	203
<b>Other Financing Sources (Uses):</b>				
Proceeds from the Sale of Fixed Assets	0	0	0	0
Operating Transfers Out	0	(976,858)	(976,858)	0
Total Other Financing Sources (Uses)	0	(976,858)	(976,858)	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	203	203
Fund Balance at Beginning of Year	2,222	2,222	2,222	0
Fund Balance at End of Year	\$ 2,222	\$ 2,222	\$ 2,425	\$ 203

**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, 2003***

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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	\$ 500,000	\$ 421,792	\$ 421,792	\$ 0
Total Revenues	<u>500,000</u>	<u>421,792</u>	<u>421,792</u>	<u>0</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Contractual Services	0	0	388,646	(388,646)
Total Expenditures	<u>0</u>	<u>0</u>	<u>388,646</u>	<u>(388,646)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	500,000	421,792	33,146	(388,646)
Fund Balance at Beginning of Year	543	543	543	0
Fund Balance at End of Year	<u>\$ 500,543</u>	<u>\$ 422,335</u>	<u>\$ 33,689</u>	<u>\$ (388,646)</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, 2003**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Taxes	\$ 155,000	\$ 145,946	\$ 145,946	\$ 0
Intergovernmental Revenues	15,000	19,044	19,044	0
Investment Earnings	0	1,444	1,444	0
Total Revenues	<u>170,000</u>	<u>166,434</u>	<u>166,434</u>	<u>0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Materials and Supplies	0	0	1,563	(1,563)
Contractual Services	0	0	4,117	(4,117)
Capital Outlay	15,970	138,620	52,540	86,080
Total Expenditures	<u>15,970</u>	<u>138,620</u>	<u>58,220</u>	<u>80,400</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	154,030	27,814	108,214	80,400
Fund Balance at Beginning of Year	479,549	479,549	479,549	0
Prior Year Encumbrances	15,970	15,970	15,970	0
Fund Balance at End of Year	<u>\$ 649,549</u>	<u>\$ 523,333</u>	<u>\$ 603,733</u>	<u>\$ 80,400</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, 2003**

	<b>COUNCIL TRUST FOR RECREATION FUND</b>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>				
Charges for Services	\$ 40,000	\$ 25,291	\$ 25,291	\$ 0
All Other Revenues	0	500	500	0
Total Revenues	<u>40,000</u>	<u>25,791</u>	<u>25,791</u>	<u>0</u>
<b>Expenditures:</b>				
Leisure Time Activities:				
Personal Services	77,342	77,342	49,154	28,188
Materials and Supplies	1,300	2,600	2,239	361
Contractual Services	0	10,000	20,906	(10,906)
Capital Outlay	10,320	91,470	58,444	33,026
Total Expenditures	<u>88,962</u>	<u>181,412</u>	<u>130,743</u>	<u>50,669</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(48,962)	(155,621)	(104,952)	50,669
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	100,000	144,490	144,490	0
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>144,490</u>	<u>144,490</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	51,038	(11,131)	39,538	50,669
Fund Balance at Beginning of Year	157,452	157,452	157,452	0
Fund Balance at End of Year	<u>\$ 208,490</u>	<u>\$ 146,321</u>	<u>\$ 196,990</u>	<u>\$ 50,669</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, 2003**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Investment Earnings	\$ 0	\$ 33	\$ 33	\$ 0
All Other Revenues	0	2,162	2,162	0
Total Revenues	<u>0</u>	<u>2,195</u>	<u>2,195</u>	<u>0</u>
<b>Expenditures:</b>				
Leisure Time Activity:				
Personal Services	1,500	1,500	375	1,125
Contractual Services	0	7,391	83	7,308
Total Expenditures	<u>1,500</u>	<u>8,891</u>	<u>458</u>	<u>8,433</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,500)	(6,696)	1,737	8,433
Fund Balance at Beginning of Year	<u>6,730</u>	<u>6,730</u>	<u>6,730</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5,230</u>	<u>\$ 34</u>	<u>\$ 8,467</u>	<u>\$ 8,433</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, 2003**

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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	\$ 0	\$ 21,450	\$ 21,450	\$ 0
Investment Earnings	5,000	922	921	(1)
Total Revenues	<u>5,000</u>	<u>22,372</u>	<u>22,371</u>	<u>(1)</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Personal Services	3,000	3,000	3,000	0
Capital Outlay	<u>1,559</u>	<u>4,559</u>	<u>861</u>	<u>3,698</u>
Total Expenditures	<u>4,559</u>	<u>7,559</u>	<u>3,861</u>	<u>3,698</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	441	14,813	18,510	3,697
Fund Balance at Beginning of Year	<u>182,800</u>	<u>182,800</u>	<u>182,800</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 183,241</u>	<u>\$ 197,613</u>	<u>\$ 201,310</u>	<u>\$ 3,697</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, 2003**

---

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Investment Earnings	\$ 0	\$ 17	\$ 17	\$ 0
Total Revenues	<u>0</u>	<u>17</u>	<u>17</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	17	17	0
Fund Balance at Beginning of Year	<u>4,621</u>	<u>4,621</u>	<u>4,621</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,621</u>	<u>\$ 4,638</u>	<u>\$ 4,638</u>	<u>\$ 0</u>

***Internal Service Funds***

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The internal service funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost

**Store Room Revolving Fund**

To account for the resources and expenditures to provide stationery and copies and supplies to various departments within the City.

**Employees Insurance Account "B" Fund**

To account for the accumulation and allocation of costs associated with insurance costs incurred by the City.

**CITY OF PORTSMOUTH, OHIO**

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***Statement of Net Assets  
Internal Service Funds  
December 31, 2003***

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	<u>Storeroom Revolving</u>	<u>Insurance Account "B"</u>	<u>Total</u>
<b>Assets:</b>			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 12,090	\$ 67,566	\$ 79,656
Prepaid Items	5	203,840	203,845
<i>Total Current Assets</i>	<u>12,095</u>	<u>271,406</u>	<u>283,501</u>
<b>Total Assets</b>	<u>12,095</u>	<u>271,406</u>	<u>283,501</u>
<b>Liabilities:</b>			
<b>Total Liabilities</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Assets:</b>			
Unrestricted	<u>12,095</u>	<u>271,406</u>	<u>283,501</u>
<b>Total Net Assets</b>	<u><u>\$ 12,095</u></u>	<u><u>\$ 271,406</u></u>	<u><u>\$ 283,501</u></u>

**CITY OF PORTSMOUTH, OHIO**

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**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Internal Service Funds**  
**For the Year Ended December 31, 2003**

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	Storeroom Revolving	Insurance Account "B"	Total
<b>Operating Revenues:</b>			
Charges for Services	\$ 9,118	\$ 218,075	\$ 227,193
<b>Total Operating Revenues</b>	<u>9,118</u>	<u>218,075</u>	<u>227,193</u>
<b>Operating Expenses:</b>			
Materials and Supplies	4,114	0	4,114
<b>Total Operating Expenses</b>	<u>4,114</u>	<u>0</u>	<u>4,114</u>
Change in Net Assets	5,004	218,075	223,079
Net Assets Beginning of Year	7,091	53,331	60,422
Net Assets End of Year	<u>\$ 12,095</u>	<u>\$ 271,406</u>	<u>\$ 283,501</u>



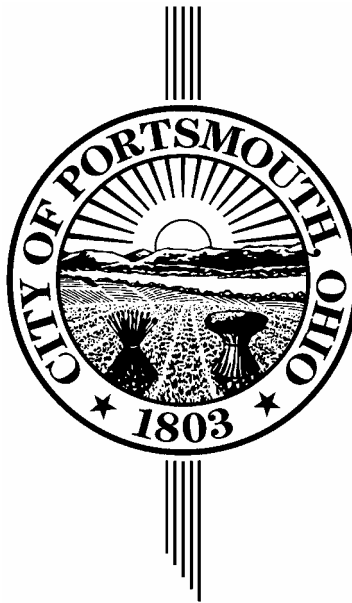
**CITY OF PORTSMOUTH, OHIO**

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***Statement of Cash Flows  
Internal Service Funds  
For the Year Ended December 31, 2003***

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	Store Room Revolving	Employee Insurance Account "B"	Total
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$9,118	\$218,075	\$227,193
Cash Payments for Goods and Services	(7,369)	(203,840)	(211,209)
Net Cash Provided by Operating Activities	<u>1,749</u>	<u>14,235</u>	<u>15,984</u>
Net Increase in Cash and Cash Equivalents	1,749	14,235	15,984
Cash and Cash Equivalents at Beginning of Year	<u>10,341</u>	<u>53,331</u>	<u>63,672</u>
Cash and Cash Equivalents at End of Year	<u><u>\$12,090</u></u>	<u><u>\$67,566</u></u>	<u><u>\$79,656</u></u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>			
Operating Income	\$5,004	\$218,075	\$223,079
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Changes in Assets and Liabilities:			
Increase in Prepaid Expenses	(5)	(203,840)	(203,845)
Decrease in Accounts Payable	<u>(3,250)</u>	<u>0</u>	<u>(3,250)</u>
Total Adjustments	<u>(3,255)</u>	<u>(203,840)</u>	<u>(207,095)</u>
Net Cash Provided by Operating Activities	<u><u>\$1,749</u></u>	<u><u>\$14,235</u></u>	<u><u>\$15,984</u></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.

**Insurance Fund**

To account for insurance premiums paid for employee's health insurance coverage. The Balance Sheet is not presented because there are no assets or liabilities at year end.).

**CITY OF PORTSMOUTH, OHIO**

***Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2003***

	Balance December 31, 2002	Additions	Deductions	Balance December 31, 2003
<b><u>Performance Bonds Fund</u></b>				
Restricted Assets:				
Cash and Cash Equivalents	\$42,116	\$100,973	(\$107,120)	\$35,969
Total Assets	<u>\$42,116</u>	<u>\$100,973</u>	<u>(\$107,120)</u>	<u>\$35,969</u>
Liabilities:				
Due to Others	\$42,116	\$100,973	(\$107,120)	\$35,969
Total Liabilities	<u>\$42,116</u>	<u>\$100,973</u>	<u>(\$107,120)</u>	<u>\$35,969</u>
<b><u>Law Library Fund</u></b>				
Assets:				
Accounts Receivable	\$0	\$13,630	\$0	\$13,630
Due from Other Funds	3,212	3,220	(3,212)	3,220
Restricted Assets:				
Cash and Cash Equivalents	0	45,418	(45,418)	0
Total Assets	<u>\$3,212</u>	<u>\$62,268</u>	<u>(\$48,630)</u>	<u>\$16,850</u>
Liabilities:				
Due to Others	\$3,212	\$62,268	(\$48,630)	\$16,850
Total Liabilities	<u>\$3,212</u>	<u>\$62,268</u>	<u>(\$48,630)</u>	<u>\$16,850</u>
<b><u>Ohio Board of Building Standards Fund</u></b>				
Restricted Assets:				
Cash and Cash Equivalents	\$89	\$2,726	(\$2,356)	\$459
Total Assets	<u>\$89</u>	<u>\$2,726</u>	<u>(\$2,356)</u>	<u>\$459</u>
Liabilities:				
Due to Others	\$89	\$2,726	(\$2,356)	\$459
Total Liabilities	<u>\$89</u>	<u>\$2,726</u>	<u>(\$2,356)</u>	<u>\$459</u>
<b><u>Municipal Court Fund</u></b>				
Assets:				
Accounts Receivable	\$2,393,965	\$147,741	(\$2,393,965)	\$147,741
Restricted Assets:				
Cash and Cash Equivalents	207,957	2,216,661	(2,239,556)	185,062
Total Assets	<u>\$2,601,922</u>	<u>\$2,364,402</u>	<u>(\$4,633,521)</u>	<u>\$332,803</u>
Liabilities:				
Due to Other Funds	\$3,212	\$571,678	(\$571,670)	\$3,220
Intergovernmental Payables	38,453	380,513	(378,510)	40,456
Due to Others	2,560,257	1,412,211	(3,683,341)	289,127
Total Liabilities	<u>\$2,601,922</u>	<u>\$2,364,402</u>	<u>(\$4,633,521)</u>	<u>\$332,803</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, 2003***

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	Balance December 31, 2002	Additions	Deductions	Balance December 31, 2003
<u>Insurance Fund</u>				
Assets:				
Cash and Cash Equivalents	\$0	\$2,242,529	(\$2,242,529)	\$0
Total Assets	<u>\$0</u>	<u>\$2,242,529</u>	<u>(\$2,242,529)</u>	<u>\$0</u>
Liabilities:				
Due to Others	\$0	\$2,242,529	(\$2,242,529)	\$0
Total Liabilities	<u>\$0</u>	<u>\$2,242,529</u>	<u>(\$2,242,529)</u>	<u>\$0</u>
 <u>Totals - All Agency Funds</u>				
Assets:				
Accounts Receivable	\$2,393,965	\$161,371	(\$2,393,965)	\$161,371
Due from Other Funds	3,212	3,220	(3,212)	3,220
Restricted Assets:				
Cash and Cash Equivalents	250,162	4,608,307	(4,636,979)	221,490
Total Assets	<u>\$2,647,339</u>	<u>\$4,772,898</u>	<u>(\$7,034,156)</u>	<u>\$386,081</u>
Liabilities:				
Due to Other Funds	\$3,212	\$571,678	(\$571,670)	\$3,220
Intergovernmental Payables	38,453	380,513	(378,510)	40,456
Due to Others	2,605,674	3,820,707	(6,083,976)	342,405
Total Liabilities	<u>\$2,647,339</u>	<u>\$4,772,898</u>	<u>(\$7,034,156)</u>	<u>\$386,081</u>

*CAPITAL ASSETS USED IN THE  
OPERATION OF GOVERNMENTAL FUNDS*

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***CITY OF PORTSMOUTH, OHIO***

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***Capital Assets Used in the Operation of Governmental Funds  
Schedule by Source  
December 31, 2003***

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<u>Capital Assets</u>	
Land	\$612,891
Buildings and Improvements	5,771,469
Land Improvements	2,125,765
Machinery and Equipment	7,052,403
Infrastructure	143,682
Total Capital Assets	<u>\$15,706,210</u>
<u>Investment in Capital Assets</u>	
General Fund	\$298,072
Special Revenue Funds	1,252,921
Capital Projects Fund	13,693,647
Expendable Trust Funds	319,366
Proprietary Funds	94,742
Internal Service Funds	10,391
Grants	29,071
Donated	8,000
Total Investment in Capital Assets	<u>\$15,706,210</u>

**CITY OF PORTSMOUTH, OHIO**

**Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
December 31, 2003**

Function and Activity	Land	Buildings and Improvements	Land Improvements
<u>General Government:</u>			
City Council	\$50,078	\$67,344	\$0
Executive	0	3,921,226	267,106
Legal	0	0	0
Finance	0	0	0
Municipal Court	0	0	0
Income Tax	0	0	0
Engineering	0	50,542	0
Public Service	0	36,426	314,560
City Garage	0	0	0
Total	50,078	4,075,538	581,666
<u>Security of Persons and Property:</u>			
Police	3,372	1,649	0
Fire	196,346	526,787	2,000
Flood Defense	0	5,425	367,578
Total	199,718	533,861	369,578
<u>Transportation:</u>			
General Street Construction	0	0	0
<u>Public Health and Welfare:</u>			
Cemetery	17,632	122,998	0
Air Pollution	0	12,174	0
Health	0	0	0
Total	17,632	135,172	0
<u>Leisure Time Activities:</u>			
Recreation	345,463	676,730	140,400
<u>Community Environment:</u>			
Community Development	0	0	993,142
Grounds Maintenance	0	350,168	40,979
Total	0	350,168	1,034,121
Total Capital Assets	\$612,891	\$5,771,469	\$2,125,765



**CITY OF PORTSMOUTH, OHIO**

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Machinery and Equipment	Infrastructure	Totals
\$31,256	\$0	\$148,678
332,929	0	4,521,261
12,212	0	12,212
69,126	0	69,126
311,567	0	311,567
42,892	0	42,892
495,731	0	546,273
225,018	0	576,004
114,726	0	114,726
<u>1,635,457</u>	<u>0</u>	<u>6,342,739</u>
1,211,531	0	1,216,552
1,778,023	0	2,503,156
119,444	0	492,447
<u>3,108,998</u>	<u>0</u>	<u>4,212,155</u>
<u>1,003,347</u>	<u>143,682</u>	<u>1,147,029</u>
153,439	0	294,069
480,593	0	492,767
250,399	0	250,399
<u>884,431</u>	<u>0</u>	<u>1,037,235</u>
<u>1,579</u>	<u>0</u>	<u>1,164,172</u>
41,781	0	1,034,923
376,810	0	767,957
418,591	0	1,802,880
<u>\$7,052,403</u>	<u>\$143,682</u>	<u>\$15,706,210</u>

**CITY OF PORTSMOUTH, OHIO**

***Capital Assets Used in the Operation of Governmental Funds  
Schedule Changes by Function and Activity  
For Year Ended December 31, 2003***

Function and Activity	December 31, 2002	Additions	Deletions	December 31, 2003
<b><u>General Government:</u></b>				
City Council	\$148,678	\$0	\$0	\$148,678
Executive	4,521,261	0	0	4,521,261
Legal	12,212	0	0	12,212
Finance	69,126	0	0	69,126
Municipal Court	305,432	6,135	0	311,567
Income Tax	42,892	0	0	42,892
Engineering	538,980	27,533	(20,240)	546,273
Public Service	571,131	4,873	0	576,004
City Garage	114,726	0	0	114,726
Total	6,324,438	38,541	(20,240)	6,342,739
<b><u>Security of Persons and Property:</u></b>				
Police	1,220,451	0	(3,899)	1,216,552
Fire	2,435,058	84,977	(16,879)	2,503,156
Flood Defense	492,447	0	0	492,447
Total	4,147,956	84,977	(20,778)	4,212,155
<b><u>Transportation:</u></b>				
General Street Construction	978,847	168,182	0	1,147,029
<b><u>Public Health and Welfare:</u></b>				
Cemetery	294,069	0	0	294,069
Air Pollution	407,463	85,304	0	492,767
Health	250,399	0	0	250,399
Total	951,931	85,304	0	1,037,235
<b><u>Leisure Time Activities:</u></b>				
Recreation	1,164,172	0	0	1,164,172
<b><u>Community Environment:</u></b>				
Community Development	823,843	211,080	0	1,034,923
Grounds Maintenance	767,957	0	0	767,957
Total	1,591,800	211,080	0	1,802,880
Total Capital Assets	\$15,159,144	\$588,084	(\$41,018)	\$15,706,210

# *STATISTICAL SECTION*

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*STATISTICAL TABLES*

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***T**HE FOLLOWING UNAUDITED STATISTICAL TABLES REFLECT SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND FISCAL CAPACITY OF THE CITY.*

**CITY OF PORTSMOUTH, OHIO**

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**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)  
LAST TEN YEARS**

<b>Year</b>	<b>Security of Persons and Property</b>	<b>Public Health and Welfare Services</b>	<b>Leisure Time Activities</b>	<b>Community Environment</b>	<b>Trans- portation</b>	<b>General Government</b>	<b>Capital Outlay</b>	<b>Debt Service</b>	<b>Other Expenditures</b>	<b>Total</b>
1994	\$5,129,491	\$1,550,378	\$35,155	\$906,211	\$766,076	\$1,705,419	\$248,111	\$142,324	\$35,789	\$10,518,954
1995	5,551,715	1,723,341	31,301	947,433	821,275	1,777,814	0	147,919	23,143	11,023,941
1996	5,500,828	2,002,293	26,000	407,838	956,992	1,712,984	18,727	354,522	376,515	11,356,699
1997	6,153,104	2,230,704	31,530	875,748	869,675	2,093,090	0	273,230	0	12,527,081
1998	5,582,700	2,131,045	31,894	620,186	1,272,074	2,381,353	0	149,219	0	12,168,471
1999	6,164,798	2,223,463	0	629,626	1,232,025	2,796,094	0	149,017	0	13,195,023
2000	5,757,590	2,373,333	0	1,367,040	1,300,667	3,216,901	0	310,877	0	14,326,408
2001	5,991,355	2,769,406	0	626,376	1,307,038	3,572,084	0	2,354,109	0	16,620,368
2002	6,423,187	2,708,280	0	695,134	1,417,750	3,434,883	0	297,478	0	14,976,712
2003	6,572,469	2,565,485	73,507	371,813	2,292,674	3,403,628	0	304,291	0	15,583,867

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(1) Includes General Fund, Special Revenue Funds and Debt Service Fund  
Beginning in 1997 Capital Outlay and Other Expenditures are included as part of the function.

**CITY OF PORTSMOUTH, OHIO**

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**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)  
LAST TEN YEARS**

<b>Year</b>	<b>Taxes</b>	<b>Inter-Governmental Revenues</b>	<b>Charges for Services</b>	<b>Licenses and Permits</b>	<b>Investment Earnings</b>	<b>Special Assessments</b>	<b>Fines and Forfeitures</b>	<b>All Other</b>	<b>Total</b>
1994	\$5,336,650	\$3,576,812	\$204,923	\$158,172	\$258,449	\$142,673	\$708,961	\$230,979	\$10,617,619
1995	5,455,624	3,925,048	242,290	150,948	444,030	176,846	803,757	166,279	11,364,822
1996	6,523,779	3,020,356	646,521	369,651	243,060	153,023	526,276	74,512	11,557,178
1997	5,937,500	5,437,149	159,324	181,608	225,588	155,328	639,164	418,313	13,153,974
1998	6,278,109	5,193,377	311,426	135,488	348,187	153,762	759,546	980,986	14,160,881
1999	6,362,924	5,523,929	482,319	143,608	297,843	150,666	886,273	302,438	14,150,000
2000	6,527,317	6,276,285	447,215	115,686	616,196	154,473	919,845	378,961	15,435,978
2001	6,660,757	5,015,661	402,186	193,154	339,097	156,083	933,608	505,475	14,206,021
2002	6,836,768	5,593,175	471,528	177,004	136,409	154,864	917,757	374,085	14,661,590
2003	6,549,858	5,268,332	654,975	230,950	47,865	0	994,915	379,093	14,125,988

(1) Includes General Fund, Special Revenue Funds and Debt Service Fund

**CITY OF PORTSMOUTH, OHIO**

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**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS**

<b>Collection Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections To Tax Levy</b>	<b>Accumulated Outstanding Delinquent Taxes</b>	<b>Percentage of Accumulated Delinquent Taxes to Total Tax Levy</b>
1994	\$1,591,789	\$1,267,021	\$64,375	\$1,331,396	83.64%	\$143,747	9.03%
1995	1,646,035	1,301,373	56,857	1,358,230	82.52%	154,741	9.40%
1996	1,672,774	1,242,636	88,206	1,330,842	79.56%	184,250	11.01%
1997	1,722,059	1,275,753	53,156	1,328,909	77.17%	206,764	12.01%
1998	1,752,294	1,267,799	65,714	1,333,513	76.10%	209,353	11.95%
1999	2,003,568	1,703,494	84,586	1,788,080	89.24%	215,489	10.76%
2000	1,495,334	1,229,187	66,651	1,295,838	86.66%	113,661	7.60%
2001	1,496,141	1,225,283	63,807	1,289,090	86.16%	185,024	12.37%
2002	2,165,793	1,816,732	93,992	1,910,724	88.22%	134,105	6.19%
2003	2,075,248	1,595,325	89,368	1,684,693	81.18%	184,852	8.91%

Source: Scioto County Auditor



**CITY OF PORTSMOUTH, OHIO**

**ASSESSED VALUATIONS AND ESTIMATED TRUE VALUES  
OF TAXABLE PROPERTY  
LAST TEN YEARS**

Tax Year	Real Property		Public Utility Personal		Tangible Personal Property		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1994	\$130,247,500	\$372,135,714	\$22,617,210	\$22,617,210	\$19,508,895	\$78,035,580	\$172,373,605	\$472,788,504	36.46%
1995	133,642,900	381,836,857	21,001,600	21,001,600	20,777,570	83,110,280	175,422,070	485,948,737	36.10%
1996	133,504,450	381,441,286	20,350,420	20,350,420	21,938,600	87,754,400	175,793,470	489,546,106	35.91%
1997	133,223,830	380,639,517	19,590,920	19,590,920	21,359,650	85,438,600	174,174,400	485,669,037	35.86%
1998	149,596,150	427,417,570	20,887,470	20,887,470	22,480,710	89,922,840	192,964,330	538,227,880	35.85%
1999	148,070,350	423,058,143	19,303,220	19,303,220	23,251,320	93,005,280	190,624,890	535,366,643	35.61%
2000	148,177,780	423,365,086	19,557,500	19,557,500	22,747,690	90,990,760	190,482,970	533,913,346	35.68%
2001	169,636,340	484,675,258	14,586,270	14,586,270	23,466,960	93,867,840	207,689,570	593,129,368	35.02%
2002	169,259,180	483,597,657	14,562,350	41,606,714	22,426,530	89,706,120	206,248,060	614,910,491	33.54%
2003	170,532,520	487,235,770	14,908,310	42,595,170	22,019,080	88,076,320	207,459,910	617,907,260	33.57%

Source: Scioto County Auditor

**CITY OF PORTSMOUTH, OHIO**

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**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
(PER \$1,000 OF ASSESSED VALUATIONS)  
LAST TEN YEARS**

Collection Year	City of Portsmouth						Portsmouth School District	Scioto County Joint Vocational School District	Scioto County	Total
	General Fund	Bond Payment Fund	Fire Pension Fund	Police Pension Fund	Flood Defense Fund	Total City				
1994	8.15	2.60	0.30	0.30	1.00	12.35	34.53	4.37	7.68	58.93
1995	8.15	2.60	0.30	0.30	1.00	12.35	34.53	5.37	7.98	60.23
1996	8.15	2.60	0.30	0.30	1.00	12.35	34.53	5.37	7.98	60.23
1997	8.15	2.60	0.30	0.30	1.00	12.35	34.53	5.37	7.98	60.23
1998	8.15	2.60	0.30	0.30	1.00	12.35	34.53	5.37	7.98	60.23
1999	8.15	2.50	0.30	0.30	1.00	12.25	34.53	5.37	7.98	60.13
2000	8.15	2.50	0.30	0.30	1.00	12.25	34.53	5.37	7.98	60.13
2001	8.15	2.50	0.30	0.30	1.00	12.25	34.53	5.37	7.98	60.13
2002	8.15	2.50	0.30	0.30	1.00	12.25	41.03	5.37	7.98	66.63
2003	7.95	0.00	0.30	0.30	1.00	9.55	41.03	5.37	7.98	63.93

Source: Scioto County Auditor  
Scioto County Treasurer

**CITY OF PORTSMOUTH, OHIO**

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**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS  
LAST TEN YEARS**

<b>Collection Year</b>	<b>Amount Billed</b>	<b>Amount Collected</b>	<b>Percent Collected</b>
1994	\$148,270	\$142,673	96.23%
1995	392,794	160,493	40.86%
1996	423,642	160,622	37.91%
1997	475,990	181,440	38.12%
1998	154,496	150,974	97.72%
1999	168,238	180,069	107.03%
2000	166,174	176,376	106.14%
2001	171,829	148,062	86.17%
2002	237,523	154,864	65.20%
2003	215,509	149,637	69.43%

These figures represent amounts certified to and collected by the Scioto County Auditor.  
Source: Scioto County, Ohio: County Auditor

**COMPUTATION OF LEGAL DEBT MARGIN  
DECEMBER 31, 2003**

	<u>Total Debt</u>	<u>Unvoted Debt</u>
Net Assessed Valuation	\$207,459,910	\$207,459,910
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	21,783,291	11,410,295
Applicable City Debt Outstanding (2)	2,005,000	2,005,000
Less: Applicable Debt Service Fund Amounts	(102,150)	(102,150)
Net Indebtedness Subject to Limitation	<u>1,902,850</u>	<u>1,902,850</u>
Legal Debt Margin	<u><u>\$19,880,441</u></u>	<u><u>\$9,507,445</u></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 Notes and Bonds Only  
Enterprise Debt is Not Considered in the Computation of the Legal Debt Margin

**CITY OF PORTSMOUTH, OHIO**

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**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED  
VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA  
LAST TEN YEARS**

<b>Year</b>	<b>Population (1)</b>	<b>Assessed Value (2)</b>	<b>Gross Bonded Debt (3)</b>	<b>Debt Service Funds Available</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Valuation</b>	<b>Net Bonded Debt Per Capita</b>
1994	22,676	\$172,373,605	\$0	\$433,095	\$0	0.00%	\$0.00
1995	22,676	175,422,070	0	698,595	0	0.00%	0.00
1996	22,676	175,793,470	0	645,596	0	0.00%	0.00
1997	22,676	174,174,400	0	778,312	0	0.00%	0.00
1998	22,676	192,964,330	0	669,529	0	0.00%	0.00
1999	22,676	190,624,890	0	1,158,517	0	0.00%	0.00
2000	20,909	190,482,970	0	1,616,429	0	0.00%	0.00
2001	20,909	207,689,570	2,090,000	2,108,332	0	0.00%	0.00
2002	20,909	206,248,060	2,050,000	2,303,009	0	0.00%	0.00
2003	20,909	207,459,910	2,005,000	102,150	1,902,850	0.92%	91.01

(1) Source: U.S. Bureau of Census, Federal 1990 Census (1994-1999) and Federal 2000 Census (2000-2003)

(2) Source: Scioto County Auditor

(3) Includes all general obligation bonded debt supported by property taxes

**CITY OF PORTSMOUTH, OHIO**

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**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES  
FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES  
LAST TEN YEARS**

<b>Year</b>	<b>Debt Principal</b>	<b>Debt Interest</b>	<b>Total Debt Service</b>	<b>Total General Governmental Expenditures</b>	<b>Ratio of Tax Debt Service to General Fund Expenditures</b>
1994	\$0	\$0	\$0	\$10,518,954	0.00%
1995	0	0	0	11,023,941	0.00%
1996	0	0	0	11,356,699	0.00%
1997	0	0	0	12,527,081	0.00%
1998	0	0	0	12,168,471	0.00%
1999	0	0	0	13,195,023	0.00%
2000	0	0	0	14,326,408	0.00%
2001	0	0	0	16,620,368	0.00%
2002	40,000	107,608	147,608	14,976,712	0.99%
2003	45,000	106,167	151,167	15,583,867	0.97%

**CITY OF PORTSMOUTH, OHIO**

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**COMPUTATION OF ALL DIRECT AND OVERLAPPING GOVERNMENTAL DEBT  
DECEMBER 31, 2003**

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Portsmouth</u>	<u>Amount Applicable to City of Portsmouth</u>
<b>Direct</b>			
City of Portsmouth	\$1,902,850	100.00%	\$1,902,850
<b>Overlapping Subdivisions</b>			
Scioto County	18,213,100	26.21%	4,773,654
Portsmouth City School District	16,795,000	94.44%	15,861,198
		Subtotal	<u>20,634,852</u>
		Total	<u><u>\$22,537,702</u></u>

Source: Scioto County Auditor

**CITY OF PORTSMOUTH, OHIO**

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**REVENUE BOND COVERAGE - WATER MORTGAGE BONDS  
LAST TEN YEARS**

<b>Year</b>	<b>Gross Revenues</b>	<b>Direct Operating Expenses (1)</b>	<b>Net Revenue Available For Debt Service</b>	<b>Debt Service Requirement</b>	<b>Coverage</b>
1994	\$3,150,566	\$2,671,403	\$479,163	\$0	N/A
1995	3,089,897	3,227,120	(137,223)	0	N/A
1996	4,087,239	4,069,622	17,617	0	N/A
1997	3,366,141	2,917,188	448,953	0	N/A
1998	3,877,192	3,031,008	846,184	0	N/A
1999	4,418,882	3,131,048	1,287,834	0	N/A
2000	4,149,244	3,030,217	1,119,027	0	N/A
2001	4,095,407	3,209,930	885,477	0	N/A
2002	4,258,687	3,268,930	989,757	32,600	30.36
2003	4,805,244	3,695,797	1,109,447	0	N/A

(1) Total expenses include operating expenses less depreciation



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

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## ***DEMOGRAPHIC STATISTICS LAST TEN YEARS***

<b><u>Year</u></b>	<b><u>City of Portsmouth Population (1)</u></b>	<b><u>Scioto County Population (1)</u></b>	<b><u>Unemployment Rate County Area (2)</u></b>	<b><u>School Enrollment (3)</u></b>
1994	22,676	80,327	9.40%	3,996
1995	22,676	80,327	8.70%	3,413
1996	22,676	80,327	9.70%	3,285
1997	22,676	80,327	9.90%	3,207
1998	22,676	80,327	9.50%	3,081
1999	22,676	80,327	8.50%	3,059
2000	20,909	79,195	8.80%	2,918
2001	20,909	79,195	7.00%	2,628
2002	20,909	79,195	7.80%	2,587
2003	20,909	79,195	8.60%	2,525

Source: (1) U.S. Bureau of Census of Population - Federal 1990 Census (1994-1999) and Federal 2000 Census (2000-2003)  
(2) Ohio Department of Job and Family Services  
(3) Portsmouth City School District, Board of Education

**CITY OF PORTSMOUTH, OHIO**

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**PROPERTY VALUE AND CONSTRUCTION PERMITS  
LAST TEN YEARS**

<b>Year</b>	<b>Residential</b>		<b>Commercial</b>	
	<b>Number of Permits</b>	<b>Property Value *</b>	<b>Number of Permits</b>	<b>Property Value *</b>
1994	273	\$1,278,968	101	\$10,700,905
1995	775	1,411,631	46	3,610,304
1996	572	5,113,193	97	12,174,791
1997	550	6,772,679	148	11,468,737
1998	555	8,770,768	95	10,531,766
1999	597	1,689,196	72	15,358,210
2000	449	1,021,482	53	6,207,912
2001	408	4,029,613	133	4,812,500
2002	573	2,367,269	59	5,136,350
2003	801	1,515,346	78	46,380,200

Source: City of Portsmouth Engineering Department - Building Division

\* Values are estimated cost of improvement or construction.

**CITY OF PORTSMOUTH, OHIO**

**PRINCIPAL TAXPAYERS (PERSONAL PROPERTY TAX)  
DECEMBER 31, 2003**

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>2003 Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1	Osco Industries Inc.	Manufacturing	\$2,891,830	13.13%
2	Mitchellace Inc.	Manufacturing	1,191,510	5.41%
3	Oberling Ford Inc.	Automobile Sales	1,020,470	4.63%
4	KSA Limited Partnership	Construction	971,450	4.41%
5	Siemens Credit Corporation	Finance	750,770	3.41%
6	Kroger Company	Grocery	623,880	2.83%
7	B.P. AMOCO Corporation	Gasoline Distributor	539,640	2.45%
8	Lute Plumbing Supply Inc.	Retail	521,510	2.37%
9	Century Ohio Cable Television Corp.	Television Cable	501,220	2.28%
10	Revco Discount Drug	Retail	326,530	1.48%
		Subtotal	9,338,810	42.40%
		All Others	12,680,270	57.60%
		Total	<u>\$22,019,080</u>	<u>100.00%</u>

Source: Scioto County Auditor - Land and Buildings

**CITY OF PORTSMOUTH, OHIO**

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**PRINCIPAL TAXPAYERS (REAL PROPERTY AND PUBLIC UTILITY PERSONAL PROPERTY TAX)  
DECEMBER 31, 2003**

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>2003 Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1	Ohio Power	Utility - Electric	\$7,983,690	4.31%
2	SOMC Title Holding Company	Medical Offices	4,190,500	2.26%
3	Verizon North	Telecommunications	2,820,200	1.52%
4	Norfolk & Southern Railway Company	Railway	2,149,930	1.16%
5	Neal and Vicky Hatcher	Real Estate	1,966,520	1.06%
6	Hillview Retirement	Retirement Community	1,813,110	0.98%
7	Columbia Gas	Utility - Gas	1,412,370	0.76%
8	Fifth Third Bank	Bank	1,029,840	0.56%
9	Scioto Memorial Hospital	Hospital	912,420	0.49%
10	City of Portsmouth	Government	797,520	0.43%
		Subtotal	25,076,100	13.53%
		All Others	160,364,730	86.47%
		Total	<u>\$185,440,830</u>	<u>100.00%</u>

Source: Scioto County Auditor - Land and Buildings

***CITY OF PORTSMOUTH, OHIO***

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***PRINCIPAL EMPLOYERS  
DECEMBER 31, 2003***

	<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees</u>
1	Southern Ohio Medical Center	Health Care Services	2,367
2	Shawnee State University	Education	1,371
3	Scioto County	Government	754
4	State of Ohio	Government	353
5	Portsmouth City Schools	Education	295
6	City of Portsmouth	Government	290
7	Community Action Organization	Government/Social Services	235
8	Osco Industries	Manufacturing	220
9	Kroger	Retail Grocery	220
10	United States Enrichment Corp.	Uranium Enrichment Plant	117

Source: City of Portsmouth Income Tax Division

**CITY OF PORTSMOUTH, OHIO**

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**THE CITY OF PORTSMOUTH, OHIO  
MISCELLANEOUS STATISTICS  
DECEMBER 31, 2003**

Date of Incorporation	1815	Police Services:		Water System:	
Form of Government	Council/Mayor	Number of Stations	1	Number of Purification Plants	1
		Number of Police Personnel and Officers	45	Number of Fire Hydrants	865
Area (square miles)	12	Number of Patrol Units	32	Number of Service Connections	14,289
Facilities and Services:		Number of Law Violations:		Average Daily Consumption (gallons)	6.5 Million
Miles of Streets	220	Criminal /Juvenile Citations and Charges	2,291	Maximum Daily Capacity of Plant (gallons)	12 Million
Number of Street Lights	1,485	Traffic Citations Issued	2,118		
Recreation and Culture:		Parking Tickets Written	1,165	Sewerage System:	
Number of Parks	17	Fire/Emergency Medical Services:		Number of Treatment Plants	2
Park Area (acres)	223	Number of Stations	3	Miles of Storm Sewers	30
Number of Ball Fields:		Number of Fire Officers and Firefighters/Paramedics:		Number of Service Connections	8,580
Lighted	4	Fire Personnel	39	Average Daily Treatment (gallons)	5 Million
Unlighted	7	Fire Dispatchers - 911	8	Maximum Daily Capacity of Treatment (gallons)	10 Million
Number of Tennis Courts:		Number of Calls Answered	763	Education:	
Lighted	4	Number of Inspections	111	Elementary Schools	4
Unlighted	7	Number of Investigations	22	Elementary Students	1,359
Number of Libraries	1	Cemeteries		Secondary Schools	3
Number of Hospitals	1	Number of Cemeteries	1	Secondary School Students	1,166
Number of Patient Beds	421	Cemetery Area (acres)	40	Elementary/Secondary School Instructors	198 204
Number of Bassinets	23			Colleges	1
				College Students	3,693



**Auditor of State  
Betty Montgomery**

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Facsimile 614-466-4490

**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  
NOVEMBER 4, 2004**