

City of Portsmouth

Scioto County

Single Audit

January 1, 2007 through December 31, 2007

Fiscal Year Audited Under GAGAS: 2007

**Caudill & Associates, CPA's**

725 5<sup>th</sup> Street  
Portsmouth, OH 45662





Mary Taylor, CPA  
Auditor of State

City Council  
City of Portsmouth  
728 Second Street  
P.O. Box 1323  
Portsmouth, Ohio 45662

We have reviewed the *Independent Auditor's Report* of the City of Portsmouth, Scioto County, prepared by Caudill & Associates, CPA's, for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Portsmouth is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

August 29, 2008

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**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

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**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR YEAR ENDED DECEMBER 31, 2007**

<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	AF-05	14.228	\$ 76,029
	AF-06	14.228	173,386
	AT-06	14.228	<u>15,000</u>
Total U.S. Department of Housing and Urban Development			<u>264,415</u>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
<i>Passed through Office of Criminal Justice</i>			
Bulletproof Vest Partnership Program	N/A	16.607	4,002
Public Safety Partnership and Community Policing Grants	2003-SH-WX-0121	16.710	<u>16,707</u>
Total U.S. Department of Justice			<u>20,709</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	N/A	20.600	<u>52,257</u>
Total U.S. Department of Transportation			<u>52,257</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>131,093</u>
Total U.S. Environmental Protection Agency			<u>131,093</u>
<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	73-2-0001-2-BI-06	93.283	154,906
HIV Prevention Activities_Health Department Based	73-2-001-CF	93.940	574,282
Preventive Health Services_Sexually Transmitted Diseases Control Grant	73-2-001-2-BX	93.977	30,000
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	H76HA04400AO	93.918	223,336
Maternal and Child Health Federal Consolidated Programs	73-2-001-1-A1	93.110	62,978
Maternal and Child Health Services Block Grant to the States	73-2-001-1-A1	93.994	50,563
Preventive Health and Health Services Block Grant	73-2-001-2-EE-06	93.991	34,202
Family Planning Services	73-2-001-1-XX-05	93.217	<u>26,189</u>
Total U.S. Department of Health and Human Services			<u>1,156,456</u>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
<i>Passed through Ohio Department of Public Safety</i>			
Assistance to Firefighters Grant	EMW-2005FG-15961	97.044	<u>5,842</u>
Total U.S. Department of Homeland Security			<u>5,842</u>
Total			<u>\$ 1,630,772</u>

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

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**NOTE A - BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards (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, 2007, the gross amount of loans outstanding under this program was \$382,636.

**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.

# Caudill & Associates, CPA's

725 5<sup>th</sup> Street  
Portsmouth, OH 45662

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants  
Kentucky Society of Certified Public Accountants

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

To the City Council  
City of Portsmouth  
Scioto County  
728 Second Street  
Portsmouth, OH 45662

We have audited the financial statements of the government 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, 2007, which collectively comprise the City's financial statements and have issued our report thereon dated June 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control over Financial Reporting**

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the following deficiency described in the accompanying schedule of findings and responses as item # 2007-005 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider the significant deficiency identified above as item # 2007-005 to be material weakness.



City of Portsmouth  
Scioto County

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed four instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2007-001, 2007-002, 2007-003, and 2007-004.

We did note certain noncompliance and other matters that we reported to the City's management in a separate letter dated June 30, 2008.

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

This report is intended solely for the information and use of the City's management, City Council, 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.

*Caudill & Associates, CPAs*

Caudill & Associates, CPA's  
June 30, 2008

# Caudill & Associates, CPA's

725 5<sup>th</sup> Street  
Portsmouth, OH 45662

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Ohio Society of Certified Public Accountants  
Kentucky Society of Certified Public Accountants

## **Report on Compliance with Requirements Applicable to each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133**

To the City Council  
City of Portsmouth  
Scioto County  
728 Second Street  
Portsmouth, OH 45662

### **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 its major federal programs for the year ended December 31, 2007. 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, 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, 2007.

### **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 but not for the purpose of expressing an opinion on the effectiveness of internal controls over compliance in accordance with OMB Circular A-133. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

City of Portsmouth

Scioto County

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material compliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City as of and for the year ended December 31, 2007, and have issued our report thereon dated June 30, 2008. Our audit was performed for the purpose of forming opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of 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, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the City's management, City Council, 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.

*Caudill & Associates, CPAs*

Caudill & Associates, CPA's

June 30, 2008

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2007**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
--

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(ii)</i>	<b>Were there any other Significant Control Deficiency conditions reported at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iii)</i>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified for HIV Prevention Activities _Health Department Based (CFDA # 93.940), Community Development Block Grants/State's Program (CFDA # 14.228)
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	HIV Prevention Activities _Health Department Based (CFDA # 93.940), Community Development Block Grants/State's Program (CFDA # 14.228)
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<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, 2007**

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

**FINDING NUMBER 2007-001**

**Noncompliance Citation**

Ohio Rev. Code Section 9.38 requires, in part, that a person who is a public official other than a state officer, employee, or agent shall deposit all public moneys received by that person with the treasurer of the public office or properly designated depository on the business day next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars.

A government employee other than the fiscal officer collecting funds and issuing a receipt must deposit the funds with the government's fiscal officer on the business day following the day of receipt. As an alternative to depositing funds with the government's fiscal officer, the employee instead may deposit funds with the government's designated depository on the business day following the day of receipt.

If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. If the public office is governed by a legislative authority (counties, municipalities, townships, and school districts), only the legislative authority may adopt the policy. The policy must include provisions and procedures to safeguard the money during the intervening period. If the amount exceeds \$1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the next business day.

The Utility Department and Probation Department did not deposit utility receipts and restitution receipts on the next business day following the day of receipt with the City Auditor and the City does not have a policy to permit their officials to hold money as indicated above.

We recommend the Utility Department and Probation Department deposit receipts with the City Auditor by the next business day. Alternatively, if the amount of the daily collection does not exceed \$1,000, City Council could adopt a policy allowing departments to deposit receipts with the City Auditor within three business days as long as the receipts can be safeguarded.

**City's Response:**

No response was provided by client

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 §.505**

**FOR THE YEAR ENDED DECEMBER 31, 2007**

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

**FINDING NUMBER 2007-002**

**Noncompliance Citation**

The Ohio Administrative Code 117-2-02(C)(1) states in part: “The legal level of control is the level (e.g. fund, program, or function, department, object) at which spending in excess of the budgeted amount would be a violation of law. This established by the level at which the legislative body appropriates. For all local public offices subject to the provisions of Chapter 5705 of the Revised Code, except school district and public libraries, the minimum legal level of control is described in Section 5705.38 of the Revised Code.”

The Ohio Revised Code Section 5705.38(C) requires the following minimum level of budgetary control for “subdivisions” other than school: “Appropriation measures shall be classified so as to set forth separately the amounts appropriated for personal services.”

Although the City appropriated at the minimum legal level of budgetary controls for the General Fund, all other funds were appropriated at the fund level, which does not represent the minimum legal level of controls as enumerated in Section 5705.38 of the Revised Code.

The City should ensure that all funds subject to budgetary controls be appropriated at the minimum legal level of control as defined by the Ohio Revised Code Section 5705.38.

**City Response:**

The City will ensure that appropriations are made at the legal level of control in the future.

**FINDING NUMBER 2007-003**

**Noncompliance Citation – Blanket Purchase Orders**

The Ohio Revised Code Section 5705.41(D) allows fiscal officers to prepare so-called “blanket” certificates for a sum not exceeding an amount established by resolution or ordinance adopted by the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificate may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time of any particular line item appropriation.

At December 31, 2007, the City had sixty-two blanket purchase orders that were outstanding and were not closed. In addition, the City did not establish a maximum amount for blanket purchase orders.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 §.505**

**FOR THE YEAR ENDED DECEMBER 31, 2007**

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

**FINDING NUMBER 2007-003 (Continued)**

**Noncompliance Citation – Blanket Purchase Orders (Continued)**

The City should establish procedures to ensure that blanket purchases orders do not exceed the current fiscal year end as required by the Revised Code. In addition, the City should pass an ordinance establishing the maximum amount for blanket purchase orders.

**City Response:**

The City Auditor will more closely monitor blanket purchase order procedures pertaining to violations of this nature in the future.

**FINDING NUMBER 2007-004**

**Noncompliance Citation – Certification of Funds prior to expenditures**

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.

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 \$3,000 may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the “then and now” certificate, provided that expenditures are otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The City did not properly certify the availability of funds prior to obligation for 52% of the disbursements tested.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 §.505**

**FOR THE YEAR ENDED DECEMBER 31, 2007**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2007-004 (Continued)**

**Noncompliance Citation – Certification of Funds prior to expenditures (Continued)**

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

**City Response:**

The City Auditor will more closely monitor budgetary procedures pertaining to violations of this nature in the future.

**FINDING NUMBER 2007-005**

**Significant Deficiency/Material Weakness**

The City maintains a standard policy for the treatment of capital assets, but does not monitor departments for abandoned, idle, missing or disposed of capital assets. This has resulted in fully depreciated capital assets that have unknown whereabouts or questionable locations.

For reporting purposes, departments with capital assets should take an inventory on an annual basis to identify any abandoned, idle, missing, or disposed of assets. Without a capital asset inventory policy, it may be impractical for employees to safeguard the company’s assets, resulting in a misappropriation or material misstatement of capital assets.

We recommend the City adopt a written capital asset inventory policy comprising of procedures to follow in accounting of fixed assets. A comprehensive written policy would safeguard the company’s assets by making them more identifiable and more easily traced.

**City Response:**

The City Auditor will ensure that a complete monitoring of fixed assets will be implemented going forward.



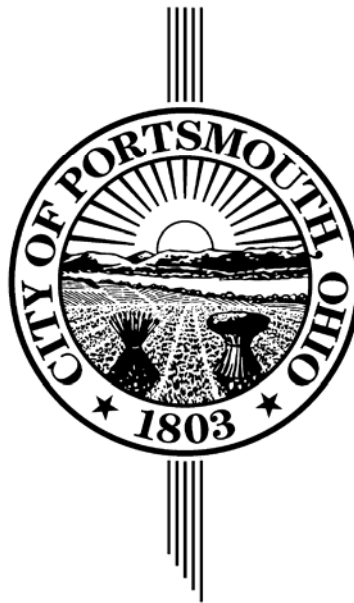
**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 § .315 (b)  
FOR THE YEAR ENDED DECEMBER 31, 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2006-001	Non-compliance with Ohio Revised Code Section 9.38 – Timely Deposit of public funds	No	Reissued as Finding # 2007-001
2006-002	Noncompliance of Ohio Rev. Code Section 735.051 – Contracts bidding	Yes	N/A
2006-003	Non-compliance with Ohio Revised Code Section 5705.41(D) (1) – Proper certification of expenditures	No	Not corrected. Reissued as finding # 2007-004
2006-004	Failure to reconcile bank accounts established by the Probation Department.	Yes	N/A

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*Scioto County, Ohio*



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2007



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2007**

Prepared by:

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

*City Auditor*

***Finance Department:***

**Constance J. Snipes**  
Deputy Auditor

**Jennifer E. Spriggs**  
Finance Clerk II

**Brenda D. Buffington**  
Finance Clerk I

**Wendellee Potts**  
Finance Clerk I

***Income Tax Department:***

**John F. Queen**  
Tax Commissioner

**Barbara A. Doyle**  
Deputy Tax Commissioner

**Emily E. Conley**  
Finance Clerk I



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CITY OF PORTSMOUTH  
SCIOTO COUNTY, OHIO

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## *INTRODUCTORY SECTION*

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# The City of Portsmouth

*"Where the Ohio and Scioto Meet"*

## Department of Finance

Municipal Building, Room 3

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Portsmouth, Ohio 45662

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State of Ohio

*M. Trent Williams, City Auditor*

June 30, 2008

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

As City Auditor, it is my pleasure to present the twelfth Comprehensive Annual Financial Report (CAFR) of the City of Portsmouth, Ohio for the fiscal year ended December 31, 2007. 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.

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.

***Letter of Transmittal  
For the Year Ended December 31, 2007***

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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.

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

***Letter of Transmittal  
For the Year Ended December 31, 2007***

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**Municipal Services**

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

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

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

**ECONOMIC CONDITION AND OUTLOOK**

**Business and Industry**

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

***Letter of Transmittal  
For the Year Ended December 31, 2007***

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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 7.4% for the 2007 calendar year, which is substantially above the state average of 5.6% and the national average of 4.6%. While the local unemployment number is high in comparison to the state and national average, it is 0.2% lower than the 7.6% rate recorded in 2006. 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

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

Water is provided by the City of Portsmouth to approximately 13,963 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 8,362 connections are two separate facilities for wastewater treatment. The main plant located in Portsmouth has the capacity to treat ten million gallons daily and is currently treating approximately five million gallons daily. A small plant is located in Sciotoville. The City is currently collecting and treating sewage for Portsmouth, New Boston Village, the Rosemount area located in Clay Township and most recently in the Rigrish Addition area of Minford.

Solid waste collection and disposal is operated by the City of Portsmouth providing service to approximately 7,597 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.



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

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### ***Letter of Transmittal For the Year Ended December 31, 2007***

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

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 three elementary schools, two middle schools and two high schools, with a total combined enrollment of approximately 2,544 students. The pupil-teacher ratio is approximately eleven to one. Adult education programs are offered by Portsmouth City Schools and Shawnee State University.

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

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### ***Letter of Transmittal For the Year Ended December 31, 2007***

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

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.

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. Ten 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 of 2007 saw the beginnings of a city-wide energy savings and infrastructure improvements plan. The plan, that began in the summer of 2007 and continues throughout 2008, includes replacement of all 14,000 residential and commercial water meters throughout the City, replacement of all windows at the City building annex, various HVAC system replacements, traffic light system replacements and a new U/V system at the Charles Street Sewage Treatment plant. These five components are all part of a plan that when completed will provide substantial operational benefits and energy savings to the City and its residents.

Other City projects include the City Health Department's continued implementation of a Primary Care Clinic to serve the citizens of Portsmouth and the utilization of technology by the Police Department in the installation of computers in each of its units to enhance communications and provide for better sharing of information in real time. The Water Works division of the Public Utilities system continued with water line replacement and maintenance throughout the city and service areas within the county.

***Letter of Transmittal  
For the Year Ended December 31, 2007***

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

The City's Public Service Department had several projects for the year. Among those were enhancements at Greenlawn Cemetery with installation of security cameras, a new roof on the Mausoleum and an upgraded Cemetery Records System. The City Garage installed a new fleet management system as well as installation of a fuel tank to provide fuel to all City vehicles at a substantial savings that includes the installation of a companion card reader system for accurate tracking of gasoline and diesel usage by the City's vehicle fleet. The Sanitation division of the Public Service department will benefit tremendously by the acquisition of all new semi-automated larger garbage collections vehicles. The Traffic Lights divisions installed newer, energy efficient LED traffic light signal heads along its main routes of US 52 and US 23 throughout the City. And finally the Recreations division at the request of Sciotoville Community Schools released ownership of Allard Park to the school to allow the school to take control of and make improvements to the Park that will not only benefit the School but also the entire Sciotoville community.

The City sold the Chillicothe Street viaduct property several years ago and has since seen the construction of a telemarketing office, employing several hundred part-time workers. Recently, this site has also seen the completion of two new restaurants, an insurance office and rental car center as well as the completion of a new movie theatre, the first in Portsmouth in nearly 30 years.

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. Completed in October 2006, the modern bridge, with wider lane capacity, spanning the Ohio River from Chillicothe Street in downtown Portsmouth to South Shore, Kentucky reconnected the two states after more than five years of construction.

Renovations have been completed to a large downtown building that have become home to a number of senior apartments. The new dormitory facilities at Shawnee State University continue to multiply and several new businesses have begun to spring up in the downtown and Boneyfiddle districts of Portsmouth. Kings Daughters Medical Center, a Kentucky based health care services provider recently expanded into Portsmouth with a full-service primary care physician's medical specialties office.

**Future**

The City continues its water line upgrade project by continuing replacement of various 6" lines throughout the City, system wide meter replacements and various filtration plant enhancements. Planned improvements also include the construction of a new 1,000,000-gallon water tank in the Wheelersburg area. 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 was completed in 2006 with the final system design completed in 2007. Construction also began in late 2007 with the bulk of the project to proceed throughout 2008 and projected to be in operation by the middle of 2008. Several physical upgrades are planned for the plant to include repairs of concrete throughout the facility.

***Letter of Transmittal  
For the Year Ended December 31, 2007***

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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 being made for a total upgrade of the wastewater treatment plant itself, which along with the Sciotoville plant services 160 miles of primary sewers within the City limits and surrounding areas. In the spring of 2003, the City embarked upon a feasibility study to replace and/or upgrade the plant. That effort is now deferred pending the completion of a Combined Sewer Overflow/Long Term Control Plan, itself very near completion by the City's consulting engineers. Meanwhile, plans are also being laid to replace the current non-functioning anaerobic sludge digesters at the plant with a new technology aerobic sludge digestion process. The Sewage System will also benefit by the upcoming installation of an ultra-violet light disinfection system that will replace the use of chemicals in the treatment of sewage effluent.

The Public Service department will continue upgrades to the Greenlawn Cemetery in 2008 with roof replacements on its maintenance buildings along with major renovations to the McKinley Pool.

**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.

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

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### ***Letter of Transmittal For the Year Ended December 31, 2007***

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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.

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, 2007 as follows:

<u>Cash Resources</u>	<u>2007</u>	<u>%</u>
Cash and Cash Equivalents	\$1,161,025	7.18%
Government Mutual Funds	8,503,572	52.58%
Repurchase Agreement	6,507,403	40.24%
Total	<u>\$16,172,000</u>	<u>100.00%</u>

A 3D pie chart illustrating the distribution of cash resources. The largest slice is purple, representing Government Mutual Funds at 52.58%. The second largest is yellow, representing the Repurchase Agreement at 40.24%. The smallest slice is blue, representing Cash and Cash Equivalents at 7.18%.

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.

***Letter of Transmittal  
For the Year Ended December 31, 2007***

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**OTHER INFORMATION**

**Independent Audit**

The basic financial statements of the City of Portsmouth were audited by Caudill & Associates, CPAs. The auditor's unqualified opinion has been included in this report.

**Awards**

The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards in state and local government financial reporting. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report with contents conforming to all program standards. The report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements respective to the reporting entity. A Certificate of Achievement is valid for a period of one year. I believe this, our twelfth 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 and is conveniently located on the City's Auditor's section of the official website of the City of Portsmouth at:

<http://www.ci.portsmouth.oh.us/government/auditor.html>

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

**Acknowledgments**

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

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

***CITY OF PORTSMOUTH, OHIO***

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***Letter of Transmittal  
For the Year Ended December 31, 2007***

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

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

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

M. Trent Williams, CPFA  
City Auditor

**CITY OF PORTSMOUTH, OHIO**

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**List of Principal Officials  
For the Year Ended December 31, 2007**

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<u>Position</u>	<u>Name</u>	<u>Term of Office</u>	<u>Years with City</u>	
<b><u>Executive</u></b> (Elected)				
Mayor	James D. Kalb	01/02/06 - 01/03/10	12	
City Auditor	M. Trent Williams	01/05/04 - 01/06/08	9	
City Solicitor	David W. Kuhn	01/05/04 - 01/06/08	19	
<b><u>Legislative</u></b> (Elected)				
		<u>Ward</u>		
President of Council	Howard E. Baughman, III	5th	01/02/06 - 01/03/10	8
Vice-President of Council	Martin J. Mohr	6th	01/05/04 - 01/07/08	5
Member of Council	Michael H. Mearan	1st	06/05/06 - 01/03/10	2
Member of Council	David A. Malone	2nd	01/05/04 - 01/07/08	4
Member of Council	Robert W. Mollette	3rd	01/02/06 - 01/03/10	3
Member of Council	Jerrold L. Albrecht	4th	07/27/04 - 01/07/08	3
<b><u>Judicial</u></b> (Elected)				
Municipal Court Judge	Russell D. Kegley		01/01/06 - 12/31/11	5
Municipal Court Judge	Richard T. Schisler		01/01/04 - 12/31/09	28
<b><u>Administrative</u></b> (Appointed)				
Police Chief	Charles H. Horner, Jr.		Indefinite	27
Fire Chief	Robert A. Storey		Indefinite	35
Public Service Director	Christopher L. Murphy		Indefinite	7
Director of Water	Samuel J. Sutherland		Indefinite	19
Director of Waste Water	Richard K. Duncan		Indefinite	14
Community Development Director	Jennifer D. Hanlon		Indefinite	4
City Clerk	Jo Ann Aeh		Indefinite	22
Municipal Court Clerk	R. Leroy Kegley		Indefinite	29
Health Commissioner	Donald J. Walden		Indefinite	29
Income Tax Commissioner	John F. Queen		Indefinite	34

**Executive Offices:**

**James D. Kalb, Mayor**  
City of Portsmouth  
728 Second Street, Room 1  
Portsmouth, Ohio 45662  
Ph: 740-354-8807 Fax: 740-354-8809  
Email: portsmouthmayor@yahoo.com

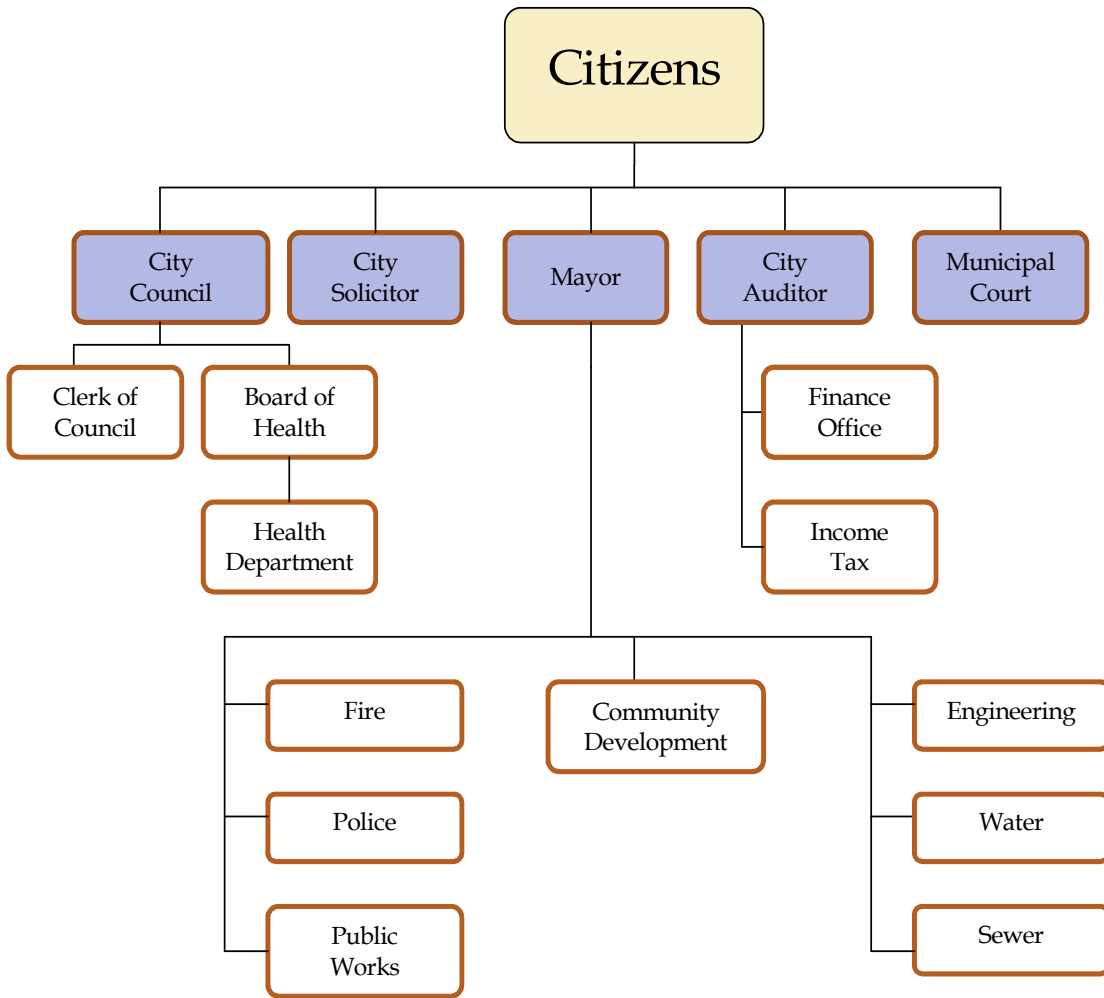
**M. Trent Williams, Auditor**  
City of Portsmouth  
728 Second Street, Room 3  
Portsmouth, Ohio 45662  
Ph: 740-354-7751 Fax: 740-353-4583  
Email: cityauditor@mail.com

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



**City Organizational Chart  
For the Year Ended December 31, 2007**

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 Elected

Certificate of  
Achievement  
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For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2006

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.



*Charles S. Cox*

President

*Jeffrey R. Emery*

Executive Director

## *FINANCIAL SECTION*

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# Caudill & Associates, CPA's

725 5<sup>th</sup> Street  
Portsmouth, OH 45662

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants  
Kentucky Society of Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Portsmouth  
Scioto County  
728 Second Street  
Portsmouth, Ohio 45662

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, Ohio, (the "City"), as of and for the year ended December 31, 2007, 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Portsmouth, Ohio, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Community Development Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2008, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit

City of Portsmouth  
Scioto County  
Independent Auditor's Report

The Management's Discussion and Analysis on pages 3 through 11 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Portsmouth's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Caudill & Associates, CPAs*

Caudill & Associates, CPA's

June 30, 2008

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, 2007. 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 2007 are as follows:

- ❑ In total, net assets decreased \$840,775. Net assets of governmental activities decreased \$871,255, which represents a 3.4 % decrease from 2006. Net assets of business-type activities increased \$30,480, or .2% from 2006.
- ❑ General revenues accounted for \$11,437,265 in revenue or 42.8% of all revenues. Program specific revenues in the form of charges for services, and grants and contributions accounted for \$15,290,187 or 57.2% of total revenues of \$26,727,452.
- ❑ The City had \$17,762,614 in expenses related to governmental activities; only \$5,604,094 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$11,437,265 were not adequate to provide for these programs and accumulated net assets were used to fund the remaining expenses.
- ❑ Among major funds, the general fund had \$10,599,713 in revenues and other financing sources and \$10,510,443 in expenditures and other financing uses. The general fund's fund balance increased from \$701,656 to \$799,294.

## **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, sanitation, and primary care services are reported as business-type activities.

**Fund Financial Statements**

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

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



**CITY OF PORTSMOUTH, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2007**

**Unaudited**

**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, Sanitation, and Primary Care services. All except the Primary Care Fund are considered major funds.

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

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

The following table provides a summary of the City's net assets for 2007 compared to 2006:

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$11,485,918	\$10,803,440	\$13,428,500	\$7,025,680	\$24,914,418	\$17,829,120
Capital assets, Net	19,955,505	20,587,049	14,946,149	11,880,963	34,901,654	32,468,012
Total assets	<u>31,441,423</u>	<u>31,390,489</u>	<u>28,374,649</u>	<u>18,906,643</u>	<u>59,816,072</u>	<u>50,297,132</u>
Long-term debt outstanding	3,640,175	2,967,049	13,830,619	4,955,510	17,470,794	7,922,559
Other liabilities	3,147,340	2,898,277	1,313,093	750,676	4,460,433	3,648,953
Total liabilities	<u>6,787,515</u>	<u>5,865,326</u>	<u>15,143,712</u>	<u>5,706,186</u>	<u>21,931,227</u>	<u>11,571,512</u>
Net assets						
Invested in capital assets, net of related debt	19,314,512	20,148,126	9,373,296	9,654,908	28,687,808	29,803,034
Restricted	5,064,839	4,810,459	783,278	935,246	5,848,117	5,745,705
Unrestricted	274,557	566,578	3,074,363	2,610,303	3,348,920	3,176,881
Total net assets	<u>\$24,653,908</u>	<u>\$25,525,163</u>	<u>\$13,230,937</u>	<u>\$13,200,457</u>	<u>\$37,884,845</u>	<u>\$38,725,620</u>

**CITY OF PORTSMOUTH, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2007**

**Unaudited**

Changes in Net Assets – The following table shows the changes in net assets for 2007 compared to 2006:

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues						
Program Revenues:						
Charges for Services and Sales	\$2,216,037	\$1,972,237	\$9,686,093	\$9,436,766	\$11,902,130	\$11,409,003
Operating Grants and Contributions	3,388,057	3,676,237	0	0	3,388,057	3,676,237
Capital Grants and Contributions	0	781	0	0	0	781
Total Program Revenues	5,604,094	5,649,255	9,686,093	9,436,766	15,290,187	15,086,021
General revenues:						
Property Taxes	2,238,460	1,954,174	0	0	2,238,460	1,954,174
Income Taxes	6,349,696	6,012,029	0	0	6,349,696	6,012,029
Other Local Taxes	266,330	259,561	0	0	266,330	259,561
Intergovernmental Revenue, Unrestricted	2,037,424	1,646,207	0	0	2,037,424	1,646,207
Investment Earnings	341,030	343,205	0	0	341,030	343,205
Miscellaneous	204,325	175,372	0	0	204,325	175,372
Total General Revenues	11,437,265	10,390,548	0	0	11,437,265	10,390,548
Total Revenues	17,041,359	16,039,803	9,686,093	9,436,766	26,727,452	25,476,569
Program Expenses						
Security of Persons and Property	7,625,070	7,122,782	0	0	7,625,070	7,122,782
Public Health and Welfare Services	2,861,477	3,018,275	0	0	2,861,477	3,018,275
Leisure Time Activities	26,055	107,307	0	0	26,055	107,307
Community Environment	454,715	635,785	0	0	454,715	635,785
Transportation	2,534,541	2,192,216	0	0	2,534,541	2,192,216
General Government	4,122,079	3,694,527	0	0	4,122,079	3,694,527
Interest and Fiscal Charges	138,677	101,815	0	0	138,677	101,815
Water	0	0	5,659,269	4,692,859	5,659,269	4,692,859
Sewer	0	0	2,690,618	2,533,086	2,690,618	2,533,086
Sanitation	0	0	1,295,143	1,100,988	1,295,143	1,100,988
Primary Care	0	0	160,583	1,147	160,583	1,147
Total Expenses	17,762,614	16,872,707	9,805,613	8,328,080	27,568,227	25,200,787
Change in Net Assets before transfers	(721,255)	(832,904)	(119,520)	1,108,686	(840,775)	275,782
Transfers	(150,000)	0	150,000	0	0	0
Total Change in Net Assets	(871,255)	(832,904)	30,480	1,108,686	(840,775)	275,782
Beginning Net Assets	25,525,163	26,358,067	13,200,457	12,091,771	38,725,620	38,449,838
Ending Net Assets	\$24,653,908	\$25,525,163	\$13,230,937	\$13,200,457	\$37,884,845	\$38,725,620

**Governmental Activities**

Net assets of the City's governmental activities decreased by \$871,255. The decrease in Net Assets is a result of increasing expense due to depreciation.

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.

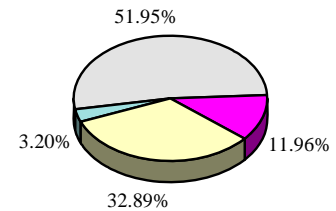
**CITY OF PORTSMOUTH, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2007**

**Unaudited**

Income taxes and property taxes made up 37.3% and 13.1% respectively of revenues for governmental activities for the City in fiscal year 2007. The City's reliance upon tax revenues is demonstrated by the following graph indicating 51.95% of total revenues from general tax revenues:

Revenue Sources	2007	Percent of Total
General Tax Revenues	\$8,854,486	51.95%
Intergovernmental Revenue, Unrestricted	2,037,424	11.96%
Program Revenues	5,604,094	32.89%
General Other	545,355	3.20%
<b>Total Revenue</b>	<b>\$17,041,359</b>	<b>100.00%</b>



**Business-Type Activities**

Net assets of the business-type activities increased by \$30,480. There is no significant change in the net assets of the business-type activities

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

The City's governmental funds reported a combined fund balance of \$5,347,895, which is an increase from last year's balance of \$4,900,903. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2007 and 2006:

	Fund Balance December 31, 2007	Fund Balance December 31, 2006	Increase (Decrease)
General	\$799,294	\$701,656	\$97,638
Community Development	322,932	278,988	43,944
General Obligation Bond Retirement	31,275	25,419	5,856
Capital Improvement	1,669,329	1,256,117	413,212
Other Governmental	2,525,065	2,638,723	(113,658)
<b>Total</b>	<b>\$5,347,895</b>	<b>\$4,900,903</b>	<b>\$446,992</b>

**CITY OF PORTSMOUTH, OHIO**

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***Management's Discussion and Analysis  
For the Year Ended December 31, 2007***

***Unaudited***

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

	2007	2006	Increase
	Revenues	Revenues	(Decrease)
Property and Other Taxes	\$6,858,043	\$6,593,011	\$265,032
Intergovernmental Revenue	1,927,687	1,726,839	200,848
Charges for Services	411,895	335,526	76,369
Licenses and Permits	255,533	174,978	80,555
Investment Earnings	329,427	327,703	1,724
Fines and Forfeitures	685,902	697,956	(12,054)
All Other Revenue	108,589	117,610	(9,021)
Total	<u>\$10,577,076</u>	<u>\$9,973,623</u>	<u>\$603,453</u>

General Fund revenues in 2007 increased approximately 6.0% compared to revenues in fiscal year 2006. This increase was primarily due to an increase in income taxes received and increased estate taxes that can fluctuate widely year to year.

	2007	2006	Increase
	Expenditures	Expenditures	(Decrease)
Security of Persons and Property	\$6,567,221	\$6,333,195	\$234,026
Public Health and Welfare Services	621,496	578,361	43,135
Community Environment	252,220	208,956	43,264
Transportation	346,346	287,133	59,213
General Government	2,705,160	2,836,735	(131,575)
Total	<u>\$10,492,443</u>	<u>\$10,244,380</u>	<u>\$248,063</u>

General Fund expenditures increased by \$248,063 or 2.4% compared to the prior year. The small increase was due to efforts to keep expenditures down.

*Community Development Fund* – The Community Development Fund balance increased from \$278,998 to \$322,932. The fund remained stable compared to 2006.

*General Obligation Bond Retirement Fund* – The General Obligation Bond Retirement Fund balance increased from \$25,419 to \$31,275. The fund remained stable compared to 2006.

*Capital Improvement Fund* - The Capital Improvement Fund balance increased from \$1,256,117 to \$1,669,329. The increase is the result of proceeds from capital lease financing that has not been completely spent.

**CITY OF PORTSMOUTH, OHIO**

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***Management's Discussion and Analysis  
For the Year Ended December 31, 2007***

***Unaudited***

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

During the course of fiscal year 2007 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of \$10,550,000 was not significantly different than original budget estimates of \$9,794,000. The actual revenues of \$10,549,456 were not significantly different than the final budget basis revenue.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of fiscal 2007 the City had \$34,901,654 net of accumulated depreciation invested in buildings, improvements, equipment, vehicles and infrastructure. Of this total, \$19,955,505 was related to governmental activities and \$14,946,149 to the business-type activities. The following table shows fiscal year 2007 and 2006 balances:

	Governmental Activities		Increase (Decrease)
	2007	2006	
Land	\$1,826,884	\$1,871,744	(\$44,860)
Construction In Progress	467,370	0	467,370
Buildings	5,815,123	5,783,654	31,469
Improvements	2,097,541	2,134,058	(36,517)
Machinery and Equipment	7,560,011	8,398,636	(838,625)
Infrastructure	27,994,260	27,924,471	69,789
Less: Accumulated Depreciation	(25,805,684)	(25,525,514)	(280,170)
Totals	<u>\$19,955,505</u>	<u>\$20,587,049</u>	<u>(\$631,544)</u>

The primary reason for the decreases was a change in the capitalization threshold from \$1,000 to \$5,000. The decreases were partially offset by construction in progress for the upgrade of windows, the purchase of portable radios for the police department, the upgrade of a pump for flood defense purposes and several new trucks for the service department.

**CITY OF PORTSMOUTH, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2007**

**Unaudited**

	Business-Type Activities		Increase (Decrease)
	2007	2006	
Land	\$50,737	\$55,424	(\$4,687)
Construction in Progress	4,092,907	557,847	3,535,060
Buildings	1,005,757	1,028,509	(22,752)
Improvements other than Buildings	23,921,037	23,951,894	(30,857)
Machinery and Equipment	3,580,462	3,798,016	(217,554)
Less: Accumulated Depreciation	(17,704,751)	(17,510,727)	(194,024)
Totals	\$14,946,149	\$11,880,963	\$3,065,186

Business type capital assets increased by \$3,065,186. The major addition was to construction in progress, which includes a project to replace all water meters in the City and the MIEX installation for water. The MIEX technology (Magnetic Ion Exchange) is a system that will provide a long term, more efficient removal of disinfection by-products within the City's water filtration system by removing total organic carbon such as decayed leaves, algae, and other natural occurring materials. The increase was somewhat offset by the change in capitalization threshold mentioned previously. Additional information on the City's capital assets can be found in Note 8.

**Debt**

At December 31, 2007, the City had \$1,815,000 in General Obligation Bonds outstanding, \$55,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2007 and 2006:

	2007	2006
Governmental Activities:		
General Obligation Bond	\$1,815,000	\$1,865,000
Bond Anticipation Note	0	22,475
Compensated Absences	663,299	663,126
Capital Leases	1,161,876	416,448
Total Governmental Activities	\$3,640,175	\$2,967,049
Business-Type Activities:		
Ohio Public Works Commission Loan	\$405,000	\$435,000
Water Refunding Revenue Bond	3,790,141	4,170,189
Ohio Water Development Authority Loan	1,732,784	0
Compensated Absences	47,351	44,900
Capital Leases	7,855,343	305,421
Total Business-Type Activities	13,830,619	4,955,510
Totals	\$17,470,794	\$7,922,559

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, 2007, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 10.

**ECONOMIC FACTORS**

Health care facilities continue to dominate the new construction scene as the central economic theme in the City of Portsmouth. Very good things continue to happen at the Southern Ohio Medical Center as it continues its \$100+ million dollar long-term expansion plan that includes various new buildings and parking facilities to house a new hospital entrance, expanded emergency operations, patient care addition with 100+ additional private beds and a comprehensive cardiac unit at the main Scioto Memorial campus providing for open heart surgery services upon completion.

The City of Portsmouth also welcomed construction of a new Medical Specialties facility by Kings Daughters Medical Center, based in Ashland, Kentucky, providing more health care choices for an ever growing, aging population in the local area.

Both the SOMC and KDMC facilities bring with them additional employment into the City and both have been recognized as two of the best 100 companies to work for in the country by Forbes magazine.

Finally, a regional emergency transportation company, LIFE Ambulance Services, has acquired property and relocated its corporate headquarters to its new downtown Portsmouth location consolidating various other facilities into one large, completely renovated, multi story building. The LIFE building now houses not only its administrative offices, but also serves as a multi-purpose facility offering internal and external Emergency Medical Technician education and training, central dispatch center for its ambulance and helicopter services, its own retail uniform shop on the ground level as well as office space for other community agencies including the Main Street Portsmouth office.

**REQUESTS FOR INFORMATION**

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

**CITY OF PORTSMOUTH, OHIO**

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**Statement of Net Assets**  
**December 31, 2007**

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	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 4,555,396	\$ 9,236,571	\$ 13,791,967
Receivables:			
Taxes	3,470,632	0	3,470,632
Accounts	333,633	1,852,957	2,186,590
Intergovernmental	2,530,647	0	2,530,647
Loans	384,305	0	384,305
Internal Balances	(92,202)	92,202	0
Inventory of Supplies at Cost	61,950	55,607	117,557
Prepaid Items	45,228	47,942	93,170
Deferred Charge	0	117,655	117,655
Restricted Assets:			
Cash and Cash Equivalents	196,329	2,025,566	2,221,895
Capital Assets:			
Capital Assets Not Being Depreciated	2,294,254	4,143,644	6,437,898
Capital Assets Being Depreciated, Net of Accumulated Depreciation	17,661,251	10,802,505	28,463,756
<b>Total Assets</b>	<u>31,441,423</u>	<u>28,374,649</u>	<u>59,816,072</u>



**CITY OF PORTSMOUTH, OHIO**

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	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Liabilities:</b>			
Accounts Payable	379,748	623,336	1,003,084
Accrued Wages and Benefits	888,380	394,968	1,283,348
Intergovernmental Payable	1,056	0	1,056
Refundable Deposits	0	256,806	256,806
Unearned Revenue	1,846,000	0	1,846,000
Accrued Interest Payable	32,156	37,983	70,139
Long-term Liabilities:			
Due within one year	250,414	862,998	1,113,412
Due in more than one year	3,389,761	12,967,621	16,357,382
<b>Total Liabilities</b>	<b>6,787,515</b>	<b>15,143,712</b>	<b>21,931,227</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	19,314,512	9,373,296	28,687,808
Restricted For:			
Streets and Highways	594,151	0	594,151
Community Development	1,074,839	0	1,074,839
Security of Persons and Property	757,848	0	757,848
Public Health and Welfare	723,448	0	723,448
Capital Projects	1,694,057	0	1,694,057
Debt Service	30,391	783,278	813,669
Perpetual Care:			
Expendable	163,262	0	163,262
Nonexpendable	26,843	0	26,843
Unrestricted	274,557	3,074,363	3,348,920
<b>Total Net Assets</b>	<b>\$ 24,653,908</b>	<b>\$ 13,230,937</b>	<b>\$ 37,884,845</b>

See accompanying notes to the basic financial statements

**CITY OF PORTSMOUTH, OHIO**

**Statement of Activities  
For the Year Ended December 31, 2007**

		Program Revenues	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
<b>Governmental Activities:</b>			
Security of Persons and Property	\$ 7,625,070	\$ 1,064,597	\$ 52,473
Public Health and Welfare Services	2,861,477	427,938	1,867,385
Leisure Time Activities	26,055	81,513	3,966
Community Environment	454,715	204,896	400,705
Transportation	2,534,541	59,246	998,002
General Government	4,122,079	377,847	65,526
Interest and Fiscal Charges	138,677	0	0
<b>Total Governmental Activities</b>	<u>17,762,614</u>	<u>2,216,037</u>	<u>3,388,057</u>
<b>Business-Type Activities:</b>			
Water	5,659,269	5,641,577	0
Sewer	2,690,618	2,639,583	0
Sanitation	1,295,143	1,322,894	0
Primary Care	160,583	82,039	0
<b>Total Business-Type Activities</b>	<u>9,805,613</u>	<u>9,686,093</u>	<u>0</u>
<b>Totals</b>	<u>\$ 27,568,227</u>	<u>\$ 11,902,130</u>	<u>\$ 3,388,057</u>

**General Revenues**

Property Taxes Levied for:

General Purposes

Special Purpose

Debt Service

Income Taxes

Other Local Taxes

Intergovernmental Revenue, Unrestricted

Investment Earnings

Miscellaneous

Transfers

**Total General Revenues and Transfers**

Change in Net Assets

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
\$ (6,508,000)	\$ 0	\$ (6,508,000)
(566,154)	0	(566,154)
59,424	0	59,424
150,886	0	150,886
(1,477,293)	0	(1,477,293)
(3,678,706)	0	(3,678,706)
(138,677)	0	(138,677)
<u>(12,158,520)</u>	<u>0</u>	<u>(12,158,520)</u>
0	(17,692)	(17,692)
0	(51,035)	(51,035)
0	27,751	27,751
0	(78,544)	(78,544)
<u>0</u>	<u>(119,520)</u>	<u>(119,520)</u>
<u>(12,158,520)</u>	<u>(119,520)</u>	<u>(12,278,040)</u>
1,742,823	0	1,742,823
344,718	0	344,718
150,919	0	150,919
6,349,696	0	6,349,696
266,330	0	266,330
2,037,424	0	2,037,424
341,030	0	341,030
204,325	0	204,325
(150,000)	150,000	0
<u>11,287,265</u>	<u>150,000</u>	<u>11,437,265</u>
(871,255)	30,480	(840,775)
<u>25,525,163</u>	<u>13,200,457</u>	<u>38,725,620</u>
<u>\$ 24,653,908</u>	<u>\$ 13,230,937</u>	<u>\$ 37,884,845</u>

**CITY OF PORTSMOUTH, OHIO**

**Balance Sheet  
Governmental Funds  
December 31, 2007**

	General	Community Development	General Obligation Bond Retirement	Capital Improvement
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 194,448	\$ 287,580	\$ 31,275	\$ 1,716,951
Receivables:				
Taxes	2,696,668	0	152,613	278,262
Accounts	215,574	0	0	0
Intergovernmental	933,495	426,000	9,659	0
Loans	0	384,305	0	0
Due from Other Funds	0	24,453	0	0
Inventory of Supplies, at Cost	34,988	0	0	0
Prepaid Items	27,819	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	0	0	0	0
<b>Total Assets</b>	<b>\$ 4,102,992</b>	<b>\$ 1,122,338</b>	<b>\$ 193,547</b>	<b>\$ 1,995,213</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 48,604	\$ 0	\$ 0	\$ 301,156
Accrued Wages and Benefits Payable	676,727	1,201	0	0
Intergovernmental Payable	1,056	0	0	0
Due to Other Funds	24,453	0	0	0
Deferred Revenue	2,552,858	798,205	162,272	24,728
<b>Total Liabilities</b>	<b>3,303,698</b>	<b>799,406</b>	<b>162,272</b>	<b>325,884</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	66,511	0	0	259,413
Reserved for Prepaid Items	27,819	0	0	0
Reserved for Supplies Inventory	34,988	0	0	0
Reserved for Debt Service	0	0	31,275	0
Reserved for Endowments	0	0	0	0
Unreserved, Undesignated in:				
General Fund	669,976	0	0	0
Capital Projects Fund	0	0	0	1,409,916
Special Revenue Funds	0	322,932	0	0
Permanent Fund	0	0	0	0
<b>Total Fund Balances</b>	<b>799,294</b>	<b>322,932</b>	<b>31,275</b>	<b>1,669,329</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,102,992</b>	<b>\$ 1,122,338</b>	<b>\$ 193,547</b>	<b>\$ 1,995,213</b>

See accompanying notes to the basic financial statements

**CITY OF PORTSMOUTH, OHIO**

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<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,018,865	\$ 4,249,119
343,089	3,470,632
118,059	333,633
1,161,493	2,530,647
0	384,305
0	24,453
26,962	61,950
17,409	45,228
<u>196,329</u>	<u>196,329</u>
<u>\$ 3,882,206</u>	<u>\$ 11,296,296</u>
\$ 28,652	\$ 378,412
210,452	888,380
0	1,056
0	24,453
<u>1,118,037</u>	<u>4,656,100</u>
<u>1,357,141</u>	<u>5,948,401</u>
37,541	363,465
17,409	45,228
26,962	61,950
0	31,275
26,843	26,843
0	669,976
0	1,409,916
2,255,239	2,578,171
<u>161,071</u>	<u>161,071</u>
<u>2,525,065</u>	<u>5,347,895</u>
<u>\$ 3,882,206</u>	<u>\$ 11,296,296</u>

**CITY OF PORTSMOUTH, OHIO**

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***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
December 31, 2007***

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<b>Total Governmental Fund Balances</b>		\$ 5,347,895
<b><i>Amounts reported for governmental activities in the statement of net assets are different because</i></b>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		19,955,505
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		2,810,100
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.		212,739
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds Payable	(1,815,000)	
Capital Leases Payable	(1,161,876)	
Compensated Absences Payable	(663,299)	
Accrued Interest Payable	(32,156)	
		<u>(3,672,331)</u>
<b><i>Net Assets of Governmental Activities</i></b>		<b><u>\$ 24,653,908</u></b>

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, 2007**

	General	Community Development	General Obligation Bond Retirement	Capital Improvement
<b>Revenues:</b>				
Taxes	\$ 6,858,043	\$ 0	\$ 137,828	\$ 1,332,901
Intergovernmental Revenues	1,927,687	213,000	16,671	0
Charges for Services	411,895	0	0	0
Licenses and Permits	255,533	0	0	0
Investment Earnings	329,427	180	0	0
Fines and Forfeitures	685,902	0	0	0
All Other Revenue	108,589	117,110	0	0
<b>Total Revenue</b>	<b>10,577,076</b>	<b>330,290</b>	<b>154,499</b>	<b>1,332,901</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	6,567,221	0	0	0
Public Health and Welfare Services	621,496	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	252,220	286,346	0	0
Transportation	346,346	0	0	0
General Government	2,705,160	0	0	0
Capital Outlay	0	0	0	1,601,796
Debt Service:				
Principal Retirement	0	0	50,000	129,200
Interest and Fiscal Charges	0	0	98,643	40,846
<b>Total Expenditures</b>	<b>10,492,443</b>	<b>286,346</b>	<b>148,643</b>	<b>1,771,842</b>
Excess (Deficiency) of Revenues Over Expenditures	84,633	43,944	5,856	(438,941)
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	22,637	0	0	0
Other Financing Source - Capital Lease	0	0	0	852,153
Transfers In	0	0	0	0
Transfers Out	(18,000)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>4,637</b>	<b>0</b>	<b>0</b>	<b>852,153</b>
Net Change in Fund Balances	89,270	43,944	5,856	413,212
<b>Fund Balances at Beginning of Year</b>	<b>701,656</b>	<b>278,988</b>	<b>25,419</b>	<b>1,256,117</b>
Increase (Decrease) in Inventory Reserve	8,368	0	0	0
<b>Fund Balances End of Year</b>	<b>\$ 799,294</b>	<b>\$ 322,932</b>	<b>\$ 31,275</b>	<b>\$ 1,669,329</b>

See accompanying notes to the basic financial statements



**CITY OF PORTSMOUTH, OHIO**

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Other Governmental Funds	Total Governmental Funds
\$ 376,455	\$ 8,705,227
3,284,921	5,442,279
217,073	628,968
0	255,533
11,423	341,030
565,218	1,251,120
82,526	308,225
<u>4,537,616</u>	<u>16,932,382</u>
697,549	7,264,770
2,185,151	2,806,647
19,116	19,116
48,741	587,307
1,138,561	1,484,907
428,636	3,133,796
0	1,601,796
0	179,200
0	139,489
<u>4,517,754</u>	<u>17,217,028</u>
19,862	(284,646)
0	22,637
0	852,153
18,000	18,000
<u>(150,000)</u>	<u>(168,000)</u>
<u>(132,000)</u>	<u>724,790</u>
(112,138)	440,144
2,638,723	4,900,903
<u>(1,520)</u>	<u>6,848</u>
<u>\$ 2,525,065</u>	<u>\$ 5,347,895</u>

**CITY OF PORTSMOUTH, OHIO**

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**Reconciliation Of The Statement Of Revenues, Expenditures  
And Changes In Fund Balances Of Governmental Funds  
To The Statement Of Activities  
For the Year Ended December 31, 2007**

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<b>Net Change in Fund Balances - Total Governmental Funds</b>		\$ 440,144
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
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	1,308,560	
Depreciation Expense	<u>(1,657,082)</u>	(348,522)
The net effect of various miscellaneous transactions involving capital assets (i.e. disposals and donations) is to decrease net assets.		
The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets.		(283,022)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		108,977
The issuance of long-term debt (e.g. notes, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Capital Leases Issued		(852,153)
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.		
General Obligation Bonds Payable	50,000	
Long Term Notes Payable	22,475	
Capital Leases Payable	<u>106,725</u>	179,200
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		812
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	(173)	
Change in Inventory	<u>6,848</u>	6,675
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.		
		(123,366)
<b>Change in Net Assets of Governmental Activities</b>		<u>\$ (871,255)</u>
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, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 6,260,440	\$ 6,730,000	\$ 6,728,867	\$ (1,133)
Intergovernmental Revenue	1,867,480	2,004,400	2,007,211	2,811
Charges for Services	383,221	412,700	411,895	(805)
Licenses and Permits	237,312	256,900	255,068	(1,832)
Investment Earnings	306,494	330,000	329,427	(573)
Fines and Forfeitures	637,880	685,000	685,608	608
All Other Revenues	101,173	108,000	108,743	743
Total Revenues	9,794,000	10,527,000	10,526,819	(181)
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	6,479,972	6,607,134	6,597,651	9,483
Public Health and Welfare Services	607,183	618,183	617,211	972
Community Environment	218,776	246,276	244,848	1,428
Transportation	318,790	334,118	347,507	(13,389)
General Government	2,897,124	2,760,351	2,738,030	22,321
Total Expenditures	10,521,845	10,566,062	10,545,247	20,815
Excess (Deficiency) of Revenues Over (Under) Expenditures	(727,845)	(39,062)	(18,428)	20,634
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	23,000	22,637	(363)
Transfers Out	(18,000)	(18,000)	(18,000)	0
Total Other Financing Sources (Uses):	(18,000)	5,000	4,637	(363)
Net Change in Fund Balance	(745,845)	(34,062)	(13,791)	20,271
Fund Balance at Beginning of Year	52,377	52,377	52,377	0
Prior Year Encumbrances	38,467	38,467	38,467	0
Fund Balance at End of Year	\$ (655,001)	\$ 56,782	\$ 77,053	\$ 20,271

See accompanying notes to the basic financial statements

**CITY OF PORTSMOUTH, OHIO**

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**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Special Revenue Fund – Community Development Fund  
For the Year Ended December 31, 2007**

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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>				
Intergovernmental Revenues	\$ 150,000	\$ 209,000	\$ 208,900	\$ (100)
Investment Earnings	0	0	180	180
All Other Revenues	50,000	117,000	117,110	110
Total Revenues	<u>400,000</u>	<u>326,000</u>	<u>326,190</u>	<u>190</u>
<b>Expenditures:</b>				
Community Environment	<u>624,310</u>	<u>391,310</u>	<u>285,762</u>	<u>105,548</u>
Total Expenditures	<u>624,310</u>	<u>391,310</u>	<u>285,762</u>	<u>105,548</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(224,310)	(65,310)	40,428	105,738
Fund Balance at Beginning of Year	<u>247,152</u>	<u>247,152</u>	<u>247,152</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 22,842</u>	<u>\$ 181,842</u>	<u>\$ 287,580</u>	<u>\$ 105,738</u>

See accompanying notes to the basic financial statements

**CITY OF PORTSMOUTH, OHIO**

**Statement of Net Assets  
Proprietary Funds  
December 31, 2007**

	Business-Type Activities		
	Enterprise Funds		
	Major		
	Water	Sewer	Sanitation
<b>ASSETS</b>			
Current assets:			
Cash and Cash Equivalents	\$ 6,814,704	\$ 1,651,497	\$ 682,035
Accounts receivable (net of allowance for uncollectibles)	1,042,896	544,122	265,869
Inventory of Supplies at Cost	22,085	31,780	1,742
Prepaid Items	26,341	8,460	10,222
Total current assets	<u>7,906,026</u>	<u>2,235,859</u>	<u>959,868</u>
Noncurrent assets:			
Restricted Assets:			
Cash and Cash Equivalents	2,025,566	0	0
Deferred Charges	117,655	0	0
Capital assets:			
Capital Assets Not Being Depreciated	3,467,506	676,138	0
Capital Assets Being Depreciated, net of accumulated depreciation	<u>9,333,964</u>	<u>799,235</u>	<u>669,306</u>
Total capital assets	<u>12,801,470</u>	<u>1,475,373</u>	<u>669,306</u>
Total noncurrent assets	<u>14,944,691</u>	<u>1,475,373</u>	<u>669,306</u>
Total assets	<u>22,850,717</u>	<u>3,711,232</u>	<u>1,629,174</u>

**CITY OF PORTSMOUTH, OHIO**

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<u>Nonmajor</u>		Governmental Activities -
<u>Primary Care</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 88,335	\$ 9,236,571	\$ 306,277
70	1,852,957	0
0	55,607	0
2,919	47,942	0
<u>91,324</u>	<u>11,193,077</u>	<u>306,277</u>
0	2,025,566	0
0	117,655	0
0	4,143,644	0
<u>0</u>	<u>10,802,505</u>	<u>0</u>
<u>0</u>	<u>14,946,149</u>	<u>0</u>
<u>0</u>	<u>17,089,370</u>	<u>0</u>
<u>91,324</u>	<u>28,282,447</u>	<u>306,277</u>

(Continued)

**CITY OF PORTSMOUTH, OHIO**

**Statement of Net Assets  
Proprietary Funds  
December 31, 2007**

	Business-Type Activities		
	Enterprise Funds		
	Major		
	Water	Sewer	Sanitation
<b>LIABILITIES</b>			
Current liabilities:			
Accounts Payable	601,371	18,377	2,639
Accrued Wages and Benefits	211,960	116,478	57,608
Refundable Deposits	256,806	0	0
Accrued Interest Payable	37,983	0	0
Capital Leases Payable - Current	193,205	63,922	113,414
Revenue Bond Payable - Current	390,048	0	0
OWDA Loans Payable - Current	62,694	0	0
OPWC Loans Payable - Current	0	30,000	0
Compensated Absences Payable - Current	5,250	3,472	993
Total Current Liabilities	<u>1,759,317</u>	<u>232,249</u>	<u>174,654</u>
Noncurrent Liabilities:			
Capital Leases Payable	5,608,348	1,520,125	356,329
Revenue Bonds Payable	3,400,093	0	0
OWDA Loans Payable	1,670,090	0	0
OPWC Loans Payable	0	375,000	0
Compensated Absences Payable	34,052	777	2,807
Total noncurrent liabilities	<u>10,712,583</u>	<u>1,895,902</u>	<u>359,136</u>
<b>Total Liabilities</b>	<u>12,471,900</u>	<u>2,128,151</u>	<u>533,790</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	7,360,652	1,343,338	669,306
Restricted for Debt Service	783,278	0	0
Unrestricted	2,234,887	239,743	426,078
Total Net Assets	<u>\$ 10,378,817</u>	<u>\$ 1,583,081</u>	<u>\$ 1,095,384</u>

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

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

See accompanying notes to the basic financial statements



**CITY OF PORTSMOUTH, OHIO**

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<u>Nonmajor</u>		Governmental Activities -
<u>Primary Care</u>	<u>Total</u>	<u>Internal Service Funds</u>
949	623,336	1,336
8,922	394,968	0
0	256,806	0
0	37,983	0
0	370,541	0
0	390,048	0
0	62,694	0
0	30,000	0
0	9,715	0
<u>9,871</u>	<u>2,176,091</u>	<u>1,336</u>
0	7,484,802	0
0	3,400,093	0
0	1,670,090	0
0	375,000	0
0	37,636	0
<u>0</u>	<u>12,967,621</u>	<u>0</u>
<u>9,871</u>	<u>15,143,712</u>	<u>1,336</u>
0	9,373,296	0
0	783,278	0
<u>81,453</u>	<u>2,982,161</u>	<u>304,941</u>
<u>\$ 81,453</u>	<u>\$ 13,138,735</u>	<u>\$ 304,941</u>

92,202  
\$ 13,230,937

**CITY OF PORTSMOUTH, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2007**

	Business-Type Activities		
	Enterprise Funds		
	Major		
	Water	Sewer	Sanitation
<b>Operating Revenues:</b>			
Charges for Services	\$ 5,423,137	\$ 2,608,464	\$ 1,322,894
Other Operating Revenues	12,031	13,919	0
<b>Total Operating Revenues</b>	<b>5,435,168</b>	<b>2,622,383</b>	<b>1,322,894</b>
<b>Operating Expenses:</b>			
Personal Services	2,942,356	1,531,059	812,815
Contractual Services	765,389	786,570	295,540
Materials and Supplies	1,174,683	197,115	107,882
Depreciation	375,653	82,826	70,921
<b>Total Operating Expenses</b>	<b>5,258,081</b>	<b>2,597,570</b>	<b>1,287,158</b>
<b>Operating Income (Loss)</b>	<b>177,087</b>	<b>24,813</b>	<b>35,736</b>
<b>Non-Operating Revenue (Expenses):</b>			
Interest Income	206,409	17,200	0
Interest and Fiscal Charges	(301,921)	(26,591)	0
Loss on Disposal of Fixed Assets	(75,572)	(53,392)	0
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(171,084)</b>	<b>(62,783)</b>	<b>0</b>
<b>Income (Loss) Before Transfers</b>	<b>6,003</b>	<b>(37,970)</b>	<b>35,736</b>
<b>Transfers:</b>			
Transfers In	0	0	0
<b>Total Transfers</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Change in Net Assets</b>	<b>6,003</b>	<b>(37,970)</b>	<b>35,736</b>
Net Assets Beginning of Year	10,372,814	1,621,051	1,059,648
<b>Net Assets End of Year</b>	<b>\$ 10,378,817</b>	<b>\$ 1,583,081</b>	<b>\$ 1,095,384</b>

Change in Net Assets - Total Enterprise Funds

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

Change in Net Assets - Total Business-Type Activities

See accompanying notes to the basic financial statements

**CITY OF PORTSMOUTH, OHIO**

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<u>Nonmajor</u>		Governmental Activities -
<u>Primary Care</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 80,866	\$ 9,435,361	\$ 0
1,173	27,123	0
<u>82,039</u>	<u>9,462,484</u>	<u>0</u>
119,481	5,405,711	146,248
3,435	1,850,934	16,064
37,037	1,516,717	6,429
0	529,400	0
<u>159,953</u>	<u>9,302,762</u>	<u>168,741</u>
(77,914)	159,722	(168,741)
0	223,609	0
0	(328,512)	0
0	(128,964)	0
<u>0</u>	<u>(233,867)</u>	<u>0</u>
(77,914)	(74,145)	(168,741)
<u>150,000</u>	<u>150,000</u>	<u>0</u>
<u>150,000</u>	<u>150,000</u>	<u>0</u>
72,086	75,855	(168,741)
9,367	13,062,880	473,682
<u>\$ 81,453</u>	<u>\$ 13,138,735</u>	<u>\$ 304,941</u>
	75,855	
	(45,375)	
	<u>\$ 30,480</u>	

**CITY OF PORTSMOUTH, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2007**

	Business-Type Activities-Enterprise Funds		
	Major		
	Water	Sewer	Sanitation
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$5,463,833	\$2,617,316	\$1,336,766
Cash Payments for Goods and Services	(1,677,654)	(1,020,518)	(408,593)
Cash Payments to Employees	(2,915,004)	(1,520,878)	(803,508)
Customer Deposits Received	112,900	0	0
Customer Deposits Refunded	(91,200)	0	0
Net Cash Provided (Used) by Operating Activities	892,875	75,920	124,665
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	0	0	0
Principal Paid on Ohio Public Works Commission Loan	0	(30,000)	0
Net Cash Paid (Used ) by Noncapital Financing Activities	0	(30,000)	0
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Proceeds from OhioWater Development Authority Loan	588,800	0	0
Proceeds from Capital Lease Financing	5,694,081	1,557,456	436,600
Principal Paid on Revenue Anticipation Notes	0	0	0
Acquisition and Construction of Assets	(1,855,908)	(181,808)	0
Principal Paid on General Obligation Bond	0	0	0
Principal Paid on Mortgage Revenue Bond	(415,000)	0	0
Capital Lease Payment	(22,762)	(116,719)	(122,544)
Interest Paid on All Debt	(158,155)	0	0
Net Cash Provided by Capital and Related Financing Activities	3,831,056	1,258,929	314,056
<u>Cash Flows from Investing Activities:</u>			
Receipt of Interest	206,409	17,200	0
Net Cash Provided by Investing Activities	206,409	17,200	0
Net Increase (Decrease) in Cash and Cash Equivalents	4,930,340	1,322,049	438,721
Cash and Cash Equivalents at Beginning of Year	3,909,930	329,448	243,314
Cash and Cash Equivalents at End of Year	\$8,840,270	\$1,651,497	\$682,035
<u>Reconciliation of Cash and Cash Equivalent per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$6,814,704	\$1,651,497	\$682,035
Restricted Cash and Cash Equivalents	2,025,566	0	0
Cash and Cash Equivalents at End of Year	\$8,840,270	\$1,651,497	\$682,035

**CITY OF PORTSMOUTH, OHIO**

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<u>Nonmajor</u>		Governmental
<u>Primary Care</u>	<u>Total</u>	-Activities Internal Service Funds
\$81,969	\$9,499,884	\$2,381,265
(42,888)	(3,149,653)	(2,549,871)
(111,260)	(5,350,650)	0
0	112,900	0
0	(91,200)	0
<u>(72,179)</u>	<u>1,021,281</u>	<u>(168,606)</u>
150,000	150,000	0
0	(30,000)	0
<u>150,000</u>	<u>120,000</u>	<u>0</u>
0	588,800	0
0	7,688,137	0
0	0	0
0	(2,037,716)	0
0	0	0
0	(415,000)	0
0	(262,025)	0
0	(158,155)	0
<u>0</u>	<u>5,404,041</u>	<u>0</u>
0	223,609	0
0	223,609	0
77,821	6,768,931	(168,606)
10,514	4,493,206	474,883
<u>\$88,335</u>	<u>\$11,262,137</u>	<u>\$306,277</u>
\$88,335	\$9,236,571	\$306,277
0	2,025,566	0
<u>\$88,335</u>	<u>\$11,262,137</u>	<u>\$306,277</u>

(Continued)

**CITY OF PORTSMOUTH, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2007**

	Business-Type Activities-Enterprise Funds		
	Major		
	Water	Sewer	Sanitation
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$177,087	\$24,813	\$35,736
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	375,653	82,826	70,921
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	28,665	(5,067)	13,872
(Increase) Decrease in Inventory	298,842	(6,215)	(584)
Increase in Prepaid Items	(13,463)	(1,921)	(5,111)
Increase (Decrease) in Accounts Payable	(20,530)	(27,056)	1,664
Increase in Accrued Wages and Benefits	23,830	7,445	7,902
Increase in Customer Deposits	21,700	0	0
Increase in Compensated Absences	1,091	1,095	265
Total Adjustments	<u>715,788</u>	<u>51,107</u>	<u>88,929</u>
Net Cash Provided (Used) by Operating Activities	<u>\$892,875</u>	<u>\$75,920</u>	<u>\$124,665</u>

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2007, the Water Fund had outstanding liabilities of \$566,550 for certain capital assets. During 2007, the Water Fund incurred a liability of \$1,076,379 to the Ohio Water Development Authority for construction payments made by the Authority directly to contractors. In addition, the Water Fund also incurred a liability of \$51,322 to the Ohio Water Development Authority for fees charged by the Authority and incurred a liability of \$16,283 for interest capitalized by the Authority. The Water and Sewer Funds also incurred a liability of \$97,219 and \$26,591 for interest which was capitalized on the capital leases.

See accompanying notes to the basic financial statements

**CITY OF PORTSMOUTH, OHIO**

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Nonmajor		Governmental -Activities Internal Service Funds
Primary Care	Total	
(\$77,914)	\$159,722	(\$168,741)
0	529,400	0
(70)	37,400	0
0	292,043	0
(2,919)	(23,414)	0
503	(45,419)	135
8,221	47,398	0
0	21,700	0
0	2,451	0
5,735	861,559	135
(\$72,179)	\$1,021,281	(\$168,606)

**CITY OF PORTSMOUTH, OHIO**

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**Statement of Net Assets  
Fiduciary Funds  
December 31, 2007**

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	Private Purpose Trust	
	Private Purpose	Agency
<b>Assets:</b>		
Cash and Cash Equivalents	\$ 69,006	\$ 0
Receivables:		
Accounts	0	296,287
Restricted Assets:		
Cash and Cash Equivalents	0	89,132
<b>Total Assets</b>	<u>69,006</u>	<u>385,419</u>
<b>Liabilities:</b>		
Intergovernmental Payable	0	35,125
Claims Payable	56,927	0
Due to Others	0	350,294
<b>Total Liabilities</b>	<u>56,927</u>	<u>385,419</u>
Unrestricted	<u>12,079</u>	<u>0</u>
<b>Total Net Assets</b>	<u>\$ 12,079</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements



**CITY OF PORTSMOUTH, OHIO**

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***Statement of Changes in Net Assets  
Fiduciary Funds  
For the Year Ended December 31, 2007***

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	Private Purpose
<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>          12,079</u>
Net Assets End of Year	<u><u>\$          12,079</u></u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

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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, 2007 and for the year then ended and have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

**A. Reporting Entity**

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

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

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

The accounting system is organized and operated on the basis of funds each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, 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, 2007***

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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.

Community Development Fund – This fund is used to account for Federal and State grants which are designed for community and environmental improvements.

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.

The following enterprise fund is nonmajor:

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

Internal Service 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, 2007***

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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, 2007***

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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, 2007***

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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, 2007 but which are not intended to finance 2007 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 government-wide, the proprietary funds and fiduciary funds financial statements. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

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. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989 to its business-type activities and enterprise funds.

**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, 2007***

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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 the fund for most funds. However, the legal level of control for the General Fund is the department level and for some of the special revenue funds it is at the object 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 as final budget reflect the amounts in the final amended official certificate of estimated resources issued during 2007.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

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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 the General Fund. However, the legal level of budgetary control for most 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 2007. 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 basic 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, 2007***

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

**E. Budgetary Process (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. In addition, encumbrances are recorded as the equivalent of expenditures on the budgetary basis as opposed to a reservation of fund balance on the GAAP basis. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary cash basis statements for the General Fund and the major special revenue fund:

	Net Change in Fund Balance	
	General Fund	Community Development Fund
GAAP Basis (as reported)	\$89,270	\$43,944
Increase (Decrease):		
Accrued Revenues at December 31, 2007 received during 2008	(1,341,655)	(36,553)
Accrued Revenues at December 31, 2006 received during 2007	1,291,398	32,453
Accrued Expenditures at December 31, 2007 paid during 2008	750,840	1,201
Accrued Expenditures at December 31, 2006 paid during 2007	(726,300)	(617)
2006 Prepays for 2007	19,094	0
2007 Prepays for 2008	(27,819)	0
Outstanding Encumbrances	(68,619)	0
Budget Basis	<u>(\$13,791)</u>	<u>\$40,428</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

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

**F. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits and investments with original maturity dates of three months or less. The City pools its cash, except for cash and investments in certain fiduciary funds and monies held for construction in enterprise funds, for maximum investing efficiency. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. For purposes of the statement of cash flows, the share of equity in the pooled cash and investments of the proprietary funds is considered to be cash equivalents. See Note 3, "Cash, Cash Equivalents and Investments."

**G. Inventory**

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

**H. Capital Assets and Depreciation**

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

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

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

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

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007**

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

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

**2. Property, Plant and Equipment – Business Type Activities**

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. 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 and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

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

**I. Long-Term Obligations**

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

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

**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," the City records a liability for vacation time and sick leave when the obligation is attributable to services previously rendered and it is probable that the City will compensate the employees for the benefits at termination or retirement. The City uses the vesting method for determining the liability for sick leave. Compensated absences accumulated by governmental fund type and proprietary fund type employees are reported as an expense when earned in the government-wide financial statements. For governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not recorded. For Water, Sewer, and Sanitation funds (enterprise funds), the entire compensated absences amount is reported as a fund liability.

**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 of 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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

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

**M. Interfund Activity**

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

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

**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. Restricted Assets**

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

**P. Operating Revenues and Expenses**

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

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**NOTE 2 - COMPLIANCE AND ACCOUNTABILITY**

**A. Fund Deficit**

The fund deficits of \$13,000 in the Fire Pension Fund, \$13,000 in the Police Pension Fund, \$2,227 in the Abstinence Education Prevention Fund, \$9,343 in the Family Planning Fund, and \$12,085 in the Ryan White Title III 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.

**B. Certificate of Fiscal Officer**

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

The City Auditor will more closely monitor budgetary procedures pertaining to violations of this nature in the future.

**C. Appropriations at Minimum Legal Level of Control**

Contrary to Ohio Revised Code Section 5705.38(C) the City appropriates all funds, except the General Fund, at the fund level.

The City Auditor will appropriate at the minimum legal level of control.

**D. Blanket Purchase Orders**

Contrary to Ohio Revised Code Section 5705.41 the City did not establish a maximum amount for Blanket Purchase Orders. In addition several Blanket Purchase Orders were still open and outstanding at year-end.

The City Auditor will more closely monitor blanket purchase order procedures pertaining to violations of this nature in the future.

**E. Timely Deposits**

Contrary to Ohio Revised Code Section 9.38, the Utility Department and the Probation Department did not deposit utility and restitution receipts on the next business day following the day of receipt with the City Auditor. The City also does not have a policy to permit their officials to hold monies for a time limit in excess of the one permitted by ORC Section 9.38.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

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**NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS**

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

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

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

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

- 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, 2007**

**NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

**A. Deposits**

Custodial credit risk is the risk that in the event of bank failure, the government’s deposits may not be returned. Protection of City cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the City’s deposits was \$1,161,025 and the bank balance was \$1,652,424. Federal depository insurance covered \$200,000 of the bank balance and \$1,452,424 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$1,452,424</u>
Total Balance	<u><u>\$1,452,424</u></u>

Investment earnings of \$318,264 earned by other funds was credited to the General Fund as required by state statute.

**B. Investments**

The City's investments at December 31, 2007 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities In Years less than 1</u>
Repurchase Agreements	\$6,507,403	N/A	\$6,507,403
FDRT Government Obligations Fund	\$6,636,550	AAAm	\$6,636,550
First American Treasury Obligation	<u>1,867,022</u>	AAAm	<u>1,867,022</u>
Total Investments	<u><u>\$15,010,975</u></u>		<u><u>\$15,010,975</u></u>



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

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**NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

**B. Investments** (Continued)

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

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

*Concentration of Credit Risk* – The City places no limit on the amount the City may invest in one issuer. The City’s investments in First American Treasury Obligation, FDRT Government Obligations Fund and repurchase agreements represent 13%, 44%, and 43% of the City’s total investments.

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

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

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

	Cash and Cash Equivalents	Investments
	<u>                    </u>	<u>                    </u>
Per Financial Statements	\$16,172,000	\$0
Repurchase Agreements	(6,507,403)	6,507,403
FDRT Government Obligations Fund	(6,636,550)	6,636,550
First American Treasury Obligation	(1,867,022)	1,867,022
	<u>                    </u>	<u>                    </u>
Per GASB Statement No. 3	<u>\$1,161,025</u>	<u>\$15,010,975</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

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**NOTE 4 - 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 2007 were levied after October 1, 2006 on assessed values as of January 1, 2006, 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 2001. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder payable by June 20.

Tangible personal property tax revenues received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of January 1, 2006. In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out. The assessment percentage for property, including inventory is 12.5% for 2007. This percentage will be reduced to 6.25% in 2008 and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill NO.66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business an railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2006-2010, the City will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

Public utility real 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.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007**

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**NOTE 4 - TAXES (Continued)**

**A. Property Taxes (Continued)**

The full tax rate for all City operations for the year ended December 31, 2007 was \$10.25 per \$1,000 of assessed value. The assessed value upon which the 2007 tax collections were based was \$220,033,280. This amount constituted \$188,528,250 in real property assessed value, \$14,032,370 in public utility assessed value and \$17,472,660 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 .1025% (10.25 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 5 - RECEIVABLES**

Receivables at December 31, 2007 consisted of taxes, intergovernmental, accounts receivable, and loans.

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES**

Individual interfund receivables and payables balances at December 31, 2007 are as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$0	\$24,453
Community Development Fund	24,453	0
	<u>\$24,453</u>	<u>\$24,453</u>

On the Statement of Net Assets, the Business-Type Activities reported an internal balance at December 31, 2007 of \$92,202, which was offset in the Governmental Activities by the same amount. The Due to Other Funds is for reimbursement of expenditures made by the Community Development Fund for the General Fund.

**CITY OF PORTSMOUTH, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

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**NOTE 7 - TRANSFERS**

Following is a summary of Transfers in and out for all funds for 2007:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Fund	\$0	\$18,000
Other Governmental Funds	18,000	150,000
Total Governmental Funds	18,000	168,000
Proprietary Funds:		
Primary Care Fund	150,000	0
Total Enterprise Funds	150,000	0
Totals	\$168,000	\$168,000

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.

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**CITY OF PORTSMOUTH, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007**

**NOTE 8 - CAPITAL ASSETS**

**A. Governmental Capital Assets**

Summary by category of changes in Governmental Capital Assets:

*Historical Cost:*

Class	December 31, 2006	Additions	Deletions	December 31, 2007
<i>Capital assets not being depreciated:</i>				
Land	\$1,871,744	\$0	(\$44,860)	\$1,826,884
Construction in Progress	0	467,370	0	467,370
Subtotal	1,871,744	467,370	(44,860)	2,294,254
<i>Capital assets being depreciated:</i>				
Buildings	5,783,654	67,222	(35,753)	5,815,123
Improvements	2,134,058	0	(36,517)	2,097,541
Machinery and Equipment	8,398,636	663,674	(1,502,299)	7,560,011
Infrastructure	27,924,471	110,294	(40,505)	27,994,260
Subtotal	44,240,819	841,190	(1,615,074)	43,466,935
Total Cost	\$46,112,563	\$1,308,560	(\$1,659,934)	\$45,761,189
<i>Accumulated Depreciation:</i>				
Class	December 31, 2006	Additions	Deletions	December 31, 2007
Buildings	(\$1,533,900)	(\$113,642)	\$15,068	(\$1,632,474)
Improvements	(699,814)	(76,646)	31,620	(744,840)
Machinery and Equipment	(6,320,854)	(472,829)	1,303,171	(5,490,512)
Infrastructure	(16,970,946)	(993,965)	27,053	(17,937,858)
Total Depreciation	(\$25,525,514)	(\$1,657,082) *	\$1,376,912	(\$25,805,684)
<i>Net Value:</i>	\$20,587,049			\$19,955,505

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

Security of Persons and Property	\$286,476
Public Health & Welfare Services	48,399
Leisure Time Activities	6,939
Community Environment	67,298
Transportation	1,045,919
General Government	202,051
Total Depreciation Expense	\$1,657,082

**CITY OF PORTSMOUTH, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007**

**NOTE 8 - CAPITAL ASSETS (Continued)**

**B. Business Type Capital Assets**

Summary by Category at December 31, 2007:

*Historical Cost:*

Class	December 31, 2006	Additions	Deletions	December 31, 2007
<i>Capital assets not being depreciated:</i>				
Land	\$55,424	\$0	(\$4,687)	\$50,737
Construction in Progress	557,847	3,535,060	0	4,092,907
Subtotal	613,271	3,535,060	(4,687)	4,143,644
<i>Capital assets being depreciated:</i>				
Buildings	1,028,509	0	(22,752)	1,005,757
Improvements other than Buildings	23,951,894	0	(30,857)	23,921,037
Machinery and Equipment	3,798,016	188,490	(406,044)	3,580,462
Subtotal	28,778,419	188,490	(459,653)	28,507,256
Total Cost	\$29,391,690	\$3,723,550	(\$464,340)	\$32,650,900

*Accumulated Depreciation:*

Class	December 31, 2006	Additions	Deletions	December 31, 2007
Buildings	(\$372,900)	(\$20,672)	\$12,742	(\$380,830)
Improvements other than Buildings	(14,759,793)	(299,157)	21,045	(15,037,905)
Machinery and Equipment	(2,378,034)	(209,571)	301,589	(2,286,016)
Total Depreciation	(\$17,510,727)	(\$529,400)	\$335,376	(\$17,704,751)
<i>Net Value:</i>	\$11,880,963			\$14,946,149

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

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**NOTE 9 – 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 accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

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, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the Ohio PERS. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2007, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 9.5%. The 2007 employer contribution rate for local government employer units was 13.85%, of covered payroll. From January 1 through June 30, 2007, 8.85% was allocated to fund the pension and 5.0% to fund health care and from July 1, 2007 through December 31, 2007, 7.85% was allocated to fund the pension and 6.0% 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, 2007, 2006, and 2005 were \$950,001, \$884,564 and \$845,280, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

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**NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

The Ohio PERS provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit under the TP and CO plans 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 2007 employer contribution rate (identified above) that was used to fund health care was 5.0% from January 1 through June 30, 2007 and 6.0% from July 1 through December 31, 2007, of covered payroll which amounted to \$377,269.

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, 2006. The individual entry age 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 annually, not to exceed a 12% corridor. The investment assumption rate for 2006 was 6.5%. 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 plus an additional factor ranging from .50% to 5% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants for the TP and CO Plans was 374,979. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2006 is \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$30.7 billion and \$18.7 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

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**NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)**

**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, 2007, 2006, and 2005 were \$338,632, \$332,899 and \$303,695 for police and \$434,427, \$418,748 and \$418,649 for firefighters, respectively, which were equal to the required contributions for each year.

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 2007 covered payroll that was used to fund postemployment health care benefits was \$122,183 representing 6.75% of covered payroll for police and \$117,219 representing 6.75% 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, 2006, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 14,120 for police and 10,563 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, 2006 were \$120,373,722, which was net of member contributions of \$58,532,848.

**CITY OF PORTSMOUTH, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007**

**NOTE 10 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS**

Long-term debt and other long-term obligations of the City at December 31, 2007 were as follows:

				Balance December 31, 2006	Additions	(Deletions)	Balance December 31, 2007	Amount due Within One Year
<b>Business-Type Activities Long-Term Debt:</b>								
Ohio Public Works Commission Loans:								
2000	0.0%	Wastewater Improvement	2021	\$435,000	\$0	(\$30,000)	\$405,000	\$30,000
Water Refunding Revenue Bond:								
2003	1.6-4.15%	Waterworks Improvement	2015	4,310,000	0	(415,000)	3,895,000	425,000
		Deferred Loss on Refunding		(139,811)	0	34,952	(104,859)	(34,952)
Total Revenue Bonds Payable				4,170,189	0	(380,048)	3,790,141	390,048
Ohio Water Development Authority Loans:								
2007	3.25%	Water MIEX Installation		0	1,732,784		1,732,784	62,694
Compensated Absences				44,900	190,369	(187,918)	47,351	9,715
Capital Lease - Enterprise Funds				305,421	7,811,947	(262,025)	7,855,343	370,541
Total Business-Type Long-Term Debt				<u>\$4,955,510</u>	<u>\$9,735,100</u>	<u>(\$859,991)</u>	<u>\$13,830,619</u>	<u>\$862,998</u>
<b>Governmental Activities Long-Term Debt:</b>								
General Obligation Bond								
2001	3.6-5.5%	Police and Fireman's Disability and Pension	2027	\$1,865,000	\$0	(\$50,000)	\$1,815,000	\$55,000
2004	3.78	Bond Anticipation Note	2007	22,475	0	(22,475)	0	0
Compensated Absences				663,126	689,158	(688,985)	663,299	55,280
Capital Lease Payable				416,448	852,153	(106,725)	1,161,876	140,134
Total Governmental Activities				<u>\$2,967,049</u>	<u>\$1,541,311</u>	<u>(\$868,185)</u>	<u>\$3,640,175</u>	<u>\$250,414</u>

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

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007**

**NOTE 10 - 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, 2007 follows:

**Business-Type Activities:**

Years	Mortgage Revenue Bond		OPWC Loans		OWDA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$425,000	\$145,024	\$30,000	\$0	\$62,694	\$55,810
2009	440,000	130,418	30,000	0	64,748	53,756
2010	455,000	114,187	30,000	0	66,869	51,635
2011	475,000	96,155	30,000	0	69,060	49,444
2012	495,000	76,632	30,000	0	71,323	47,181
2013-2017	1,605,000	101,572	150,000	0	393,237	199,284
2018-2022	0	0	105,000	0	462,020	130,501
2023-2027	0	0	0	0	542,833	49,688
Totals	<u>\$3,895,000</u>	<u>\$663,988</u>	<u>\$405,000</u>	<u>\$0</u>	<u>\$1,732,784</u>	<u>\$637,299</u>

**Governmental Activities:**

Years	General Obligation Bonds	
	Principal	Interest
2008	\$55,000	\$96,468
2009	55,000	94,020
2010	60,000	91,490
2011	60,000	88,640
2012	65,000	85,700
2013-2017	380,000	374,860
2018-2022	495,000	261,895
2023-2027	645,000	110,550
Totals	<u>\$1,815,000</u>	<u>\$1,203,623</u>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007**

**NOTE 10 - 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 \$1,190,000 at December 31, 2007, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

**NOTE 11 - CAPITALIZED LEASES**

The City leases sixteen vehicles, an excavator and a street sweeper, all classified as machinery and equipment under capital leases. The cost of the equipment obtained under capital leases is \$39,705 in the Water Fund, and \$157,694 in the Sanitation Fund. The related liability is included in the Water Fund and the Sanitation Fund. In addition the City leases 15 police vehicles and a street sweeper with an original cost of \$497,862. The original cost of the equipment and the related liability are reported on the Government – wide Statement of Net Assets.

The City received \$8,664,101 of cash proceeds for various governmental and enterprise projects. As of December 31, 2007, there were unspent proceeds remaining. Projects will be capitalized in the future as the proceeds are expended. The cost of the Construction in Progress is \$3,429,620 in the Water Fund, \$105,440 in the Sewer Fund and \$331,270 in the Government-wide Statement of Net Assets.

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, 2007.

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
2008	\$691,483	\$194,043
2009	1,012,444	238,061
2010	1,012,444	187,060
2011	1,012,444	105,646
2012	1,012,444	105,646
2013-2017	4,568,967	528,228
2018	366,890	44,019
Minimum Lease Payments	9,677,116	1,402,703
Less amount representing interest at the City's incremental borrowing rate of interest	(1,821,773)	(240,827)
Present value of minimum lease payments	<u>\$7,855,343</u>	<u>\$1,161,876</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

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**NOTE 12 - 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 13 - 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 14 – 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, 2007, there was one series of Industrial Revenue Bonds outstanding, with a principal amount payable of \$400,000.

**NOTE 15 – CONSTRUCTION COMMITMENTS**

The City has entered into two multi-year construction contracts. A contract for water meter replacement and street improvements was entered in 2007 with Ameresco, Inc. The contract's original amount is for \$7,425,475. As of December 31, 2007, the City has paid \$1,570,712 and \$5,854,763 is still outstanding. Payments will be made as work is completed and invoices submitted by the contractor.

A contract was entered into with Pae & Associates for the renovation of the City's water plant. The contract's original amount is \$3,348,000 of which \$2,759,200 is still outstanding as of December 31, 2007.

*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

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

***Nonmajor Governmental Funds***

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***Special Revenue Funds***

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

**Municipal Court Grants Fund**

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

**Municipal Court Special Projects Fund**

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

**Municipal Court Probation Services Fund**

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

**Municipal Court Programs Fund**

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

**Municipal Court Computer Fund**

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

**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.

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

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

(Continued)

***Special Revenue Funds***

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**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.

**Tourism and Cultural Development Fund**

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

**Abstinence Education Fund**

To account for a Federal grant to be used to cover the costs of education related to teenage abstinence program.

**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.

(Continued)



***Special Revenue Funds***

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**Family Planning Fund**

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

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

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

**Regional HIV Prevention Fund**

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

**Ryan White Title III Fund**

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

**Flood Defense Fund**

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

**Council Trust for Recreation Fund**

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

**Playground Trust Fund**

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

***Permanent Funds***

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

**Cemetery Trust Fund**

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

**Mausoleum Trust Fund**

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

**CITY OF PORTSMOUTH, OHIO**

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**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2007**

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	Nonmajor Special Revenue Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 2,018,865	\$ 0	\$ 2,018,865
Receivables (net of allowance for doubtful accounts):			
Taxes	343,089	0	343,089
Accounts	118,059	0	118,059
Intergovernmental	1,161,493	0	1,161,493
Inventory of Supplies, at Cost	26,962	0	26,962
Prepaid Items	16,633	776	17,409
Restricted Assets:			
Cash and Cash Equivalents	0	196,329	196,329
<b>Total Assets</b>	<u>\$ 3,685,101</u>	<u>\$ 197,105</u>	<u>\$ 3,882,206</u>
<b>Liabilities:</b>			
Accounts Payable	\$ 21,652	\$ 7,000	\$ 28,652
Accrued Wages and Benefits Payable	210,452	0	210,452
Deferred Revenue	1,118,037	0	1,118,037
<b>Total Liabilities</b>	<u>1,350,141</u>	<u>7,000</u>	<u>1,357,141</u>
<b>Fund Balances:</b>			
Reserved for Encumbrances	36,126	1,415	37,541
Reserved for Prepaid Items	16,633	776	17,409
Reserved for Supplies Inventory	26,962	0	26,962
Reserved for Endowments	0	26,843	26,843
Unreserved, Undesignated in:			
Special Revenue Funds	2,255,239	0	2,255,239
Permanent Funds	0	161,071	161,071
<b>Total Fund Balances</b>	<u>2,334,960</u>	<u>190,105</u>	<u>2,525,065</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 3,685,101</u>	<u>\$ 197,105</u>	<u>\$ 3,882,206</u>

**CITY OF PORTSMOUTH, OHIO**

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2007***

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 376,455	\$ 0	\$ 376,455
Intergovernmental Revenues	3,284,921	0	3,284,921
Charges for Services	196,673	20,400	217,073
Investment Earnings	11,423	0	11,423
Fines and Forfeitures	565,218	0	565,218
All Other Revenue	79,349	3,177	82,526
<b>Total Revenue</b>	<b>4,514,039</b>	<b>23,577</b>	<b>4,537,616</b>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	697,549	0	697,549
Public Health and Welfare Services	2,149,767	35,384	2,185,151
Leisure Time Activities	19,116	0	19,116
Community Environment	48,741	0	48,741
Transportation	1,138,561	0	1,138,561
General Government	428,636	0	428,636
<b>Total Expenditures</b>	<b>4,482,370</b>	<b>35,384</b>	<b>4,517,754</b>
Excess (Deficiency) of Revenues Over Expenditures	31,669	(11,807)	19,862
<b>Other Financing Sources (Uses):</b>			
Transfers In	18,000	0	18,000
Transfers Out	(150,000)	0	(150,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(132,000)</b>	<b>0</b>	<b>(132,000)</b>
Net Change in Fund Balances	(100,331)	(11,807)	(112,138)
<b>Fund Balances at Beginning of Year</b>	<b>2,436,811</b>	<b>201,912</b>	<b>2,638,723</b>
Decrease in Inventory Reserve	(1,520)	0	(1,520)
<b>Fund Balances End of Year</b>	<b>\$ 2,334,960</b>	<b>\$ 190,105</b>	<b>\$ 2,525,065</b>

**CITY OF PORTSMOUTH, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2007**

	Municipal Court Grants	Municipal Court Special Project	Municipal Court Probation Services	Municipal Court Programs	Municipal Court Computer
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 10,649	\$ 182,112	\$ 4,759	\$ 3,118	\$ 20,791
Receivables (net of allowance for doubtful accounts):					
Taxes	0	0	0	0	0
Accounts	0	62,072	33,039	3,230	12,844
Intergovernmental	26,211	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0	0
Prepaid Items	0	2,554	0	0	0
<b>Total Assets</b>	<b>\$ 36,860</b>	<b>\$ 246,738</b>	<b>\$ 37,798</b>	<b>\$ 6,348</b>	<b>\$ 33,635</b>
<b>Liabilities:</b>					
Accounts Payable	\$ 0	\$ 654	\$ 0	\$ 0	\$ 785
Accrued Wages and Benefits Payable	3,826	7,325	5,891	3,106	860
Deferred Revenue	26,211	42,948	22,860	2,235	8,887
<b>Total Liabilities</b>	<b>30,037</b>	<b>50,927</b>	<b>28,751</b>	<b>5,341</b>	<b>10,532</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	0	0	0	0	0
Reserved for Prepaid Items	0	2,554	0	0	0
Reserved for Supplies Inventory	0	0	0	0	0
Unreserved, Undesignated in:					
Special Revenue Funds	6,823	193,257	9,047	1,007	23,103
<b>Total Fund Balances</b>	<b>6,823</b>	<b>195,811</b>	<b>9,047</b>	<b>1,007</b>	<b>23,103</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 36,860</b>	<b>\$ 246,738</b>	<b>\$ 37,798</b>	<b>\$ 6,348</b>	<b>\$ 33,635</b>

**CITY OF PORTSMOUTH, OHIO**

<u>Fire Pension</u>	<u>Police Pension</u>	<u>D.A.R.E. State Grant</u>	<u>Local Law Block Grant</u>	<u>COPS Fast Grant</u>	<u>Indigent Drivers Alcohol Treatment</u>	<u>Enforcement and Education</u>
\$ 2,968	\$ 2,968	\$ 6,122	\$ 28,511	\$ 150,594	\$ 16,992	\$ 1,498
61,262	61,262	0	0	0	0	0
0	0	0	0	0	3,486	504
4,139	4,139	4,244	15,128	7,954	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$ 68,369</u>	<u>\$ 68,369</u>	<u>\$ 10,366</u>	<u>\$ 43,639</u>	<u>\$ 158,548</u>	<u>\$ 20,478</u>	<u>\$ 2,002</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
15,968	15,968	306	0	2,755	0	280
<u>65,401</u>	<u>65,401</u>	<u>4,244</u>	<u>15,128</u>	<u>1,837</u>	<u>2,412</u>	<u>349</u>
<u>81,369</u>	<u>81,369</u>	<u>4,550</u>	<u>15,128</u>	<u>4,592</u>	<u>2,412</u>	<u>629</u>
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>(13,000)</u>	<u>(13,000)</u>	<u>5,816</u>	<u>28,511</u>	<u>153,956</u>	<u>18,066</u>	<u>1,373</u>
<u>(13,000)</u>	<u>(13,000)</u>	<u>5,816</u>	<u>28,511</u>	<u>153,956</u>	<u>18,066</u>	<u>1,373</u>
<u>\$ 68,369</u>	<u>\$ 68,369</u>	<u>\$ 10,366</u>	<u>\$ 43,639</u>	<u>\$ 158,548</u>	<u>\$ 20,478</u>	<u>\$ 2,002</u>

(Continued)

**CITY OF PORTSMOUTH, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2007**

	Mandatory Fines	Law Enforcement	Street Construction, Maintenance and Repair	State Highway Improvement	Environmental State Grants
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 42,181	\$ 200,474	\$ 106,319	\$ 83,679	\$ 145,741
Receivables (net of allowance for doubtful accounts):					
Taxes	0	0	0	0	0
Accounts	2,338	0	0	0	0
Intergovernmental	115	0	463,731	33,458	326,394
Inventory of Supplies, at Cost	0	0	15,895	0	2,145
Prepaid Items	0	0	2,556	0	3,913
<b>Total Assets</b>	<b>\$ 44,634</b>	<b>\$ 200,474</b>	<b>\$ 588,501</b>	<b>\$ 117,137</b>	<b>\$ 478,193</b>
<b>Liabilities:</b>					
Accounts Payable	\$ 0	\$ 0	\$ 5,789	\$ 0	\$ 3,953
Accrued Wages and Benefits Payable	0	0	53,447	0	35,636
Deferred Revenue	1,618	0	308,000	22,000	178,698
<b>Total Liabilities</b>	<b>1,618</b>	<b>0</b>	<b>367,236</b>	<b>22,000</b>	<b>218,287</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	0	0	0	0	0
Reserved for Prepaid Items	0	0	2,556	0	3,913
Reserved for Supplies Inventory	0	0	15,895	0	2,145
Unreserved, Undesignated in:					
Special Revenue Funds	43,016	200,474	202,814	95,137	253,848
<b>Total Fund Balances</b>	<b>43,016</b>	<b>200,474</b>	<b>221,265</b>	<b>95,137</b>	<b>259,906</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 44,634</b>	<b>\$ 200,474</b>	<b>\$ 588,501</b>	<b>\$ 117,137</b>	<b>\$ 478,193</b>

**CITY OF PORTSMOUTH, OHIO**

Tourism and Cultural Development	Abstinence Education Prevention	State Grant Health	Rural AIDS State Grant	Family Planning	F.E.M.A. Grant	Regional HIV Prevention
\$ 9,900	\$ 0	\$ 21,941	\$ 70,963	\$ 0	\$ 42,861	\$ 0
11,977	0	0	0	0	0	0
0	0	0	0	410	0	0
0	0	209,981	0	0	0	53,444
0	0	0	1,757	6,504	0	0
0	0	2,684	307	2,938	0	0
<u>\$ 21,877</u>	<u>\$ 0</u>	<u>\$ 234,606</u>	<u>\$ 73,027</u>	<u>\$ 9,852</u>	<u>\$ 42,861</u>	<u>\$ 53,444</u>
\$ 0	\$ 0	\$ 1,259	\$ 169	\$ 3,261	\$ 0	\$ 0
0	2,227	11,024	16,082	15,934	0	0
0	0	128,665	0	0	0	0
0	2,227	140,948	16,251	19,195	0	0
0	0	0	0	0	1,626	0
0	0	2,684	307	2,938	0	0
0	0	0	1,757	6,504	0	0
21,877	(2,227)	90,974	54,712	(18,785)	41,235	53,444
21,877	(2,227)	93,658	56,776	(9,343)	42,861	53,444
<u>\$ 21,877</u>	<u>\$ 0</u>	<u>\$ 234,606</u>	<u>\$ 73,027</u>	<u>\$ 9,852</u>	<u>\$ 42,861</u>	<u>\$ 53,444</u>

(Continued)

**CITY OF PORTSMOUTH, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2007**

	Ryan White Title III	Flood Defense	Council Trust for Recreation	Playground Trust	Total Nonmajor Special Revenue Funds
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 181	\$ 806,880	\$ 46,595	\$ 10,068	\$ 2,018,865
Receivables (net of allowance for doubtful accounts):					
Taxes	0	208,588	0	0	343,089
Accounts	0	0	136	0	118,059
Intergovernmental	0	12,555	0	0	1,161,493
Inventory of Supplies, at Cost	661	0	0	0	26,962
Prepaid Items	1,553	0	128	0	16,633
<b>Total Assets</b>	<b>\$ 2,395</b>	<b>\$ 1,028,023</b>	<b>\$ 46,859</b>	<b>\$ 10,068</b>	<b>\$ 3,685,101</b>
<b>Liabilities:</b>					
Accounts Payable	\$ 882	\$ 4,900	\$ 0	\$ 0	\$ 21,652
Accrued Wages and Benefits Payable	13,598	5,776	443	0	210,452
Deferred Revenue	0	221,143	0	0	1,118,037
<b>Total Liabilities</b>	<b>14,480</b>	<b>231,819</b>	<b>443</b>	<b>0</b>	<b>1,350,141</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	0	34,500	0	0	36,126
Reserved for Prepaid Items	1,553	0	128	0	16,633
Reserved for Supplies Inventory	661	0	0	0	26,962
Unreserved, Undesignated in:					
Special Revenue Funds	(14,299)	761,704	46,288	10,068	2,255,239
<b>Total Fund Balances</b>	<b>(12,085)</b>	<b>796,204</b>	<b>46,416</b>	<b>10,068</b>	<b>2,334,960</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,395</b>	<b>\$ 1,028,023</b>	<b>\$ 46,859</b>	<b>\$ 10,068</b>	<b>\$ 3,685,101</b>





**CITY OF PORTSMOUTH, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2007**

	Municipal Court Grants	Municipal Court Special Project	Municipal Court Probation Services	Municipal Court Programs	Municipal Court Computer
<b>Revenues:</b>					
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	39,315	0	0	0	0
Charges for Services	0	0	0	0	0
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	0	166,017	73,544	69,529	43,697
All Other Revenue	0	3	0	0	1,076
<b>Total Revenue</b>	<b>39,315</b>	<b>166,020</b>	<b>73,544</b>	<b>69,529</b>	<b>44,773</b>
<b>Expenditures:</b>					
Current:					
Security of Persons and Property	0	0	0	0	0
Public Health and Welfare Services	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Environment	0	0	0	0	0
Transportation	0	0	0	0	0
General Government	54,280	162,279	78,501	68,327	38,267
<b>Total Expenditures</b>	<b>54,280</b>	<b>162,279</b>	<b>78,501</b>	<b>68,327</b>	<b>38,267</b>
Excess (Deficiency) of Revenues Over Expenditures	(14,965)	3,741	(4,957)	1,202	6,506
<b>Other Financing Sources (Uses):</b>					
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balances	(14,965)	3,741	(4,957)	1,202	6,506
<b>Fund Balances at Beginning of Year</b>	<b>21,788</b>	<b>192,070</b>	<b>14,004</b>	<b>(195)</b>	<b>16,597</b>
Increase (Decrease) in Inventory Reserve	0	0	0	0	0
<b>Fund Balances End of Year</b>	<b>\$ 6,823</b>	<b>\$ 195,811</b>	<b>\$ 9,047</b>	<b>\$ 1,007</b>	<b>\$ 23,103</b>

**CITY OF PORTSMOUTH, OHIO**

<u>Fire Pension</u>	<u>Police Pension</u>	<u>D.A.R.E. State Grant</u>	<u>Local Law Block Grant</u>	<u>COPS Fast Grant</u>	<u>Indigent Drivers Alcohol Treatment</u>	<u>Enforcement and Education</u>
\$ 60,914	\$ 60,914	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
5,886	5,886	0	0	38,927	0	0
0	0	0	0	0	0	0
0	0	0	1,252	0	0	0
0	0	0	0	0	19,892	1,315
604	604	800	0	0	0	0
<u>67,404</u>	<u>67,404</u>	<u>800</u>	<u>1,252</u>	<u>38,927</u>	<u>19,892</u>	<u>1,315</u>
80,968	80,968	4,684	0	55,980	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	19,719	4,763
<u>80,968</u>	<u>80,968</u>	<u>4,684</u>	<u>0</u>	<u>55,980</u>	<u>19,719</u>	<u>4,763</u>
(13,564)	(13,564)	(3,884)	1,252	(17,053)	173	(3,448)
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>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(13,564)	(13,564)	(3,884)	1,252	(17,053)	173	(3,448)
564	564	9,700	27,259	171,009	17,893	4,821
0	0	0	0	0	0	0
<u>\$ (13,000)</u>	<u>\$ (13,000)</u>	<u>\$ 5,816</u>	<u>\$ 28,511</u>	<u>\$ 153,956</u>	<u>\$ 18,066</u>	<u>\$ 1,373</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, 2007**

	Mandatory Fines	Law Enforcement	Street Construction, Maintenance and Repair	State Highway Improvement	Environmental State Grants
<b>Revenues:</b>					
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	0	924,331	67,427	724,503
Charges for Services	0	0	0	0	0
Investment Earnings	0	0	6,464	3,707	0
Fines and Forfeitures	11,885	179,339	0	0	0
All Other Revenue	0	264	10,765	0	7,764
<b>Total Revenue</b>	<b>11,885</b>	<b>179,603</b>	<b>941,560</b>	<b>71,134</b>	<b>732,267</b>
<b>Expenditures:</b>					
Current:					
Security of Persons and Property	49,756	136,912	0	0	0
Public Health and Welfare Services	0	0	0	0	579,463
Leisure Time Activities	0	0	0	0	0
Community Environment	0	0	0	0	0
Transportation	0	0	1,136,161	2,400	0
General Government	0	0	0	0	0
<b>Total Expenditures</b>	<b>49,756</b>	<b>136,912</b>	<b>1,136,161</b>	<b>2,400</b>	<b>579,463</b>
Excess (Deficiency) of Revenues Over Expenditures	(37,871)	42,691	(194,601)	68,734	152,804
<b>Other Financing Sources (Uses):</b>					
Transfers In	0	0	0	0	18,000
Transfers Out	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,000</b>
Net Change in Fund Balances	(37,871)	42,691	(194,601)	68,734	170,804
<b>Fund Balances at Beginning of Year</b>	<b>80,887</b>	<b>157,783</b>	<b>411,884</b>	<b>26,403</b>	<b>90,193</b>
Increase (Decrease) in Inventory Reserve	0	0	3,982	0	(1,091)
<b>Fund Balances End of Year</b>	<b>\$ 43,016</b>	<b>\$ 200,474</b>	<b>\$ 221,265</b>	<b>\$ 95,137</b>	<b>\$ 259,906</b>

**CITY OF PORTSMOUTH, OHIO**

Tourism and Cultural Development	Abstinence Education Prevention	State Grant Health	Rural AIDS State Grant	Family Planning	F.E.M.A. Grant	Regional HIV Prevention
\$ 51,579	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	59,447	318,262	398,657	122,200	7,468	332,591
0	0	51,288	0	83,109	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	11,923	8,236	15,958	0	0
<u>51,579</u>	<u>59,447</u>	<u>381,473</u>	<u>406,893</u>	<u>221,267</u>	<u>7,468</u>	<u>332,591</u>
0	0	0	0	0	5,842	0
0	56,219	386,108	366,560	250,786	0	279,147
0	0	0	0	0	0	0
48,741	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>48,741</u>	<u>56,219</u>	<u>386,108</u>	<u>366,560</u>	<u>250,786</u>	<u>5,842</u>	<u>279,147</u>
2,838	3,228	(4,635)	40,333	(29,519)	1,626	53,444
0	0	0	0	0	0	0
0	0	(150,000)	0	0	0	0
<u>0</u>	<u>0</u>	<u>(150,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
2,838	3,228	(154,635)	40,333	(29,519)	1,626	53,444
19,039	(5,455)	248,606	18,902	21,738	41,235	0
0	0	(313)	(2,459)	(1,562)	0	0
<u>\$ 21,877</u>	<u>\$ (2,227)</u>	<u>\$ 93,658</u>	<u>\$ 56,776</u>	<u>\$ (9,343)</u>	<u>\$ 42,861</u>	<u>\$ 53,444</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, 2007**

	Ryan White Title III	Flood Defense	Council Trust for Recreation	Playground Trust	Total Nonmajor Special Revenue Funds
<b>Revenues:</b>					
Taxes	\$ 0	\$ 203,048	\$ 0	\$ 0	\$ 376,455
Intergovernmental Revenues	223,336	16,685	0	0	3,284,921
Charges for Services	4,360	0	57,916	0	196,673
Investment Earnings	0	0	0	0	11,423
Fines and Forfeitures	0	0	0	0	565,218
All Other Revenue	4,293	2,014	11,079	3,966	79,349
<b>Total Revenue</b>	<b>231,989</b>	<b>221,747</b>	<b>68,995</b>	<b>3,966</b>	<b>4,514,039</b>
<b>Expenditures:</b>					
Current:					
Security of Persons and Property	0	282,439	0	0	697,549
Public Health and Welfare Services	231,484	0	0	0	2,149,767
Leisure Time Activities	0	0	19,116	0	19,116
Community Environment	0	0	0	0	48,741
Transportation	0	0	0	0	1,138,561
General Government	0	0	2,500	0	428,636
<b>Total Expenditures</b>	<b>231,484</b>	<b>282,439</b>	<b>21,616</b>	<b>0</b>	<b>4,482,370</b>
Excess (Deficiency) of Revenues Over Expenditures	505	(60,692)	47,379	3,966	31,669
<b>Other Financing Sources (Uses):</b>					
Transfers In	0	0	0	0	18,000
Transfers Out	0	0	0	0	(150,000)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(132,000)</b>
Net Change in Fund Balances	505	(60,692)	47,379	3,966	(100,331)
<b>Fund Balances at Beginning of Year</b>	<b>(12,513)</b>	<b>856,896</b>	<b>(963)</b>	<b>6,102</b>	<b>2,436,811</b>
Increase (Decrease) in Inventory Reserve	(77)	0	0	0	(1,520)
<b>Fund Balances End of Year</b>	<b>\$ (12,085)</b>	<b>\$ 796,204</b>	<b>\$ 46,416</b>	<b>\$ 10,068</b>	<b>\$ 2,334,960</b>



**CITY OF PORTSMOUTH, OHIO**

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**Combining Balance Sheet  
Nonmajor Permanent Funds  
December 31, 2007**

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	<u>Cemetery Trust</u>	<u>Mausoleum Trust</u>	<u>Total Nonmajor Permanent Funds</u>
<b>Assets:</b>			
Prepaid Items	\$ 776	\$ 0	\$ 776
Restricted Assets:			
Cash and Cash Equivalents	<u>191,581</u>	<u>4,748</u>	<u>196,329</u>
<b>Total Assets</b>	<u>\$ 192,357</u>	<u>\$ 4,748</u>	<u>\$ 197,105</u>
<b>Liabilities:</b>			
Accounts Payable	<u>\$ 7,000</u>	<u>\$ 0</u>	<u>\$ 7,000</u>
<b>Total Liabilities</b>	<u>7,000</u>	<u>0</u>	<u>7,000</u>
<b>Fund Balances:</b>			
Reserved for Encumbrances	1,415	0	1,415
Reserved for Prepaid Items	776	0	776
Reserved for Endowments	22,339	4,504	26,843
Unreserved, Undesignated in:			
Permanent Funds	<u>160,827</u>	<u>244</u>	<u>161,071</u>
<b>Total Fund Balances</b>	<u>185,357</u>	<u>4,748</u>	<u>190,105</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 192,357</u>	<u>\$ 4,748</u>	<u>\$ 197,105</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, 2007***

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	Cemetery Trust	Mausoleum Trust	Total Nonmajor Permanent Funds
<b>Revenues:</b>			
Charges for Services	\$ 20,400	\$ 0	\$ 20,400
All Other Revenue	3,177	0	3,177
<b>Total Revenue</b>	<u>23,577</u>	<u>0</u>	<u>23,577</u>
<b>Expenditures:</b>			
Current:			
Public Health and Welfare Services	35,384	0	35,384
<b>Total Expenditures</b>	<u>35,384</u>	<u>0</u>	<u>35,384</u>
Excess (Deficiency) of Revenues Over Expenditures	(11,807)	0	(11,807)
<b>Fund Balances at Beginning of Year</b>	<u>197,164</u>	<u>4,748</u>	<u>201,912</u>
<b>Fund Balances End of Year</b>	<u>\$ 185,357</u>	<u>\$ 4,748</u>	<u>\$ 190,105</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, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 6,260,440	\$ 6,730,000	\$ 6,728,867	\$ (1,133)
Intergovernmental Revenues	1,867,480	2,004,400	2,007,211	2,811
Charges for Services	383,221	412,700	411,895	(805)
Licenses and Permits	237,312	256,900	255,068	(1,832)
Investment Earnings	306,494	330,000	329,427	(573)
Fines and Forfeitures	637,880	685,000	685,608	608
All Other Revenues	101,173	108,000	108,743	743
Total Revenues	<u>9,794,000</u>	<u>10,527,000</u>	<u>10,526,819</u>	<u>(181)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Police:				
Personal Services	1,974,406	2,912,354	2,908,703	3,651
Materials and Supplies	548,937	102,439	101,701	738
Contractual Services	548,936	108,204	104,881	3,323
Total Police	<u>3,072,279</u>	<u>3,122,997</u>	<u>3,115,285</u>	<u>7,712</u>
Fire:				
Personal Services	1,995,588	3,199,872	3,198,319	1,553
Materials and Supplies	309,279	24,082	23,460	622
Contractual Services	927,826	73,183	73,587	(404)
Total Fire	<u>3,232,693</u>	<u>3,297,137</u>	<u>3,295,366</u>	<u>1,771</u>
Street Lighting:				
Materials and Supplies	3,000	769	769	0
Contractual Services	172,000	186,231	186,231	0
Total Street Lighting	<u>175,000</u>	<u>187,000</u>	<u>187,000</u>	<u>0</u>
Total Security of Persons and Property	<u>6,479,972</u>	<u>6,607,134</u>	<u>6,597,651</u>	<u>9,483</u>
Public Health and Welfare Services:				
Health:				
Personal Services	331,087	496,783	499,559	(2,776)
Materials and Supplies	4,000	5,200	4,016	1,184
Contractual Services	271,246	114,200	111,636	2,564
Capital Outlay	850	2,000	2,000	0
Total Health	<u>607,183</u>	<u>618,183</u>	<u>617,211</u>	<u>972</u>
Total Public Health and Welfare Services	<u>607,183</u>	<u>618,183</u>	<u>617,211</u>	<u>972</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, 2007***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Community Environment:				
Building Inspection:				
Personal Services	86,888	146,009	147,097	(1,088)
Materials and Supplies	1,000	1,144	962	182
Contractual Services	92,271	54,606	53,060	1,546
Total Building Inspection	180,159	201,759	201,119	640
Administration:				
Personal Services	15,454	35,848	36,091	(243)
Materials and Supplies	1,500	1,800	1,553	247
Contractual Services	21,663	6,869	6,085	784
Total Administration	38,617	44,517	43,729	788
Total Community Environment	218,776	246,276	244,848	1,428
Transportation:				
Traffic Lights:				
Personal Services	891	76,063	90,794	(14,731)
Materials and Supplies	37,620	13,929	12,965	964
Contractual Services	76,706	33,554	33,349	205
Capital Outlay	100	500	342	158
Total Traffic Lights	115,317	124,046	137,450	(13,404)
Cemetery Grounds:				
Personal Services	376	48,263	51,316	(3,053)
Materials and Supplies	1,200	1,950	2,031	(81)
Contractual Services	76,057	33,720	30,584	3,136
Total Cemetery Grounds	77,633	83,933	83,931	2
Recreational Grounds:				
Personal Services	85,953	121,350	123,871	(2,521)
Materials and Supplies	23,932	2,485	988	1,497
Contractual Services	15,855	1,804	767	1,037
Capital Outlay	100	500	500	0
Total Recreational Grounds	125,840	126,139	126,126	13
Total Transportation	318,790	334,118	347,507	(13,389)
General Government:				
City Council:				
Personal Services	30,938	49,368	48,779	589
Materials and Supplies	3,650	566	191	375
Contractual Services	10,955	609	568	41
Total City Council	45,543	50,543	49,538	1,005

(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, 2007***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Executive:</b>				
Personal Services	325	55,969	55,264	705
Materials and Supplies	15,936	1,700	1,853	(153)
Contractual Services	47,807	7,199	4,944	2,255
Total Executive	64,068	64,868	62,061	2,807
<b>Legal:</b>				
Personal Services	126,164	222,897	225,436	(2,539)
Materials and Supplies	15,362	2,500	2,219	281
Contractual Services	92,171	15,500	12,661	2,839
Total Legal	233,697	240,897	240,316	581
<b>Finance:</b>				
Personal Services	67,685	158,086	157,516	570
Materials and Supplies	4,800	4,800	4,770	30
Contractual Services	121,068	53,132	52,963	169
Capital Outlay	83	350	325	25
Total Finance	193,636	216,368	215,574	794
<b>Civil Service:</b>				
Personal Services	10,608	12,828	12,793	35
Contractual Services	5,350	7,230	5,827	1,403
Total Civil Service	15,958	20,058	18,620	1,438
<b>Municipal Court:</b>				
Personal Services	475,752	744,412	744,085	327
Materials and Supplies	3,000	3,753	3,604	149
Contractual Services	399,410	119,713	119,095	618
Capital Outlay	125	209	0	209
Total Municipal Court	878,287	868,087	866,784	1,303
<b>Income Tax:</b>				
Personal Services	98,187	149,388	148,185	1,203
Materials and Supplies	1,000	2,100	1,764	336
Contractual Services	184,901	123,300	122,031	1,269
Total Income Tax	284,088	274,788	271,980	2,808
<b>Engineering:</b>				
Personal Services	23,913	50,587	50,060	527
Materials and Supplies	600	600	500	100
Contractual Services	36,674	8,700	8,783	(83)
Total Engineering	61,187	59,887	59,343	544

(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, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive Negative
Public Service:				
Personal Services	2,318	54,234	54,050	184
Materials and Supplies	1,000	1,809	1,736	73
Contractual Services	59,328	12,002	12,091	(89)
Total Public Service	62,646	68,045	67,877	168
City Building:				
Personal Services	36,394	73,106	80,566	(7,460)
Materials and Supplies	4,000	4,500	4,098	402
Contractual Services	107,012	76,200	68,898	7,302
Total City Building	147,406	153,806	153,562	244
Garage:				
Personal Services	14,791	102,658	106,478	(3,820)
Materials and Supplies	181,885	75,900	72,190	3,710
Contractual Services	103,932	40,550	40,435	115
Total Garage	300,608	219,108	219,103	5
Non-Departmental:				
Personal Services	0	20,000	19,403	597
Materials and Supplies	0	6,000	5,362	638
Contractual Services	610,000	497,896	488,507	9,389
Total Non-Departmental	610,000	523,896	513,272	10,624
Total General Government	2,897,124	2,760,351	2,738,030	22,321
Total Expenditures	10,521,845	10,566,062	10,545,247	20,815
Excess (Deficiency) of Revenues Over (Under) Expenditures	(727,845)	(39,062)	(18,428)	20,634
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	23,000	22,637	(363)
Transfers Out	(18,000)	(18,000)	(18,000)	0
Total Other Financing Sources (Uses)	(18,000)	5,000	4,637	(363)
Net Change in Fund Balance	(745,845)	(34,062)	(13,791)	20,271
Fund Balance at Beginning of Year	52,377	52,377	52,377	0
Prior Year Encumbrances	38,467	38,467	38,467	0
Fund Balance at End of Year	\$ (655,001)	\$ 56,782	\$ 77,053	\$ 20,271

**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Special Revenue Fund  
For the Year Ended December 31, 2007***

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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	\$ 150,000	\$ 209,000	\$ 208,900	\$ (100)
Investment Earnings	0	0	180	180
All Other Revenues	<u>50,000</u>	<u>117,000</u>	<u>117,110</u>	<u>110</u>
Total Revenues	<u>400,000</u>	<u>326,000</u>	<u>326,190</u>	<u>190</u>
<b>Expenditures:</b>				
Community Environment:				
Personal Services	11,300	16,440	12,996	3,444
Materials and Supplies	13,010	6,650	5,382	1,268
Contractual Services	<u>600,000</u>	<u>368,220</u>	<u>267,384</u>	<u>100,836</u>
Total Expenditures	<u>624,310</u>	<u>391,310</u>	<u>285,762</u>	<u>105,548</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(224,310)	(65,310)	40,428	105,738
Fund Balance at Beginning of Year	<u>247,152</u>	<u>247,152</u>	<u>247,152</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 22,842</u>	<u>\$ 181,842</u>	<u>\$ 287,580</u>	<u>\$ 105,738</u>

**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Debt Service Fund  
For the Year Ended December 31, 2007***

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive Negative
<b>Revenues:</b>				
Taxes	\$ 135,000	\$ 137,000	\$ 137,828	\$ 828
Intergovernmental Revenues	20,000	17,000	16,671	(329)
Total Revenues	<u>155,000</u>	<u>154,000</u>	<u>154,499</u>	<u>499</u>
<b>Expenditures:</b>				
Debt Service:				
Principal Retirement	50,000	50,000	50,000	0
Interest and Fiscal Charges	<u>100,000</u>	<u>100,000</u>	<u>98,643</u>	<u>1,357</u>
Total Expenditures	<u>150,000</u>	<u>150,000</u>	<u>148,643</u>	<u>1,357</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,000	4,000	5,856	1,856
Fund Balance at Beginning of Year	<u>25,419</u>	<u>25,419</u>	<u>25,419</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 30,419</u>	<u>\$ 29,419</u>	<u>\$ 31,275</u>	<u>\$ 1,856</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, 2007***

<b>CAPITAL IMPROVEMENT FUND</b>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 1,200,000	\$ 1,297,000	\$ 1,297,668	\$ 668
Total Revenues	<u>1,200,000</u>	<u>1,297,000</u>	<u>1,297,668</u>	<u>668</u>
<b>Expenditures:</b>				
Capital Outlay	289,097	1,886,577	1,663,726	222,851
Debt Service:				
Principal Retirement	0	129,200	129,200	0
Interest and Fiscal Charges	<u>0</u>	<u>26,541</u>	<u>26,541</u>	<u>0</u>
Total Expenditures	<u>289,097</u>	<u>2,042,318</u>	<u>1,819,467</u>	<u>222,851</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	910,903	(745,318)	(521,799)	223,519
<b>Other Financing Sources (Uses):</b>				
Capital Lease Inception	<u>0</u>	<u>838,000</u>	<u>837,848</u>	<u>(152)</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>838,000</u>	<u>837,848</u>	<u>(152)</u>
Net Change in Fund Balance	910,903	92,682	316,049	223,367
Fund Balance at Beginning of Year	752,238	752,238	752,238	0
Prior Year Encumbrances	<u>289,097</u>	<u>289,097</u>	<u>289,097</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,952,238</u>	<u>\$ 1,134,017</u>	<u>\$ 1,357,384</u>	<u>\$ 223,367</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, 2007***

**MUNICIPAL COURT GRANTS FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 40,000	\$ 52,000	\$ 52,421	\$ 421
Total Revenues	<u>40,000</u>	<u>52,000</u>	<u>52,421</u>	<u>421</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	52,970	53,070	53,839	(769)
Materials and Supplies	<u>27,030</u>	<u>11,030</u>	<u>192</u>	<u>10,838</u>
Total Expenditures	<u>80,000</u>	<u>64,100</u>	<u>54,031</u>	<u>10,069</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,000)	(12,100)	(1,610)	10,490
Fund Balance at Beginning of Year	<u>12,259</u>	<u>12,259</u>	<u>12,259</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ (27,741)</u></u>	<u><u>\$ 159</u></u>	<u><u>\$ 10,649</u></u>	<u><u>\$ 10,490</u></u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2007**

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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	\$ 150,000	\$ 166,000	\$ 166,832	\$ 832
All Other Revenues	0	0	3	3
Total Revenues	<u>150,000</u>	<u>166,000</u>	<u>166,835</u>	<u>835</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	43,140	92,240	89,773	2,467
Materials and Supplies	32,000	32,000	30,699	1,301
Contractual Services	18,000	35,000	34,053	947
Capital Outlay	106,860	49,860	17,876	31,984
Total Expenditures	<u>200,000</u>	<u>209,100</u>	<u>172,401</u>	<u>36,699</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,000)	(43,100)	(5,566)	37,534
Fund Balance at Beginning of Year	<u>176,482</u>	<u>176,482</u>	<u>176,482</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 126,482</u>	<u>\$ 133,382</u>	<u>\$ 170,916</u>	<u>\$ 37,534</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, 2007**

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**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	\$ 70,000	\$ 74,000	\$ 74,203	\$ 203
Total Revenues	<u>70,000</u>	<u>74,000</u>	<u>74,203</u>	<u>203</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	<u>75,000</u>	<u>78,161</u>	<u>78,161</u>	<u>0</u>
Total Expenditures	<u>75,000</u>	<u>78,161</u>	<u>78,161</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,000)	(4,161)	(3,958)	203
Fund Balance at Beginning of Year	<u>3,958</u>	<u>3,958</u>	<u>3,958</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (1,042)</u>	<u>\$ (203)</u>	<u>\$ 0</u>	<u>\$ 203</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, 2007**

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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	\$ 80,000	\$ 0	\$ 0	\$ 0
Fines and Forfeitures	0	68,000	68,143	143
Total Revenues	<u>80,000</u>	<u>68,000</u>	<u>68,143</u>	<u>143</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	46,400	32,566	31,015	1,551
Contractual Services	<u>28,600</u>	<u>46,434</u>	<u>45,886</u>	<u>548</u>
Total Expenditures	<u>75,000</u>	<u>79,000</u>	<u>76,901</u>	<u>2,099</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,000	(11,000)	(8,758)	2,242
Fund Balance at Beginning of Year	<u>11,485</u>	<u>11,485</u>	<u>11,485</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 16,485</u>	<u>\$ 485</u>	<u>\$ 2,727</u>	<u>\$ 2,242</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, 2007**

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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	\$ 44,000	\$ 43,668	\$ (332)
All Other Revenues	0	0	1,076	1,076
Total Revenues	<u>50,000</u>	<u>44,000</u>	<u>44,744</u>	<u>744</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	12,160	12,160	7,791	4,369
Materials and Supplies	22,940	22,940	14,593	8,347
Contractual Services	14,900	14,900	15,682	(782)
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>38,066</u>	<u>11,934</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(6,000)	6,678	12,678
Fund Balance at Beginning of Year	<u>10,648</u>	<u>10,648</u>	<u>10,648</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 10,648</u>	<u>\$ 4,648</u>	<u>\$ 17,326</u>	<u>\$ 12,678</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, 2007**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 60,000	\$ 61,000	\$ 60,914	\$ (86)
Intergovernmental Revenues	0	6,000	5,886	(114)
All Other Revenues	0	0	604	604
Total Revenues	<u>60,000</u>	<u>67,000</u>	<u>67,404</u>	<u>404</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>0</u>
Total Expenditures	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,000)	(3,000)	(2,596)	404
Fund Balance at Beginning of Year	<u>5,564</u>	<u>5,564</u>	<u>5,564</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (4,436)</u>	<u>\$ 2,564</u>	<u>\$ 2,968</u>	<u>\$ 404</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, 2007**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 60,000	\$ 61,000	\$ 60,914	\$ (86)
Intergovernmental Revenues	0	6,000	5,886	(114)
All Other Revenues	0	0	604	604
Total Revenues	<u>60,000</u>	<u>67,000</u>	<u>67,404</u>	<u>404</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>0</u>
Total Expenditures	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,000)	(3,000)	(2,596)	404
Fund Balance at Beginning of Year	<u>5,564</u>	<u>5,564</u>	<u>5,564</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ (4,436)</u></u>	<u><u>\$ 2,564</u></u>	<u><u>\$ 2,968</u></u>	<u><u>\$ 404</u></u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2007**

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**D.A.R.E. STATE GRANT FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
All Other Revenues	\$ 0	\$ 0	\$ 800	\$ 800
Total Revenues	<u>0</u>	<u>0</u>	<u>800</u>	<u>800</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	0	6,788	4,245	2,543
Materials and Supplies	0	0	42	(42)
Contractual Services	<u>2,000</u>	<u>2,000</u>	<u>133</u>	<u>1,867</u>
Total Expenditures	<u>2,000</u>	<u>8,788</u>	<u>4,420</u>	<u>4,368</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,000)	(8,788)	(3,620)	5,168
Fund Balance at Beginning of Year	<u>9,742</u>	<u>9,742</u>	<u>9,742</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 7,742</u>	<u>\$ 954</u>	<u>\$ 6,122</u>	<u>\$ 5,168</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, 2007**

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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	\$ 1,000	\$ 0	\$ (1,000)
Investment Earnings	0	0	1,252	1,252
Total Revenues	<u>40,000</u>	<u>1,000</u>	<u>1,252</u>	<u>252</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Contractual Services	36,000	0	0	0
Capital Outlay	14,000	0	0	0
Total Expenditures	<u>50,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,000)	1,000	1,252	252
Fund Balance at Beginning of Year	<u>27,259</u>	<u>27,259</u>	<u>27,259</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 17,259</u>	<u>\$ 28,259</u>	<u>\$ 28,511</u>	<u>\$ 252</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, 2007**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 50,000	\$ 69,000	\$ 69,749	\$ 749
Total Revenues	<u>50,000</u>	<u>69,000</u>	<u>69,749</u>	<u>749</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	0	55,500	52,739	2,761
Materials and Supplies	0	1,046	1,215	(169)
Contractual Services	0	3,000	2,140	860
Capital Outlay	<u>200,000</u>	<u>145,273</u>	<u>1,261</u>	<u>144,012</u>
Total Expenditures	<u>200,000</u>	<u>204,819</u>	<u>57,355</u>	<u>147,464</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(150,000)	(135,819)	12,394	148,213
Fund Balance at Beginning of Year	135,881	135,881	135,881	0
Prior Year Encumbrances	<u>2,319</u>	<u>2,319</u>	<u>2,319</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (11,800)</u>	<u>\$ 2,381</u>	<u>\$ 150,594</u>	<u>\$ 148,213</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, 2007**

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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	\$ 19,000	\$ 19,700	\$ 700
Total Revenues	<u>10,000</u>	<u>19,000</u>	<u>19,700</u>	<u>700</u>
<b>Expenditures:</b>				
General Government:				
Contractual Services	<u>20,000</u>	<u>25,000</u>	<u>22,559</u>	<u>2,441</u>
Total Expenditures	<u>20,000</u>	<u>25,000</u>	<u>22,559</u>	<u>2,441</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,000)	(6,000)	(2,859)	3,141
Fund Balance at Beginning of Year	<u>19,429</u>	<u>19,429</u>	<u>19,429</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 9,429</u>	<u>\$ 13,429</u>	<u>\$ 16,570</u>	<u>\$ 3,141</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, 2007**

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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	\$ 2,000	\$ 1,000	\$ 1,299	\$ 299
Total Revenues	<u>2,000</u>	<u>1,000</u>	<u>1,299</u>	<u>299</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	0	4,000	4,383	(383)
Contractual Services	<u>5,000</u>	<u>1,000</u>	<u>368</u>	<u>632</u>
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>4,751</u>	<u>249</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,000)	(4,000)	(3,452)	548
Fund Balance at Beginning of Year	<u>4,889</u>	<u>4,889</u>	<u>4,889</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,889</u>	<u>\$ 889</u>	<u>\$ 1,437</u>	<u>\$ 548</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, 2007***

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**MANDATORY FINES FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 5,000	\$ 10,000	\$ 10,917	\$ 917
Total Revenues	<u>5,000</u>	<u>10,000</u>	<u>10,917</u>	<u>917</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Contractual Services	<u>100,000</u>	<u>85,000</u>	<u>47,547</u>	<u>37,453</u>
Total Expenditures	<u>100,000</u>	<u>85,000</u>	<u>47,547</u>	<u>37,453</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(95,000)	(75,000)	(36,630)	38,370
Fund Balance at Beginning of Year	<u>78,528</u>	<u>78,528</u>	<u>78,528</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (16,472)</u>	<u>\$ 3,528</u>	<u>\$ 41,898</u>	<u>\$ 38,370</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, 2007**

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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	\$ 179,000	\$ 179,339	\$ 339
All Other Revenues	0	0	264	264
Total Revenues	<u>10,000</u>	<u>179,000</u>	<u>179,603</u>	<u>603</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Materials and Supplies	<u>150,000</u>	<u>247,000</u>	<u>136,912</u>	<u>110,088</u>
Total Expenditures	<u>150,000</u>	<u>247,000</u>	<u>136,912</u>	<u>110,088</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(140,000)	(68,000)	42,691	110,691
Fund Balance at Beginning of Year	<u>157,783</u>	<u>157,783</u>	<u>157,783</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 17,783</u>	<u>\$ 89,783</u>	<u>\$ 200,474</u>	<u>\$ 110,691</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, 2007**

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**STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 845,000	\$ 919,000	\$ 919,378	\$ 378
Investment Earnings	5,000	6,000	6,464	464
All Other Revenues	0	11,000	10,853	(147)
Total Revenues	<u>850,000</u>	<u>936,000</u>	<u>936,695</u>	<u>695</u>
<b>Expenditures:</b>				
Transportation:				
Personal Services	536,390	745,140	737,525	7,615
Materials and Supplies	100,000	108,908	117,747	(8,839)
Contractual Services	12,803	46,153	45,358	795
Capital Outlay	<u>225,000</u>	<u>225,321</u>	<u>224,821</u>	<u>500</u>
Total Expenditures	<u>874,193</u>	<u>1,125,522</u>	<u>1,125,451</u>	<u>71</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,193)	(189,522)	(188,756)	766
Fund Balance at Beginning of Year	286,066	286,066	286,066	0
Prior Year Encumbrances	<u>9,009</u>	<u>9,009</u>	<u>9,009</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 270,882</u>	<u>\$ 105,553</u>	<u>\$ 106,319</u>	<u>\$ 766</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, 2007**

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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	\$ 60,000	\$ 67,000	\$ 67,069	\$ 69
Investment Earnings	0	3,000	3,707	707
Total Revenues	<u>60,000</u>	<u>70,000</u>	<u>70,776</u>	<u>776</u>
<b>Expenditures:</b>				
Transportation:				
Personal Services	<u>7,000</u>	<u>7,000</u>	<u>5,929</u>	<u>1,071</u>
Total Expenditures	<u>7,000</u>	<u>7,000</u>	<u>5,929</u>	<u>1,071</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	53,000	63,000	64,847	1,847
Fund Balance at Beginning of Year	<u>18,832</u>	<u>18,832</u>	<u>18,832</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 71,832</u>	<u>\$ 81,832</u>	<u>\$ 83,679</u>	<u>\$ 1,847</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, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>ENVIRONMENTAL STATE GRANTS FUND</b>				
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 500,000	\$ 587,000	\$ 586,932	\$ (68)
All Other Revenues	0	7,000	7,764	764
Total Revenues	<u>500,000</u>	<u>594,000</u>	<u>594,696</u>	<u>696</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Personal Services	525,594	504,905	495,412	9,493
Materials and Supplies	4,700	19,942	14,579	5,363
Contractual Services	42,706	56,598	53,181	3,417
Capital Outlay	17,000	20,555	20,232	323
Total Expenditures	<u>590,000</u>	<u>602,000</u>	<u>583,404</u>	<u>18,596</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(90,000)	(8,000)	11,292	19,292
<b>Other Financing Sources (Uses):</b>				
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>
Net Change in Fund Balance	(90,000)	10,000	29,292	19,292
Fund Balance at Beginning of Year	112,649	112,649	112,649	0
Fund Balance at End of Year	<u>\$ 22,649</u>	<u>\$ 122,649</u>	<u>\$ 141,941</u>	<u>\$ 19,292</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, 2007**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 40,000	\$ 50,000	\$ 50,133	\$ 133
Total Revenues	<u>40,000</u>	<u>50,000</u>	<u>50,133</u>	<u>133</u>
<b>Expenditures:</b>				
Community Environment:				
Contractual Services	<u>50,000</u>	<u>50,000</u>	<u>48,741</u>	<u>1,259</u>
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>48,741</u>	<u>1,259</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,000)	0	1,392	1,392
Fund Balance at Beginning of Year	<u>8,508</u>	<u>8,508</u>	<u>8,508</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (1,492)</u>	<u>\$ 8,508</u>	<u>\$ 9,900</u>	<u>\$ 1,392</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, 2007**

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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	\$ 125,000	\$ 82,000	\$ 82,022	\$ 22
Total Revenues	<u>125,000</u>	<u>82,000</u>	<u>82,022</u>	<u>22</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Personal Services	115,280	37,843	35,551	2,292
Materials and Supplies	10,886	1,253	1,349	(96)
Contractual Services	<u>23,834</u>	<u>22,463</u>	<u>24,659</u>	<u>(2,196)</u>
Total Expenditures	<u>150,000</u>	<u>61,559</u>	<u>61,559</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,000)	20,441	20,463	22
Fund Balance at Beginning of Year	<u>(20,463)</u>	<u>(20,463)</u>	<u>(20,463)</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (45,463)</u>	<u>\$ (22)</u>	<u>\$ 0</u>	<u>\$ 22</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, 2007**

**STATE GRANT HEALTH FUND**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 500,000	\$ 264,000	\$ 264,272	\$ 272
Charges for Services	0	51,000	51,288	288
All Other Revenues	0	12,000	11,923	(77)
Total Revenues	500,000	327,000	327,483	483
<b>Expenditures:</b>				
Public Health and Welfare Services:				
State Grant - Health:				
Personal Services	18,143	18,743	14,544	4,199
Materials and Supplies	1,119	1,119	1,360	(241)
Contractual Services	100,450	121,450	120,500	950
Total State Grant - Health	119,712	141,312	136,404	4,908
Prevention:				
Personal Services	16,288	16,288	16,095	193
Materials and Supplies	3,656	3,438	3,720	(282)
Contractual Services	15,056	15,274	15,006	268
Total Prevention	35,000	35,000	34,821	179
Gene Screening:				
Personal Services	0	11,000	10,909	91
Total Gene Screening	0	11,000	10,909	91
State Grant - Safety Grant:				
Personal Services	43,083	49,283	48,492	791
Materials and Supplies	3,995	895	168	727
Contractual Services	7,920	4,120	3,089	1,031
Total State Grant - Safety Grant	54,998	54,298	51,749	2,549
Bioterrorism Grant:				
Personal Services	109,296	57,386	57,313	73
Materials and Supplies	13,423	18,423	23,421	(4,998)
Contractual Services	29,000	48,945	43,977	4,968
Capital Outlay	3,787	31,653	31,653	0
Total Bioterrorism Grant	155,506	156,407	156,364	43
Total Expenditures	365,216	398,017	390,247	7,770

(Continued)

**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2007***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Excess (Deficiency) of Revenues Over (Under) Expenditures	134,784	(71,017)	(62,764)	8,253
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>(234,784)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(234,784)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>0</u>
Net Change in Fund Balance	(100,000)	(221,017)	(212,764)	8,253
Fund Balance at Beginning of Year	<u>234,705</u>	<u>234,705</u>	<u>234,705</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 134,705</u>	<u>\$ 13,688</u>	<u>\$ 21,941</u>	<u>\$ 8,253</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, 2007***

	<b>RURAL AIDS STATE GRANT FUND</b>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 300,000	\$ 398,000	\$ 398,657	\$ 657
All Other Revenues	0	8,000	8,236	236
Total Revenues	<u>300,000</u>	<u>406,000</u>	<u>406,893</u>	<u>893</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Personal Services	257,353	263,491	260,777	2,714
Materials and Supplies	19,110	69,101	64,007	5,094
Contractual Services	61,396	60,467	44,981	15,486
Capital Outlay	400	300	0	300
Total Expenditures	<u>338,259</u>	<u>393,359</u>	<u>369,765</u>	<u>23,594</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(38,259)	12,641	37,128	24,487
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(161,741)	0	0	0
Total Other Financing Sources (Uses)	<u>(161,741)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(200,000)	12,641	37,128	24,487
Fund Balance at Beginning of Year	33,835	33,835	33,835	0
Fund Balance at End of Year	<u>\$ (166,165)</u>	<u>\$ 46,476</u>	<u>\$ 70,963</u>	<u>\$ 24,487</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, 2007**

**FAMILY PLANNING FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 125,000	\$ 149,000	\$ 149,688	\$ 688
Charges for Services	0	83,000	82,699	(301)
All Other Revenues	0	16,000	15,958	(42)
Total Revenues	<u>125,000</u>	<u>248,000</u>	<u>248,345</u>	<u>345</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Personal Services	235,460	204,154	204,154	0
Materials and Supplies	66,200	33,274	33,274	0
Contractual Services	48,340	14,913	14,912	1
Total Expenditures	<u>350,000</u>	<u>252,341</u>	<u>252,340</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(225,000)	(4,341)	(3,995)	346
Fund Balance at Beginning of Year	3,995	3,995	3,995	0
Fund Balance at End of Year	<u>\$ (221,005)</u>	<u>\$ (346)</u>	<u>\$ 0</u>	<u>\$ 346</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, 2007**

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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	\$ 0	\$ 7,000	\$ 7,468	\$ 468
Total Revenues	<u>0</u>	<u>7,000</u>	<u>7,468</u>	<u>468</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Contractual Services	<u>40,000</u>	<u>40,000</u>	<u>7,468</u>	<u>32,532</u>
Total Expenditures	<u>40,000</u>	<u>40,000</u>	<u>7,468</u>	<u>32,532</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,000)	(33,000)	0	33,000
Fund Balance at Beginning of Year	<u>41,235</u>	<u>41,235</u>	<u>41,235</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,235</u>	<u>\$ 8,235</u>	<u>\$ 41,235</u>	<u>\$ 33,000</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, 2007**

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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	\$ 375,000	\$ 279,000	\$ 279,147	\$ 147
Total Revenues	<u>375,000</u>	<u>279,000</u>	<u>279,147</u>	<u>147</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Contractual Services	<u>400,000</u>	<u>279,147</u>	<u>279,147</u>	<u>0</u>
Total Expenditures	<u>400,000</u>	<u>279,147</u>	<u>279,147</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,000)	(147)	0	147
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (25,000)</u>	<u>\$ (147)</u>	<u>\$ 0</u>	<u>\$ 147</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, 2007**

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**RYAN WHITE TITLE III FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 250,000	\$ 231,000	\$ 223,336	\$ (7,664)
Charges for Services	0	0	4,360	4,360
All Other Revenues	0	0	4,293	4,293
Total Revenues	<u>250,000</u>	<u>231,000</u>	<u>231,989</u>	<u>989</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Personal Services	168,606	184,212	184,212	0
Materials and Supplies	48,702	32,968	32,968	0
Contractual Services	<u>182,692</u>	<u>26,297</u>	<u>26,297</u>	<u>0</u>
Total Expenditures	<u>400,000</u>	<u>243,477</u>	<u>243,477</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(150,000)	(12,477)	(11,488)	989
Fund Balance at Beginning of Year	<u>11,669</u>	<u>11,669</u>	<u>11,669</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (138,331)</u>	<u>\$ (808)</u>	<u>\$ 181</u>	<u>\$ 989</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, 2007**

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**FLOOD DEFENSE FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 180,000	\$ 221,000	\$ 203,048	\$ (17,952)
Intergovernmental Revenues	25,000	0	16,685	16,685
All Other Revenues	0	0	2,014	2,014
Total Revenues	<u>205,000</u>	<u>221,000</u>	<u>221,747</u>	<u>747</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	80,000	80,000	80,000	0
Capital Outlay	<u>266,000</u>	<u>611,720</u>	<u>231,163</u>	<u>380,557</u>
Total Expenditures	<u>346,000</u>	<u>691,720</u>	<u>311,163</u>	<u>380,557</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(141,000)	(470,720)	(89,416)	381,304
Fund Balance at Beginning of Year	701,176	701,176	701,176	0
Prior Year Encumbrances	<u>155,720</u>	<u>155,720</u>	<u>155,720</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 715,896</u>	<u>\$ 386,176</u>	<u>\$ 767,480</u>	<u>\$ 381,304</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, 2007***

---

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for Services	\$ 50,000	\$ 58,000	\$ 57,916	\$ (84)
All Other Revenues	0	10,000	10,943	943
Total Revenues	<u>50,000</u>	<u>68,000</u>	<u>68,859</u>	<u>859</u>
<b>Expenditures:</b>				
Leisure Time Activities:				
Personal Services	11,700	11,700	11,529	171
Materials and Supplies	6,712	6,712	3,588	3,124
Contractual Services	1,600	14,825	11,696	3,129
Total Expenditures	<u>20,012</u>	<u>33,237</u>	<u>26,813</u>	<u>6,424</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	29,988	34,763	42,046	7,283
Fund Balance at Beginning of Year	4,549	4,549	4,549	0
Fund Balance at End of Year	<u>\$ 34,537</u>	<u>\$ 39,312</u>	<u>\$ 46,595</u>	<u>\$ 7,283</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, 2007**

---

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
All Other Revenues	\$ 1,000	\$ 3,000	\$ 3,966	\$ 966
Total Revenues	<u>1,000</u>	<u>3,000</u>	<u>3,966</u>	<u>966</u>
<b>Expenditures:</b>				
Leisure Time Activity:				
Personal Services	0	102	102	0
Contractual Services	<u>0</u>	<u>3,864</u>	<u>0</u>	<u>3,864</u>
Total Expenditures	<u>0</u>	<u>3,966</u>	<u>102</u>	<u>3,864</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,000	(966)	3,864	4,830
Fund Balance at Beginning of Year	<u>6,204</u>	<u>6,204</u>	<u>6,204</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 7,204</u>	<u>\$ 5,238</u>	<u>\$ 10,068</u>	<u>\$ 4,830</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Permanent Fund  
For the Year Ended December 31, 2007**

---

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for Services	\$ 10,000	\$ 20,000	\$ 20,400	\$ 400
All Other Revenues	0	3,000	3,177	177
Total Revenues	<u>10,000</u>	<u>23,000</u>	<u>23,577</u>	<u>577</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Contractual Services	5,000	38,420	23,420	15,000
Capital Outlay	0	6,470	6,383	87
Total Expenditures	<u>5,000</u>	<u>44,890</u>	<u>29,803</u>	<u>15,087</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,000	(21,890)	(6,226)	15,664
Fund Balance at Beginning of Year	<u>196,392</u>	<u>196,392</u>	<u>196,392</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 201,392</u>	<u>\$ 174,502</u>	<u>\$ 190,166</u>	<u>\$ 15,664</u>

**CITY OF PORTSMOUTH, OHIO**

---

**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, 2007**

---

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>4,748</u>	<u>4,748</u>	<u>4,748</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,748</u>	<u>\$ 4,748</u>	<u>\$ 4,748</u>	<u>\$ 0</u>

***Internal Service Funds***

---

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 reimbursement basis.

**Storeroom Revolving Fund**

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

**Employee 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, 2007***

---

	<u>Storeroom Revolving</u>	<u>Insurance Account "B"</u>	<u>Total</u>
<b>Assets:</b>			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 1,636	\$ 304,641	\$ 306,277
<i>Total Current Assets</i>	<u>1,636</u>	<u>304,641</u>	<u>306,277</u>
<b>Total Assets</b>	<u>1,636</u>	<u>304,641</u>	<u>306,277</u>
<b>Liabilities:</b>			
<i>Current Liabilities:</i>			
Accounts Payable	<u>1,336</u>	<u>0</u>	<u>1,336</u>
<i>Total Current Liabilities</i>	<u>1,336</u>	<u>0</u>	<u>1,336</u>
<b>Total Liabilities</b>	<u>1,336</u>	<u>0</u>	<u>1,336</u>
<b>Net Assets:</b>			
Unrestricted	<u>300</u>	<u>304,641</u>	<u>304,941</u>
<b>Total Net Assets</b>	<u>\$ 300</u>	<u>\$ 304,641</u>	<u>\$ 304,941</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, 2007**

---

	<u>Storeroom Revolving</u>	<u>Insurance Account "B"</u>	<u>Total</u>
<b>Operating Revenues:</b>			
<b>Total Operating Revenues</b>	\$ 0	\$ 0	\$ 0
<b>Operating Expenses:</b>			
Personal Services	0	146,248	146,248
Contractual Services	0	16,064	16,064
Materials and Supplies	6,429	0	6,429
<b>Total Operating Expenses</b>	<u>6,429</u>	<u>162,312</u>	<u>168,741</u>
Operating Loss	(6,429)	(162,312)	(168,741)
Net Assets Beginning of Year	6,729	466,953	473,682
Net Assets End of Year	<u>\$ 300</u>	<u>\$ 304,641</u>	<u>\$ 304,941</u>

**CITY OF PORTSMOUTH, OHIO**

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***Statement of Cash Flows  
Internal Service Funds  
For the Year Ended December 31, 2007***

---

	Storeroom Revolving	Employee Insurance Account "B"	Total
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$0	\$2,381,265	\$2,381,265
Cash Payments for Goods and Services	(6,294)	(2,543,577)	(2,549,871)
Net Cash Used for Operating Activities	<u>(6,294)</u>	<u>(162,312)</u>	<u>(168,606)</u>
Net Decrease in Cash and Cash Equivalents	(6,294)	(162,312)	(168,606)
Cash and Cash Equivalents at Beginning of Year	<u>7,930</u>	<u>466,953</u>	<u>474,883</u>
Cash and Cash Equivalents at End of Year	<u><u>\$1,636</u></u>	<u><u>\$304,641</u></u>	<u><u>\$306,277</u></u>
<u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u>			
Operating Loss	(6,429)	(162,312)	(168,741)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Changes in Assets and Liabilities:			
Increase in Accounts Payable	<u>135</u>	<u>0</u>	<u>135</u>
Total Adjustments	<u>135</u>	<u>0</u>	<u>135</u>
Net Cash Used for Operating Activities	<u><u>(\$6,294)</u></u>	<u><u>(\$162,312)</u></u>	<u><u>(\$168,606)</u></u>

***Fiduciary Funds***

---

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, 2007**

	Balance December 31, 2006	Additions	Deductions	Balance December 31, 2007
<b><u>Performance Bonds Fund</u></b>				
Restricted Assets:				
Cash and Cash Equivalents	\$31,123	\$43,569	(\$59,395)	\$15,297
Total Assets	<u>\$31,123</u>	<u>\$43,569</u>	<u>(\$59,395)</u>	<u>\$15,297</u>
Liabilities:				
Due to Others	\$31,123	\$43,569	(\$59,395)	\$15,297
Total Liabilities	<u>\$31,123</u>	<u>\$43,569</u>	<u>(\$59,395)</u>	<u>\$15,297</u>
<b><u>Law Library Fund</u></b>				
Assets:				
Accounts Receivable	\$23,399	\$23,218	(\$23,399)	\$23,218
Restricted Assets:				
Cash and Cash Equivalents	3,389	48,706	(49,284)	2,811
Total Assets	<u>\$26,788</u>	<u>\$71,924</u>	<u>(\$72,683)</u>	<u>\$26,029</u>
Liabilities:				
Due to Others	\$26,788	\$71,924	(\$72,683)	\$26,029
Total Liabilities	<u>\$26,788</u>	<u>\$71,924</u>	<u>(\$72,683)</u>	<u>\$26,029</u>
<b><u>Ohio Board of Building Standards Fund</u></b>				
Restricted Assets:				
Cash and Cash Equivalents	\$685	\$3,262	(\$3,547)	\$400
Total Assets	<u>\$685</u>	<u>\$3,262</u>	<u>(\$3,547)</u>	<u>\$400</u>
Liabilities:				
Due to Others	\$685	\$3,262	(\$3,547)	\$400
Total Liabilities	<u>\$685</u>	<u>\$3,262</u>	<u>(\$3,547)</u>	<u>\$400</u>
<b><u>Municipal Court Fund</u></b>				
Assets:				
Accounts Receivable	\$138,139	\$273,069	(\$138,139)	\$273,069
Restricted Assets:				
Cash and Cash Equivalents	64,302	1,423,390	(1,417,068)	70,624
Total Assets	<u>\$202,441</u>	<u>\$1,696,459</u>	<u>(\$1,555,207)</u>	<u>\$343,693</u>
Liabilities:				
Intergovernmental Payables	\$35,854	\$421,494	(\$422,223)	\$35,125
Due to Others	166,587	1,274,965	(1,132,984)	308,568
Total Liabilities	<u>\$202,441</u>	<u>\$1,696,459</u>	<u>(\$1,555,207)</u>	<u>\$343,693</u>

(Continued)

**CITY OF PORTSMOUTH, OHIO**

***Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2007***

	Balance December 31, 2006	Additions	Deductions	Balance December 31, 2007
<b><u>Insurance Fund</u></b>				
Assets:				
Cash and Cash Equivalents	\$0	\$2,381,265	(\$2,381,265)	\$0
Total Assets	<u>\$0</u>	<u>\$2,381,265</u>	<u>(\$2,381,265)</u>	<u>\$0</u>
Liabilities:				
Due to Others	\$0	\$2,381,265	(\$2,381,265)	\$0
Total Liabilities	<u>\$0</u>	<u>\$2,381,265</u>	<u>(\$2,381,265)</u>	<u>\$0</u>
 <b><u>Totals - All Agency Funds</u></b>				
Assets:				
Accounts Receivable	\$161,538	\$296,287	(\$161,538)	\$296,287
Restricted Assets:				
Cash and Cash Equivalents	99,499	3,900,192	(3,910,559)	89,132
Total Assets	<u>\$261,037</u>	<u>\$4,196,479</u>	<u>(\$4,072,097)</u>	<u>\$385,419</u>
Liabilities:				
Intergovernmental Payables	\$35,854	\$421,494	(\$422,223)	\$35,125
Due to Others	225,183	3,774,985	(3,649,874)	350,294
Total Liabilities	<u>\$261,037</u>	<u>\$4,196,479</u>	<u>(\$4,072,097)</u>	<u>\$385,419</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, 2007***

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Capital Assets

Land	\$1,826,884
Buildings and Improvements	5,815,123
Land Improvements	2,097,541
Machinery and Equipment	7,560,011
Infrastructure	27,994,260
Construction in Progress	467,370
Total Capital Assets	<u>\$45,761,189</u>

Investment in Capital Assets

General Fund	\$268,069
Special Revenue Funds	2,260,227
Capital Projects Fund	43,021,925
Permanent Funds	40,330
Proprietary Funds	81,285
Internal Service Funds	3,399
Grants	77,954
Donated	8,000
Total Investment in Capital Assets	<u>\$45,761,189</u>

**CITY OF PORTSMOUTH, OHIO**

***Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
December 31, 2007***

Function and Activity	Land	Buildings and Improvements	Land Improvements	Machinery and Equipment
<u>General Government:</u>				
City Council	\$50,078	\$67,344	\$0	\$12,739
Executive	0	3,919,751	267,106	297,899
Legal	0	0	0	0
Finance	0	0	0	32,110
Municipal Court	0	0	0	212,110
Income Tax	0	0	0	20,948
Engineering	0	50,542	0	369,394
Public Service	0	42,226	322,853	641,112
City Garage	0	0	0	78,765
Total	50,078	4,079,863	589,959	1,665,077
<u>Security of Persons and Property:</u>				
Police	0	0	0	1,631,726
Fire	183,982	523,737	0	1,908,006
Flood Defense	0	5,425	362,206	266,126
Total	183,982	529,162	362,206	3,805,858
<u>Transportation:</u>				
General Street Construction	1,258,853	0	0	1,116,548
<u>Public Health and Welfare:</u>				
Cemetery	17,632	118,682	0	140,193
Air Pollution	0	5,168	0	339,501
Health	0	0	0	204,933
Total	17,632	123,850	0	684,627
<u>Leisure Time Activities:</u>				
Recreation	316,339	664,858	115,605	0
<u>Community Environment:</u>				
Community Development	0	67,222	993,142	16,879
Grounds Maintenance	0	350,168	36,629	271,022
Total	0	417,390	1,029,771	287,901
Total Capital Assets	\$1,826,884	\$5,815,123	\$2,097,541	\$7,560,011

**CITY OF PORTSMOUTH, OHIO**

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Construction in Progress	Infrastructure	Totals
\$0	\$0	\$130,161
0	0	4,484,756
0	0	0
0	0	32,110
0	0	212,110
0	0	20,948
331,270	0	751,206
0	0	1,006,191
0	0	78,765
<u>331,270</u>	<u>0</u>	<u>6,716,247</u>
0	0	1,631,726
0	0	2,615,725
<u>0</u>	<u>0</u>	<u>633,757</u>
<u>0</u>	<u>0</u>	<u>4,881,208</u>
<u>0</u>	<u>27,994,260</u>	<u>30,369,661</u>
0	0	276,507
0	0	344,669
<u>0</u>	<u>0</u>	<u>204,933</u>
<u>0</u>	<u>0</u>	<u>826,109</u>
<u>0</u>	<u>0</u>	<u>1,096,802</u>
136,100	0	1,213,343
<u>0</u>	<u>0</u>	<u>657,819</u>
<u>136,100</u>	<u>0</u>	<u>1,871,162</u>
<u>\$467,370</u>	<u>\$27,994,260</u>	<u>\$45,761,189</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, 2007***

Function and Activity	December 31, 2006	Additions	Deletions	December 31, 2007
<u>General Government:</u>				
City Council	\$149,822	\$0	(\$19,661)	\$130,161
Executive	4,528,382	0	(43,626)	4,484,756
Legal	15,258	0	(15,258)	0
Finance	78,459	0	(46,349)	32,110
Municipal Court	418,512	0	(206,402)	212,110
Income Tax	42,892	0	(21,944)	20,948
Engineering	480,345	386,254	(115,393)	751,206
Public Service	799,088	236,006	(28,903)	1,006,191
City Garage	116,069	0	(37,304)	78,765
Total	6,628,827	622,260	(534,840)	6,716,247
<u>Security of Persons and Property:</u>				
Police	1,728,340	160,200	(256,814)	1,631,726
Fire	2,750,194	10,900	(145,369)	2,615,725
Flood Defense	561,964	110,615	(38,822)	633,757
Total	5,040,498	281,715	(441,005)	4,881,208
<u>Transportation:</u>				
General Street Construction	30,348,093	169,763	(148,195)	30,369,661
<u>Public Health and Welfare:</u>				
Cemetery	316,075	0	(39,568)	276,507
Air Pollution	539,640	0	(194,971)	344,669
Health	287,749	24,000	(106,816)	204,933
Total	1,143,464	24,000	(341,355)	826,109
<u>Leisure Time Activities:</u>				
Recreation	1,169,508	0	(72,706)	1,096,802
<u>Community Environment:</u>				
Community Development	1,037,164	203,322	(27,143)	1,213,343
Grounds Maintenance	745,009	7,500	(94,690)	657,819
Total	1,782,173	210,822	(121,833)	1,871,162
Total Capital Assets	\$46,112,563	\$1,308,560	(\$1,659,934)	\$45,761,189

## *STATISTICAL SECTION*

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## ***STATISTICAL TABLES***

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

### ***Contents***

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<b>Financial Trends</b>	S 2 – S 11
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.	
<b>Revenue Capacity</b>	S 12 – S 15
These schedules contain information to help the reader understand and assess the factors affecting the City’s ability to generate its most significant local revenue sources, which the income tax.	
<b>Debt Capacity</b>	S 16 – S 25
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
<b>Economic and Demographic Information</b>	S 26 – S 28
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
<b>Operating Information</b>	S 29 – S 33
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the district provides and the activities it performs.	
<b>Sources Note:</b>	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.	

## *City of Portsmouth*

*Net Assets by Component  
Last Five Years  
(accrual basis of accounting)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Governmental Activities:</b>				
Invested in Capital Assets, Net of Related Debt	\$8,518,643	\$8,487,318	\$8,574,886	\$20,148,126
Restricted	4,490,806	4,957,419	4,497,189	4,810,459
Unrestricted	(527,064)	(478,200)	922,719	566,578
Total Governmental Activities Net Assets	<u>\$12,482,385</u>	<u>\$12,966,537</u>	<u>\$13,994,794</u>	<u>\$25,525,163</u>
<b>Business-type Activities:</b>				
Invested in Capital Assets, Net of Related Debt	\$7,868,348	\$8,634,184	\$9,498,779	\$9,654,908
Restricted	0	1,960,378	1,956,563	935,246
Unrestricted	2,779,070	478,282	636,429	2,610,303
Total Business-type Activities Net Assets	<u>\$10,647,418</u>	<u>\$11,072,844</u>	<u>\$12,091,771</u>	<u>\$13,200,457</u>
<b>Primary Government:</b>				
Invested in Capital Assets, Net of Related Debt	\$16,386,991	\$17,121,502	\$18,073,665	\$29,803,034
Restricted	4,490,806	6,917,797	6,453,752	5,745,705
Unrestricted	2,252,006	82	1,559,148	3,176,881
Total Primary Government Net Assets	<u>\$23,129,803</u>	<u>\$24,039,381</u>	<u>\$26,086,565</u>	<u>\$38,725,620</u>

Source: City Auditor's Office



*City of Portsmouth*

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2007

\$19,314,512  
5,064,839  
274,557  
\$24,653,908

\$9,373,296  
783,278  
3,074,363  
\$13,230,937

\$28,687,808  
5,848,117  
3,348,920  
\$37,884,845

## City of Portsmouth

*Changes in Net Assets  
Last Five Years  
(accrual basis of accounting)*

	2003	2004	2005	2006
<b>Expenses</b>				
Governmental Activities:				
Security of Persons and Property	\$6,827,105	\$6,630,365	\$6,509,505	\$7,122,782
Public Health and Welfare Services	2,625,762	2,641,865	2,861,518	3,018,275
Leisure Time Activities	80,977	80,252	118,705	107,307
Community Environment	453,348	760,350	515,633	635,785
Transportation	2,344,695	1,210,575	1,166,630	2,192,216
General Government	3,562,433	4,172,082	3,732,579	3,694,527
Interest and Fiscal Charges	150,330	150,077	75,124	101,815
<i>Total Governmental Activities Expenses</i>	<u>16,044,650</u>	<u>15,645,566</u>	<u>14,979,694</u>	<u>16,872,707</u>
Business-type Activities:				
Water	4,202,204	4,710,690	4,786,196	4,692,859
Sewer	2,263,503	2,012,912	2,205,402	2,533,086
Sanitation	1,395,465	1,212,221	1,066,267	1,100,988
Primary Care	0	0	0	1,147
<i>Total Business-type Activities Expenses</i>	<u>7,861,172</u>	<u>7,935,823</u>	<u>8,057,865</u>	<u>8,328,080</u>
<i>Total Primary Government Expenses</i>	<u>\$23,905,822</u>	<u>\$23,581,389</u>	<u>\$23,037,559</u>	<u>\$25,200,787</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$1,350,489	\$972,970	\$992,341	\$952,245
Public Health and Welfare Services	409,486	378,409	335,412	343,817
Leisure Time Activities	49,573	71,325	65,987	65,966
Community Environment	197,233	289,795	157,818	144,084
Transportation	62,690	35,534	53,201	54,013
General Government	11,403	383,009	374,925	412,112
Operating Grants and Contributions	2,804,495	3,317,742	3,428,998	3,676,237
Capital Grants and Contributions	197,450	465	0	781
<i>Total Governmental Activities Program Revenues</i>	<u>5,082,819</u>	<u>5,449,249</u>	<u>5,408,682</u>	<u>5,649,255</u>

*City of Portsmouth*

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2007

\$7,625,070  
2,861,477  
26,055  
454,715  
2,534,541  
4,122,079  
138,677  
17,762,614

5,659,269  
2,690,618  
1,295,143  
160,583  
9,805,613  
\$27,568,227

\$1,064,597  
427,938  
81,513  
204,896  
59,246  
377,847  
3,388,057  
0  
5,604,094

(continued)

## City of Portsmouth

### Changes in Net Assets Last Five Years (accrual basis of accounting)

	2003	2004	2005	2006
<b>Business-type Activities:</b>				
Charges for Services				
Water	4,810,736	4,739,065	5,144,913	5,559,506
Sewer	2,522,946	2,545,913	2,666,107	2,532,099
Sanitation	1,062,449	1,076,271	1,265,772	1,334,647
Primary Care	0	0	0	10,514
<i>Total Business-type Activities Program Revenues</i>	8,396,131	8,361,249	9,076,792	9,436,766
<i>Total Primary Government Program Revenues</i>	13,478,950	13,810,498	14,485,474	15,086,021
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(10,961,831)	(10,196,317)	(9,571,012)	(11,223,452)
Business-type Activities	534,959	425,426	1,018,927	1,108,686
<i>Total Primary Government Net (Expense)/Revenue</i>	(\$10,426,872)	(\$9,770,891)	(\$8,552,085)	(\$10,114,766)
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental Activities:				
Property Taxes Levied for:				
(General Purposes	\$1,576,158	\$1,504,051	\$1,653,097	\$1,581,990
) Special Purposes	301,851	270,803	288,402	278,976
(Debt Service	55,621	497,443	105,023	93,208
Income Taxes	5,921,082	5,662,745	6,062,431	6,012,029
Other Local Taxes	188,158	242,771	253,264	259,561
Grants and Entitlements not Restricted to Specific Programs	2,745,257	2,368,891	1,708,788	1,646,207
Investment Earnings	47,865	41,254	144,644	343,205
Miscellaneous	154,729	92,511	383,620	175,372
Transfers	(156,180)	0	0	0
<i>Total Governmental Activities</i>	10,834,541	10,680,469	10,599,269	10,390,548
Business-type Activities:				
Transfers	156,180	0	0	0
<i>Total Business-type Activities</i>	156,180	0	0	0
<i>Total Primary Government</i>	\$10,990,721	\$10,680,469	\$10,599,269	\$10,390,548
<b>Change in Net Assets</b>				
Governmental Activities	(\$127,290)	\$484,152	\$1,028,257	(\$832,904)
Business-type Activities	691,139	425,426	1,018,927	1,108,686
<i>Total Primary Government Change in Net Assets</i>	\$563,849	\$909,578	\$2,047,184	\$275,782

Source: City Auditor's Office

*City of Portsmouth*

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2007

5,641,577

2,639,583

1,322,894

82,039

9,686,093

15,290,187

(12,158,520)

(119,520)

(\$12,278,040)

\$1,742,823

344,718

150,919

6,349,696

266,330

0

2,037,424

341,030

204,325

(150,000)

11,287,265

150,000

150,000

\$11,437,265

(\$871,255)

30,480

(\$840,775)

## *City of Portsmouth*

*Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

	1998	1999	2000	2001	2002
General Fund					
Reserved	\$112,389	\$66,859	\$114,382	\$150,827	\$97,713
Unreserved	2,279,304	2,314,952	2,594,720	1,931,759	933,037
<i>Total General Fund</i>	<u>2,391,693</u>	<u>2,381,811</u>	<u>2,709,102</u>	<u>2,082,586</u>	<u>1,030,750</u>
All Other Governmental Funds					
Reserved	1,002,792	1,308,364	2,755,854	2,674,575	2,597,638
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	1,364,786	1,782,359	1,931,418	2,181,004	2,469,590
Capital Projects Funds	1,289,785	972,956	141,238	310,165	(1,711,167)
Permanent Fund	0	0	0	0	0
<i>Total All Other Governmental Funds</i>	<u>3,657,363</u>	<u>4,063,679</u>	<u>4,828,510</u>	<u>5,165,744</u>	<u>3,356,061</u>
<i>Total Governmental Funds</i>	<u><u>\$6,049,056</u></u>	<u><u>\$6,445,490</u></u>	<u><u>\$7,537,612</u></u>	<u><u>\$7,248,330</u></u>	<u><u>\$4,386,811</u></u>

Source: City Auditor's Office

NOTE: Years 1998-2002 do not include the Nonexpendable Trust Funds and the Council Trust for Recreation and Playground Trust Funds which were classified as Fiduciary Funds prior to implementing GASB 34 in 2003.

*City of Portsmouth*

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<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$108,831	\$97,635	\$98,476	\$82,472	\$129,318
<u>704,284</u>	<u>1,170,835</u>	<u>864,105</u>	<u>619,184</u>	<u>669,976</u>
<u>813,115</u>	<u>1,268,470</u>	<u>962,581</u>	<u>701,656</u>	<u>799,294</u>
275,950	347,033	416,408	535,621	399,443
2,423,614	2,274,291	2,770,689	2,519,419	2,578,171
235,713	649,230	780,868	969,910	1,409,916
<u>178,966</u>	<u>173,511</u>	<u>168,324</u>	<u>174,297</u>	<u>161,071</u>
<u>3,114,243</u>	<u>3,444,065</u>	<u>4,136,289</u>	<u>4,199,247</u>	<u>4,548,601</u>
<u>\$3,927,358</u>	<u>\$4,712,535</u>	<u>\$5,098,870</u>	<u>\$4,900,903</u>	<u>\$5,347,895</u>

## City of Portsmouth

*Changes in Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

	1998	1999	2000	2001
<b>Revenues:</b>				
Taxes	\$7,351,237	\$7,484,267	\$7,704,373	\$7,830,364
Intergovernmental Revenues	5,193,377	5,523,929	6,318,644	5,182,900
Charges for Services	311,426	482,319	447,215	402,186
Licenses and Permits	135,563	143,608	115,686	193,254
Investment Earnings	348,187	297,843	636,947	353,764
Special Assessments	153,762	150,666	154,473	156,083
Fines and Forfeitures	759,546	886,273	919,845	933,608
All Other Revenue	981,335	366,167	418,047	507,925
<b>Total Revenue</b>	<u>15,234,433</u>	<u>15,335,072</u>	<u>16,715,230</u>	<u>15,560,084</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	5,582,700	6,164,798	5,757,590	5,991,355
Public Health and Welfare Services	2,131,045	2,223,463	2,373,333	2,769,406
Leisure Time Activities	31,894	0	0	0
Community Environment	620,186	629,626	1,367,040	626,376
Transportation	1,272,074	1,232,025	1,300,667	1,307,038
General Government	2,381,353	2,796,094	3,216,901	3,572,084
Capital Outlay	856,845	1,654,788	1,545,779	2,017,237
Debt Service:				
Principal Retirement	110,000	115,000	197,139	2,302,391
Interest and Fiscal Charges	50,888	34,017	150,015	124,271
<b>Total Expenditures</b>	<u>13,036,985</u>	<u>14,849,811</u>	<u>15,908,464</u>	<u>18,710,158</u>
Excess (Deficiency) of Revenues Over Expenditures	2,197,448	485,261	806,766	(3,150,074)
<b>Other Financing Sources (Uses):</b>				
Proceeds from the Sale of Capital Assets	12,819	0	20,350	13,000
Other Financing Sources - Capital Leases	0	0	312,960	0
General Obligation Bonds Issued	0	0	0	2,090,000
Transfers In	1,263,018	164,849	145,446	415,604
Transfers Out	(1,283,753)	(268,572)	(145,308)	(461,403)
<b>Total Other Financing Sources (Uses)</b>	<u>(7,916)</u>	<u>(103,723)</u>	<u>333,448</u>	<u>2,057,201</u>
<b>Net Change in Fund Balance</b>	<u>\$2,189,532</u>	<u>\$381,538</u>	<u>\$1,140,214</u>	<u>(\$1,092,873)</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	1.30%	1.12%	2.40%	16.22%

Source: City Auditor's Office

NOTE: Years 1998-2002 do not include the Nonexpendable Trust Funds and the Council Trust for Recreation and Playground Trust Funds which were classified as Fiduciary Funds prior to implementing GASB 34 in 2003.



*City of Portsmouth*

2002	2003	2004	2005	2006	2007
\$8,029,034	\$7,791,325	\$8,380,980	\$8,250,795	\$8,310,392	\$8,705,227
5,994,416	5,463,082	5,484,792	5,123,524	5,068,076	5,442,279
471,528	654,975	669,104	498,169	526,403	628,968
177,129	231,125	286,046	189,102	174,978	255,533
136,409	47,865	41,254	144,644	343,205	341,030
154,864	0	465	0	781	0
917,757	994,915	1,013,920	1,138,755	1,181,478	1,251,120
374,085	482,914	308,498	517,542	302,800	308,225
<u>16,255,222</u>	<u>15,666,201</u>	<u>16,185,059</u>	<u>15,862,531</u>	<u>15,908,113</u>	<u>16,932,382</u>
6,423,187	6,572,469	6,349,582	6,532,111	6,868,634	7,264,770
2,708,280	2,565,485	2,539,607	2,851,886	2,957,064	2,806,647
0	73,507	72,782	111,168	99,621	19,116
695,134	371,813	677,336	404,492	562,329	587,307
1,417,750	2,292,674	1,110,311	1,117,116	1,168,987	1,484,907
3,434,883	3,403,628	3,203,359	3,277,687	3,303,143	3,133,796
4,007,499	665,748	1,275,007	985,797	1,418,055	1,601,796
175,000	252,306	114,002	98,607	153,071	179,200
159,738	151,542	115,616	110,808	102,436	139,489
<u>19,021,471</u>	<u>16,349,172</u>	<u>15,457,602</u>	<u>15,489,672</u>	<u>16,633,340</u>	<u>17,217,028</u>
(2,766,249)	(682,971)	727,457	372,859	(725,227)	(284,646)
16,930	21,398	8,312	5,584	32,001	22,637
0	0	0	0	497,862	852,153
0	0	65,000	0	0	0
364,296	4,106,809	545,860	101,396	18,000	18,000
(443,907)	(4,262,989)	(545,860)	(101,396)	(18,000)	(168,000)
<u>(62,681)</u>	<u>(134,782)</u>	<u>73,312</u>	<u>5,584</u>	<u>529,863</u>	<u>724,790</u>
<u>(\$2,828,930)</u>	<u>(\$817,753)</u>	<u>\$800,769</u>	<u>\$378,443</u>	<u>(\$195,364)</u>	<u>\$440,144</u>
2.21%	2.63%	1.57%	1.43%	1.68%	2.04%

## *City of Portsmouth*

### *Income Tax Revenues by Source, Governmental Funds Last Ten Years*

<b>Tax year</b>	1998	1999	2000	2001
Income Tax Rate	1.40%	1.40%	1.40%	1.40%
Estimated Personal Income (in thousands)	\$416,603	\$427,624	\$412,200	\$423,219
Total Tax Collected	\$4,989,793	\$5,173,701	\$5,437,546	\$5,442,422
Income Tax Receipts				
Withholding	4,280,593	4,412,498	4,528,100	4,735,608
Percentage	85.79%	85.29%	83.27%	87.01%
Corporate	480,996	537,020	651,877	472,677
Percentage	9.64%	10.38%	11.99%	8.69%
Individuals	228,204	224,183	257,569	234,137
Percentage	4.57%	4.33%	4.74%	4.30%

Source: City Income Tax Department

*City of Portsmouth*

2002	2003	2004	2005	2006	2007
1.40%	1.40%	1.40%	1.40%	1.40%	1.40%
\$437,207	\$451,195	\$477,896	\$490,797	\$507,566	\$507,566
\$5,537,363	\$5,675,462	\$5,853,487	\$6,275,016	\$6,036,828	\$6,178,521
4,795,049	4,877,783	5,126,945	5,429,215	5,211,420	5,323,577
86.59%	85.95%	87.59%	86.52%	86.33%	86.16%
499,226	536,746	503,000	614,148	564,472	629,463
9.02%	9.46%	8.59%	9.79%	9.35%	10.19%
243,088	260,933	223,542	231,653	260,936	225,481
4.39%	4.60%	3.82%	3.69%	4.32%	3.65%



## *City of Portsmouth*

### *Income Tax Collections Current Year and Nine Years Ago*

#### Calendar Year 2007

Income Tax Filers	Number of Filers	Percent of Total	Taxable Income	Percent of Income	Income Tax Collections	Percent of Income
Top Ten	10	0.18%	\$150,954,643	34.21%	\$2,113,365	34.21%
All Others	5,674	99.82%	290,368,286	65.79%	4,065,156	65.79%
Total	5,684	100.00%	\$441,322,929	100.00%	\$6,178,521	100.00%

#### Calendar Year 1998

Income Tax Filers	Number of Filers	Percent of Total	Taxable Income	Percent of Income	Income Tax Collections	Percent of Income
Top Ten	10	N/A	\$140,579,000	39.44%	\$1,968,106	39.44%
All Others	N/A	N/A	215,834,786	60.56%	3,021,687	60.56%
Total	N/A	N/A	\$356,413,786	100.00%	\$4,989,793	100.00%

Source: City Income Tax Department

N/A - Not available

## *City of Portsmouth*

### *Ratio of Outstanding Debt By Type Last Ten Years*

	1998	1999	2000	2001
<b>Governmental Activities</b> (1)				
Special Assessment Bonds Payable	\$650,000	\$535,000	\$410,000	\$280,000
General Obligation Bonds Payable	0	0	0	2,090,000
Bond Anticipation Notes Payable	0	0	0	0
Capital Leases	0	0	276,683	222,272
<b>Business-type Activities</b> (1)				
OWDA Loan Payable	\$1,115,227	\$898,106	\$664,202	\$412,217
OPWC Loan Payable	36,526	29,649	22,565	600,266
General Obligation Bonds Payable	3,775,000	3,540,000	3,295,000	3,040,000
Mortgage Revenue Bonds Payable	0	0	0	600,000
Water Refunding Revenue Bonds Payable	0	0	0	0
Capital Leases	0	0	0	164,107
Total Primary Government	<u>\$5,576,753</u>	<u>\$5,002,755</u>	<u>\$4,668,450</u>	<u>\$7,408,862</u>
<b>Population</b> (2)				
City of Portsmouth	22,676	22,676	20,909	20,909
Outstanding Debt Per Capita	\$246	\$221	\$223	\$354
<b>Income</b> (3)				
Personal (in thousands)	416,603	427,624	412,200	423,219
Percentage of Personal Income	1.34%	1.17%	1.13%	1.75%

**Sources:**

(1) City Auditor's Office

(2) US Bureau of Census, Population Division

(3) US Department of Commerce, Bureau of Economic Analysis

(a) Per Capita Income is only available by County, Total Personal Income is a calculation

*City of Portsmouth*

2002	2003	2004	2005	2006	2007
\$145,000	\$0	\$0	\$0	\$0	\$0
2,050,000	2,005,000	1,960,000	1,915,000	1,865,000	1,815,000
0	0	65,000	44,132	22,475	0
164,047	101,741	32,739	0	416,448	1,161,876
\$281,536	\$0	\$0	\$0	\$0	\$1,732,784
562,747	525,000	495,000	465,000	435,000	405,000
2,770,000	0	0	0	0	0
594,400	0	0	0	0	0
0	5,255,333	4,900,285	4,540,237	4,170,189	3,790,141
286,477	584,615	571,921	456,278	305,421	7,855,343
<u>\$6,854,207</u>	<u>\$8,471,689</u>	<u>\$8,024,945</u>	<u>\$7,420,647</u>	<u>\$7,214,533</u>	<u>\$16,760,144</u>

20,909	20,909	20,909	20,909	20,909	20,909
\$328	\$405	\$384	\$355	\$345	\$802

437,207	451,195	477,896	490,797	507,566	507,566
1.57%	1.88%	1.68%	1.51%	1.42%	3.30%

## *City of Portsmouth*

### *Ratios of General Bonded Debt Outstanding Last Ten Years*

Year	1998	1999	2000	2001
<b>Population</b> <sup>(1)</sup>	22,676	22,676	20,909	20,909
<b>Assessed Value</b> <sup>(2)</sup>	\$192,964,330	\$190,624,890	\$190,482,970	\$207,689,570
<b>General Bonded Debt</b> <sup>(3)</sup>				
General Obligation Bonds-Governmental	\$0	\$0	\$0	\$2,090,000
General Obligation Bonds-Proprietary	\$3,775,000	\$3,540,000	\$3,295,000	\$3,040,000
<b>Resources Available to Pay Principal</b> <sup>(4)</sup>	\$669,529	\$1,158,517	\$1,616,429	\$2,108,332
<b>Net General Bonded Debt</b>	\$3,105,471	\$2,381,483	\$1,678,571	\$3,021,668
<b>Ratio of Net Bonded Debt to Assessed Value</b>	1.61%	1.25%	0.88%	1.45%
<b>Net Bonded Debt per Capita</b>	\$136.95	\$105.02	\$80.28	\$144.52

**Source:**

- (1) U.S. Bureau of Census of Population
- (2) Scioto County Auditor
- (3) Includes all general obligation bonded debt.
- (4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.



*City of Portsmouth*

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2002	2003	2004	2005	2006	2007
20,909	20,909	20,909	20,909	20,909	20,909
\$206,248,060	\$207,459,910	\$219,358,780	\$223,629,450	\$220,033,280	\$228,185,580
\$2,050,000	\$2,005,000	\$1,960,000	\$1,915,000	\$1,865,000	\$1,815,000
\$2,770,000	\$0	\$0	\$0	\$0	\$0
\$2,303,009	\$102,150	\$98,936	\$65,248	\$25,419	\$31,275
\$2,516,991	\$1,902,850	\$1,861,064	\$1,849,752	\$1,839,581	\$1,783,725
1.22%	0.92%	0.85%	0.83%	0.84%	0.78%
\$120.38	\$91.01	\$89.01	\$88.47	\$87.98	\$85.31



## *City of Portsmouth*

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
December 31, 2007*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Portsmouth</u>	<u>Amount Applicable to the City of Portsmouth</u>
<b>Direct:</b>			
City of Portsmouth	\$1,815,000	100.00%	\$1,815,000
<b>Overlapping:</b>			
Scioto County	17,603,646	24.55%	4,321,695
Portsmouth City School District	15,920,209	93.40%	<u>14,869,475</u>
		Subtotal	<u>19,191,170</u>
		Total	<u><u>\$21,006,170</u></u>

**Source:** Scioto County Auditor  
Portsmouth City School District

## City of Portsmouth

### Debt Limitations Last Ten Years

Collection Year	1998	1999	2000	2001
<b>Total Debt</b>				
Net Assessed Valuation	\$192,964,330	\$190,624,890	\$190,482,970	\$207,689,570
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	20,261,255	20,015,613	20,000,712	21,807,405
City Debt Outstanding (2)	0	0	0	2,090,000
Less: Applicable Debt Service Fund Amounts	0	0	0	(2,108,332)
Net Indebtedness Subject to Limitation	0	0	0	0
Overall Legal Debt Margin	<u>\$20,261,255</u>	<u>\$20,015,613</u>	<u>\$20,000,712</u>	<u>\$21,807,405</u>
<b>Unvoted Debt</b>				
Net Assessed Valuation	\$192,964,330	\$190,624,890	\$190,482,970	\$207,689,570
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	10,613,038	10,484,369	10,476,563	11,422,926
City Debt Outstanding (2)	0	0	0	2,090,000
Less: Applicable Debt Service Fund Amounts	0	0	0	(2,108,332)
Net Indebtedness Subject to Limitation	0	0	0	0
Overall Legal Debt Margin	<u>\$10,613,038</u>	<u>\$10,484,369</u>	<u>\$10,476,563</u>	<u>\$11,422,926</u>

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City Debt Outstanding includes Non Self-Supporting General Obligation Bonds and Notes only.

Enterprise Debt is not considered in the computation of the Legal Debt Margin.

Source: City Auditor's Office

*City of Portsmouth*

2002	2003	2004	2005	2006	2007
\$206,248,060	\$207,459,910	\$219,358,780	\$223,629,450	\$220,033,280	\$228,185,580
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
21,656,046	21,783,291	23,032,672	23,481,092	23,103,494	23,959,486
2,050,000	2,005,000	2,025,000	1,959,132	1,887,475	1,815,000
(2,303,009)	(102,150)	(98,936)	(65,248)	(25,419)	(31,275)
<u>0</u>	<u>1,902,850</u>	<u>1,926,064</u>	<u>1,893,884</u>	<u>1,862,056</u>	<u>1,783,725</u>
<u>\$21,656,046</u>	<u>\$19,880,441</u>	<u>\$21,106,608</u>	<u>\$21,587,208</u>	<u>\$21,241,438</u>	<u>\$22,175,761</u>

\$206,248,060	\$207,459,910	\$219,358,780	\$223,629,450	\$220,033,280	\$228,185,580
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
11,343,643	11,410,295	12,064,733	12,299,620	12,101,830	12,550,207
2,050,000	2,005,000	2,025,000	1,959,132	1,887,475	1,815,000
(2,303,009)	(102,150)	(98,936)	(65,248)	(25,419)	(31,275)
<u>0</u>	<u>1,902,850</u>	<u>1,926,064</u>	<u>1,893,884</u>	<u>1,862,056</u>	<u>1,783,725</u>
<u>\$11,343,643</u>	<u>\$9,507,445</u>	<u>\$10,138,669</u>	<u>\$10,405,736</u>	<u>\$10,239,774</u>	<u>\$10,766,482</u>

## *City of Portsmouth*

### *Pledged Revenue Coverage Last Ten Years*

	1998	1999	2000	2001
<b>Water Mortgage Bonds (1)</b>				
Gross Revenues (2)	\$3,877,192	\$4,418,882	\$4,149,244	\$4,095,407
Direct Operating Expenses (3)	3,031,008	3,131,048	3,030,217	3,209,930
Net Revenue Available for Debt Service	846,184	1,287,834	1,119,027	885,477
Annual Debt Service Requirement	0	0	0	0
Coverage	N/A	N/A	N/A	N/A
<b>Special Assessment Bonds (4)</b>				
Special Assessment Collections	\$150,974	\$180,069	\$176,376	\$148,062
Debt Service				
Principal	110,000	115,000	125,000	130,000
Interest	39,044	33,681	27,931	21,525
Coverage	1.01	1.21	1.15	0.98

(1) Water Mortgage Revenue Bonds were issued in 2001 in the amount of \$600,000. These were refunded in 2003 with the issuance of \$5,500,000 of Water Mortgage Revenue Bonds.

(2) Gross revenues include operating revenues plus interest income.

(3) Direct operating expenses include operating expenses less depreciation.

(4) The Downtown Improvement Special Assessment Bonds were issued in 1994, in the amount of \$1,150,000

Source: City Auditor's Office

*City of Portsmouth*

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2002	2003	2004	2005	2006	2007
\$4,258,687	\$4,810,736	\$4,739,065	\$5,144,913	\$5,559,506	\$5,641,577
3,268,930	3,695,797	4,083,172	4,245,597	4,092,557	4,882,428
989,757	1,114,939	655,893	899,316	1,466,949	759,149
32,600	121,070	575,525	573,456	574,443	573,155
30.36	9.21	1.14	1.57	2.55	1.32
\$154,864	\$149,637	\$465	\$0	\$0	\$0
135,000	145,000	0	0	0	0
14,700	7,613	0	0	0	0
1.03	0.98	N/A	N/A	N/A	N/A

# City of Portsmouth

## Demographic and Economic Statistics Last Ten Years

Calendar Year	1998	1999	2000	2001	2002
<b>Population</b> (1)					
City of Portsmouth	22,676	22,676	20,909	20,909	20,909
Scioto County	80,327	80,327	79,195	79,195	79,195
<b>Income</b> (2) (a)					
Total Personal (in thousands)	416,603	427,624	412,200	423,219	437,207
Per Capita	18,372	18,858	19,714	20,241	20,910
<b>Unemployment Rate</b> (3)					
Federal	4.9%	4.5%	4.2%	3.8%	4.8%
State	4.6%	4.3%	4.3%	3.7%	4.3%
Scioto County	9.5%	8.5%	8.8%	7.0%	7.8%
<b>Civilian Work Force Estimates</b> (3)					
State	5,678,000	5,749,000	5,900,400	5,857,000	5,828,000
Scioto County	32,900	32,900	32,800	33,600	34,100

### Sources:

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2005.

For the presentation of 2006 statistics, the City is using the latest information available.

(a) Per Capita Income is only available by County, Total Personal Income is a calculation

(3) State Department of Labor Statistics



*City of Portsmouth*

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2003	2004	2005	2006	2007
20,909	20,909	20,909	20,909	20,909
79,195	79,195	79,195	79,195	79,195
451,195	477,896	490,797	507,566	507,566
21,579	22,856	23,473	24,275	24,275
5.8%	6.0%	5.5%	4.6%	4.6%
5.7%	6.1%	6.0%	5.5%	5.6%
8.6%	9.0%	8.8%	7.6%	7.4%
5,915,000	5,875,300	5,900,400	5,934,000	5,976,500
33,900	32,900	32,300	31,300	32,200

## *City of Portsmouth*

### *Principal Employers Current Year and Seven Years Ago*

		2007	
Employer	Nature of Business	Number of Employees	Rank
Southern Ohio Medical Center	Medical	2,220	1
Shawnee State University	Education	1,419	2
Scioto County Offices	Government	680	3
Portsmouth City Schools	Education	439	4
Community Action Organization	Government	317	5
State of Ohio	Government	312	6
City of Portsmouth	Government	295	7
OSCO Industries	Manufacturing	202	8
United States Enrichment Corp	Manufacturing	94	9
SOMC Medical Care Foundation	Medical	75	10
Total		<u>6,053</u>	

		2000	
Employer	Nature of Business	Number of Employees	Rank
Southern Ohio Medical Center	Medical	2,000	1
Scioto County Offices	Government	684	2
Shawnee State University	Education	461	3
State of Ohio	Government	460	4
Portsmouth City Schools	Education	349	5
City of Portsmouth	Government	298	6
Oscos Industries	Manufacturing	250	7
United States Enrichment Corp	Manufacturing	187	8
Mitchellace	Manufacturing	184	9
Norfolk & Southern Railroad	Industrial	93	10
Total		<u>4,966</u>	

**Sources:** City Auditor's Office

Total employment within the City is not available.

Information is not available prior to 2000.

## *City of Portsmouth*

### *Full Time Equivalent Employees by Function Last Three Years*

	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Governmental Activities</b>			
Security of Persons and Property			
Police	46	47	46
Fire	39	38	43
Public Health and Welfare Services			
Health	33	34	35
General Government			
Mayor	3	3	3
Finance	5	5	5
Legal	5	5	5
Court	28	28	24
Income Tax	3	3	3
Engineering	3	3	4
Administration	3	3	8
Garage	5	5	5
Transportation			
Streets	10	10	14
Cemetery Grounds	4	4	4
Recreational Grounds	3	3	6
Community Environment			
Building Inspection	3	3	3
Community Development	2	2	2
<b>Business-Type Activities</b>			
Utilities			
Water	34	33	37
Sewer	32	30	30
Sanitation	16	17	18
<i>Total Employees</i>	<u>277.0</u>	<u>276.0</u>	<u>295.0</u>

**Method:** 1.00 for each full-time, 0.50 for each part-time and 0.25 for each seasonal employee

Source: City Auditor's Office, Data is not available prior to 2005.

## *City of Portsmouth*

### *Operating Indicators by Function Last Ten Years*

	1998	1999	2000	2001
<b>Governmental Activities</b>				
General Government				
Licenses and Permits				
Number of Building Permits	650	669	502	541
Security of Persons and Property				
Police				
Number of Patrol Units	36	36	31	33
Criminal/Juvenile Citations and Charges	3,183	2,979	2,963	2,620
Traffice Citations Issued	2,567	1,491	1,820	2,356
Parking Tickets Written	1,066	790	762	734
Fire				
Number of Calls Answered	590	742	824	809
Number of Fire Inpections	n/a	94	234	228
Number of Investigations	n/a	n/a	n/a	n/a
<b>Business-Type Activities</b>				
Water				
Number of Service Connections	14,639	14,563	14,525	14,489
Average Daily Consumption (thousands of gallons)	7M	7M	7M	7M
Maximum Daily Capacity (thousands of gallons)	12M	12M	12M	12M
Sewer				
Number of Service Connections	9,096	9,107	9,117	9,117
Average Daily Sewage Treatment (thousands of gallons)	5	5	5	5
Maximum Daily Plant Capacity (thousands of gallons)	10	10	10	10
Solid Waste				
Number of Customers Served	7,984	7,984	7,710	7,800

Source: City Auditor's Office

*City of Portsmouth*

2002	2003	2004	2005	2006	2007
632	879	412	326	336	166
35	32	30	27	27	27
1,896	2,291	1,946	2,346	2,202	1,912
2,239	2,118	1,579	2,955	1,392	2,052
775	1,165	654	614	946	616
738	763	699	683	717	747
172	111	125	131	154	121
17	22	10	50	30	20
14,338	14,289	14,136	14,140	13,963	13,963
7M	7M	7M	7M	7M	6M
12M	12M	12M	12M	12M	12M
9,117	8,580	8,580	8,580	8,318	8,362
5	5	5	5	5	5
10	10	10	10	10	10
7,800	7,700	7,700	7,700	7,327	7,597

## *City of Portsmouth*

### *Capital Asset Statistics by Function Last Ten Years*

	1998	1999	2000	2001
<b>Governmental Activities</b>				
General Government				
Public Land and Buildings				
Land (acres)	7,680	7,680	7,680	7,680
Security of Persons and Property				
Police				
Stations	1	1	1	1
Vehicles	36	36	31	33
Fire				
Stations	3	3	3	3
Vehicles	10	10	10	10
Transportation				
Street				
Streets (lane miles)	220	220	220	220
Street Lights	1,469	1,469	1,479	1,485
Leisure Time Activities				
Recreation/Seniors				
Land (acres)	223	223	223	223
Parks	17	17	17	17
Number of Ball Fields (Lighted)	4	4	4	4
Number of Ball Fields (Unlighted)	7	7	7	7
Number of Tennis Courts (Lighted)	4	4	4	4
Number of Tennis Courts (Unlighted)	8	8	8	8
Public Health and Welfare				
Cemeteries				
Cemeteries	1	1	1	1
Land (acres)	40	40	40	40
<b>Business-Type Activities</b>				
Utilities				
Water				
Number of Filtration/Purification Plants	1	1	1	1
Waterlines (Miles)	400	400	400	400
Number of Hydrants	865	865	865	865
Sewer				
Number of Sewage Treatment Plants	2	2	2	2
Sewerlines (Miles)	30	30	30	30
Storm Water Drainage				
Storm Drains (Miles)	30	30	30	30

Source: City Auditor's Office

*City of Portsmouth*

2002	2003	2004	2005	2006	2007
7,680	7,680	7,680	7,680	7,680	7,680
1	1	1	1	1	1
35	32	30	27	27	27
3	3	3	3	3	3
10	10	10	10	10	10
220	220	220	220	220	220
1,488	1,485	1,475	1,475	1,475	1,475
223	223	223	223	223	223
17	17	17	17	17	17
4	4	6	7	7	7
7	7	5	4	4	4
4	4	4	4	4	4
8	8	8	8	8	8
1	1	1	1	1	1
40	40	40	40	40	40
1	1	1	1	1	1
400	400	400	400	400	400
865	865	865	865	865	865
2	2	2	2	2	2
30	30	30	30	30	30
30	30	30	30	30	30







**Mary Taylor, CPA**  
Auditor of State

**CITY OF PORTSMOUTH**

**SCIOTO COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 11, 2008**