



Dave Yost • Auditor of State

CITY OF PORTSMOUTH
SCIOTO COUNTY

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**CITY OF PORTSMOUTH
SCIOTO COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2011**

<u>FEDERAL GRANTOR/Pass Through Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>CFDA Number</u>	<u>Disbursements</u>
<u>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed through Ohio Department of Development:</i>			
Community Development Block Grants - State's Program	A-F-10-2DH-1	14.228	\$3,547
	A-F-09-167-1		243,096
	A-F-08-167-1		177
	A-C-10-2DH-1		<u>31,212</u>
Total Community Development Block Grants - State's Program			278,032
Home Investment Partnerships Program	A-C-10-2DH-2	14.239	<u>57,466</u>
TOTAL UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			335,498
<u>UNITED STATES DEPARTMENT OF JUSTICE</u>			
<i>Passed through the Office of Criminal Justice</i>			
ARRA - Public Safety Partnership and Community Policing Grant	2009RK-WX-0689	16.710	74,458
Edward Byrne Memorial Justice Assistance Grant Program	2009JG-OPD-3741	16.738	11,579
	2010-JG-A02-6819		<u>58,769</u>
Total Edward Byrne Memorial Justice Assistance Grant Program			70,348
ARRA - Edward Byrne Memorial Justice Assistance Grant Program/Grants to States	2009-RA-D01-2173	16.803	85,785
ARRA - Edward Byrne Memorial Justice Assistance Grant Program/Grants to Units of Local Government	2009SB-B9-0988	16.804	29,737
ARRA - Assistance to Rural Law Enforcement to Combat Crime and Drugs Competitive Grant Program	2009SD-B9-0058	16.810	<u>994</u>
TOTAL UNITED STATES DEPARTMENT OF JUSTICE			261,322
<u>UNITED STATES DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed through Ohio Department of Public Safety</i>			
State and Community Highway Safety Grant	N/A	20.600	<u>21,292</u>
TOTAL UNITED STATES ENVIRONMENTAL PROTECTION AGENCY			21,292
<u>UNITED STATES ENVIRONMENTAL PROTECTION AGENCY</u>			
<i>Passed through Ohio Environmental Protection Agency</i>			
Air Pollution Control Program	N/A	66.001	162,090
ARRA - Capitalization Grant for Drinking Water State Revolving Funds	FS390770-0006	66.468	<u>25,105</u>
TOTAL UNITED STATES ENVIRONMENTAL PROTECTION AGENCY			187,195
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed through the Ohio Department of Health</i>			
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	N/A	93.918	223,336
Public Health Emergency Preparedness	73-200-12PH- 0211 / 0312	93.069	189,379
Family Planning Services	73-2-001-1-FP-0311 / RH-0112	93.217	123,817
HIV Care Formula Grant	73-2-001-1-HC-0209 / 0310	93.917	18,536
HIV Prevention Activities - Health Department Based	73-200-12HP-0310 / 0411	93.940	540,544
Preventative Health Services - Sexually Transmitted Diseases Control Grant	73-200-12PH-0311 / 12ST-0412	93.977	57,689
Preventative Health and Health Services Block Grant	73-2-001-4-IP-0411	93.991	57,983
Maternal and Child Health Services Block Grant to the States	73-2-001-1-MC-0310 / 0411	93.994	<u>47,737</u>
TOTAL UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,259,021
<u>UNITED STATES DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Passed through Ohio Environmental Protection Agency</i>			
Assistance to Firefighters Grant Program	N/A	97.044	<u>23,472</u>
TOTAL UNITED STATES ENVIRONMENTAL PROTECTION AGENCY			<u>23,472</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u><u>\$2,087,800</u></u>

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

**CITY OF PORTSMOUTH
SCIOTO COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE A - BASIS OF ACCOUNTING

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

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

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

These loans are collateralized by mortgages on the property.

Activity in the CDBG revolving loan fund during 2011 is as follows:

Beginning loans receivable balance as of January 1, 2011	\$97,298
Loans made	0
Loan principal repaid	<u>19,208</u>
Ending loans receivable balance as of December 31, 2011	\$78,090
Cash balance on hand in the revolving loan fund as of December 31, 2011	\$446,422

The table above reports gross loans receivable.

NOTE C - MATCHING REQUIREMENTS

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



Dave Yost • Auditor of State

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

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

To the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Portsmouth, Scioto County, Ohio (the City), as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 30, 2012, wherein we noted the City has suffered recurring losses from operations and has an unrestricted net asset deficit and that the City has adopted Governmental Accounting Standards Board Statement No. 54. 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and another deficiency we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2011-001 and 2011-006 described in the accompanying Schedule of Findings to be material weaknesses.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2011-007 described in the accompanying Schedule of Findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2011-001 through 2011-005 and 2011-007.

We also noted certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated October 30, 2012.

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

We intend this report solely for the information and use of management, the City Council, and federal awarding agencies and pass-through entities, and others within the City. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

October 30, 2012



Dave Yost • Auditor of State

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

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

To the City Council:

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 apply to each of its major federal programs for the year ended December 31, 2011. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the City's major federal programs. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Government's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Government's compliance with these requirements.

As described in findings 2011-008 through 2011-010 in the accompanying Schedule of Findings, the City did not comply with requirements regarding cash management, Davis-Bacon Act, and reporting that apply to its Community Development Block Grant. Compliance with these requirements is necessary, in our opinion, for the City to comply with requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the requirements referred to above applicable to each of its major federal programs for the year ended December 31, 2011.

The results of our auditing procedures also disclosed another instance of noncompliance with these requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying Schedule of Findings lists this instance as Finding 2011-011.

Internal Control over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could directly and materially affect a major federal program, in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings as items 2011-008 through 2011-010 to be material weaknesses.

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

We also noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the City's management in a separate letter dated October 30, 2012.

Federal Awards Expenditures Schedule

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of and for the year ended December 31, 2011, and have issued our report thereon dated October 30, 2012, wherein we noted the City has suffered recurring losses from operations and has an unrestricted net asset deficit. Our opinion also explained that the City adopted *Governmental Accounting Standard No. 54* during the year. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The accompanying Federal Awards Expenditures Schedule (the Schedule) provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements.

City of Portsmouth
Scioto County
Independent Accountants' Report on Compliance
With Requirements Applicable to Each Major
Federal Program and on Internal Control Over
Compliance Required by OMB Circular A-133
Page 3

The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of the management, City Council, others within the City, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

October 30, 2012

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**CITY OF PORTSMOUTH
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified for Public Health Emergency Preparedness (CFDA #93.069) and HIV Prevention Activities - Health Department Based - CFDA #93.940 Qualified for Community Development Block Grants/ States' Program - CFDA #14.228
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Community Development Block Grants/ State's Program - CFDA #14.228 Public Health Emergency Preparedness – CFDA #93.069 HIV Prevention Activities-Health Department Based - CFDA #93.940
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**CITY OF PORTSMOUTH
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

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

FINDING NUMBER 2011-001

Noncompliance Citation/Material Weakness/Finding for Adjustment

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

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

- The Cost Allocation Plan included various indirect costs such as fringe benefits, utilities, etc. which may be subject to allocation. However, the City only posted allocations pertaining to wages.
- The Cost Allocation Plan as approved includes an iteration factor in the calculation to reallocate indirect costs received back into expending funds. This results in the potential to post the same expenditure multiple times.
- The Cost Allocation Plan used total expenditures by department from calendar year 2010 to allocate some indirect costs. These 2010 expenditures included the 2010 unsupported allocation adjustments posted by the City. As such, the percentages used did not accurately reflect departmental portions and were not supported by any other reasonable methodology.
- The Cost Allocation Plan did not include descriptions for all expenditure line items allocated.
- The Cost Allocation Plan included a line titled "General Government" which includes all funds not otherwise identified. This is an ambiguous posting covering several funds.
- The City posted allocations from departments not included in the Cost allocation plan: Fire Department (Fund 101.223), Traffic Lights (Fund 101.331), Grounds Maintenance (Fund 101.333), Community Development (Fund 101.661), Eng. Inspection (Fund 101.663), Street Maintenance (Fund 231.335), Water Collections (Fund 604.774), and Flood Defense (Fund 621.225).

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

- Decrease General Fund balance by \$427,458.
- Decrease Sewer Fund balance by \$54,869.
- Increase Flood Defense fund by \$73,779.
- Increase Street Maintenance Fund balance by \$168,057.
- Increase Water Fund balance by \$221,177.
- Increase Sanitation Fund balance by \$19,314.

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

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

Officials' Response: The City Auditor will recommend City Council update its Cost Allocation Plan to reestablish the basis and methodology for allocating General Fund expenses to other funds as necessary and that the budget be prepared in accordance with that plan.

CITY OF PORTSMOUTH
SCIOTO COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)

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

FINDING NUMBER 2011-002

Noncompliance Citation

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

The City's appropriations exceeded estimated resources in the General Fund by \$1,415,808, Street Maintenance Fund by \$15,634, and Sewer Fund by \$1,049,300.

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

Officials' Response: The City Auditor will recommend City Council that appropriations not exceed estimated resources.

FINDING NUMBER 2011-003

Noncompliance Citation

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

At December 31, 2011, the City had current appropriations which exceeded actual resources in the General Fund by \$1,413,767, Street Maintenance Fund by \$15,045, and Sewer Fund by \$500,922.

Since the expenditure of City funds is based on the estimated resources, instances when beginning fund balances plus actual receipts do not meet budgetary estimates have led to overspending as evidenced by negative funds balances as noted in Finding 2011-004.

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

Officials' Response: Actual receipts at year-end were not less than the City Auditor's estimates or the amended certificate of estimated resources; therefore no reduced certificate was needed. However, original appropriations were approved by City Council in excess of the City Auditor's estimated revenues. The City Auditor will recommend the City Council approve appropriations at or below the Auditor's estimated revenues.

**CITY OF PORTSMOUTH
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

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

FINDING NUMBER 2011-004

Noncompliance Citation

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

The following funds had negative cash fund balances at December 31, 2011: General Fund, (\$1,309,994); Municipal Court Grants Fund, (\$16,968); Municipal Court Programs Fund, (\$27,727); Fed CHRP Fund, (\$15,088); Street Maintenance Fund, (\$14,166); Rural Aids State Grant, (\$24,045); Regional HIV Prevention, (\$66,371); Water Works Rev "B" Fund (\$221,241); Sewage System Rev Fund (\$423,710); and Insurance Account "B" Fund, (\$836,187).

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

Officials' Response: Original appropriations were approved by City Council in excess of the City Auditor's estimated revenues. The City Auditor will recommend the City Council approve appropriations at or below the Auditor's estimated revenues within its budget to eliminate negative cash fund balances.

FINDING NUMBER 2011-005

Noncompliance Citation

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

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

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

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

CITY OF PORTSMOUTH
SCIOTO COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)

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

FINDING NUMBER 2011-005 (Continued)

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

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

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

The City Auditor did not certify the availability of funds prior to making commitments for 70% of the disbursements tested for 2011 and there was no evidence that the City followed the aforementioned exceptions. We also noted that it is the practice of the City not to issue a purchase order for monthly utility bills. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

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

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

Officials' Response: All purchase orders must be presented to and approved by the City Auditor's office prior to the purchasing, ordering or procuring of any item or service. Confirming purchase orders are only to be used in case of an emergency or absence of proper authority. This policy will be reviewed again with all department directors and appropriate personnel to improve compliance.

**CITY OF PORTSMOUTH
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

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

FINDING NUMBER 2011-006

Material Weakness

The City maintains Insurance Account "B" Fund that is utilized to track the accumulation and payment of health, dental, vision, and life insurance premiums. The City transfers premiums for the covered employees into this fund from the respective funds where the employees are paid. The premiums are then disbursed from this fund to the insurance providers. This fund is also used to pay claims related to the City's self insurance health plan that provides additional reinsurance coverage above that provided by the traditional health insurance provided by United Healthcare. The self insurance is administered by a third party administrator, Avalon Benefit Services. Avalon processes the claims and submits a list of the approved claims to the City for payment. The City transfers the appropriate amount from its main bank account into its health claims bank account. Avalon then writes the checks to pay for the approved claims. The City then posts these disbursements made by Avalon to the Insurance Account "B" Fund. However, the City does not transfer any monies into the Insurance Account "B" Fund or bill other funds to recover the costs of the self insurance claims from the benefitting employees' funds. This resulted in the Insurance Account "B" Fund having a deficit cash balance of \$836,187 at December 31, 2011. In addition, the City has reported claims payable at December 31, 2011 that has not been funded into the Insurance Account "B" Fund for payment and there may be other unknown liabilities for unreported claims outstanding as of December 31, 2011 as well.

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

Officials' Response: The City's Finance committee is currently in the process of developing a system to prepare a cost allocation plan for the Insurance Fund to identify all claims costs to reallocate back to the related appropriate funds. The City Auditor will recommend funds be allocated within operating budgets to sufficiently cover the cost of health insurance premiums and the City's partially self-funded share of claims to eliminate the deficiency in the insurance fund and attempt to build a contingency balance to cover future costs.

FINDING NUMBER 2011-007

Noncompliance Citation/Significant Deficiency

OMB Circular A-133 Section .300(d) states that the auditee shall prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with Section .310. OMB Circular A-133 Section .310(b) states that the auditee shall prepared a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While note required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

**CITY OF PORTSMOUTH
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

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

FINDING NUMBER 2011-007 (Continued)

Noncompliance Citation/Significant Deficiency - OMB Circular A-133 Section .300(d) (Continued)

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

During 2011, the City received and spent federal grant monies relating to 19 federal programs. The following discrepancies existed in the 2011 City-prepared federal schedule:

- Federal expenditures contained 8 federal programs with a total understatement of \$462,351 and 4 federal programs with a total overstatement of \$57,374 for a net understatement of \$404,977;
- In addition to the over and understatements for reported programs, all grant names needed revisions, 7 federal programs listed incorrect pass through numbers and 1 federal program listed an incorrect grant name and CFDA number.

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

We recommend the City ensure proper reporting of federal expenditures, which includes reporting the proper amounts of expenditures which includes reporting the proper amount of expenditures; federal awarding agencies; pass-through entity names and numbers (where applicable); and the Catalog of Federal Domestic Assistance (CFDA) numbers. Source documentation should additionally be maintained to support the City's schedule.

Officials' Response: The City Auditor's office has consulted with the Auditor of State to ensure that all CDFA numbers are identified and reported to support the City's federal schedule. All departments receiving grant funds must identify federal grants and their corresponding CDFA numbers and report numbers to the City Auditor's office with grant documents.

**CITY OF PORTSMOUTH
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2011-008
CFDA Title and Number	Community Development Block Grant, CFDA #14.228
Federal Award Number / Year	A-F-10-2DH-1, A-C-10-2DH-1 and A-F-2DH-1
Federal Agency	United States Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance Citation/Material Weakness – Cash Management

24 C.F.R. Section 85.21(c) and Section (A)(3)(f) of the Ohio Department of Development, Office of Housing and Community Partnership’s Financial Management Rules and Regulations Handbook, require grantees to develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds. This rule states that fund draw downs should be limited to amounts that will enable the grantee to disburse funds on hand to a balance of less than \$5,000 within fifteen days of receipt. Lump sum draw downs are not permitted.

The State of Ohio Department of Development, Office of Housing and Community Partnership Financial Management Rules and Regulations Handbook, Section (A)(3)(l), states that the grantee should deposit federal funds received from OHCP in a non-interest bearing account. If the grantee deposits funds in an interest bearing account, the grantee must remit to OHCP, on at least a quarterly basis, any interest earned that totals more than \$100 per year. The check must be payable to the U.S. Department of Housing and Urban Development. In addition, the grantee must, on a monthly basis, credit any interest earned to the appropriate grant. The only exception is an escrow account for rehabilitation of private property.

The following funds were drawn down but were not disbursed to a balance of less than \$5,000 within fifteen days of receipt:

From Grant A-F-10-2DH-1:

Draw number 49, dated October 11, 2011, was requested in the amount of \$58,000. The City received the funding on November 29, 2011; however, there were no disbursements within the fifteen day period. Therefore, the entire draw was not expended within fifteen days as required and the balance exceeded \$5,000 through December 31, 2011.

From Grant A-C-10-2DH-1:

Draw number 44, dated June 6, 2011, was requested in the amount of \$13,212. The City received the funding on August 9, 2011; however, there were no disbursements within the fifteen day period. Therefore, the entire draw was not expended within fifteen days as required and the balance exceeded \$5,000 until September 12, 2011

Draw number 259, dated February 7, 2011 was requested in the amount of \$20,000 and was received on March 18, 2011; however, there were no disbursements within the fifteen day period. Therefore, the entire draw was not expended within fifteen days as required and the balance exceeded \$5,000 until July 1, 2011.

**CITY OF PORTSMOUTH
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2011-008 (Continued)

**Noncompliance Citation/Material Weakness - Cash Management - 24 C.F.R. Section 85.21(c)
(Continued)**

From Grant A-F-09-2DH-1:

Draw number 47, dated September 14, 2011 was requested in the amount of \$11,294. The City received the funding on October 19, 2011; however, there were no disbursements within the fifteen day period. Therefore, the entire draw was not expended within fifteen days as required and the balance exceeded \$5,000 until November 7, 2011.

Based on our testing utilizing the 1% average 2011 U.S. Treasury Current Value of Funds Rate, we estimate the imputed interest could have been \$82 for the year ended December 31, 2011.

Also, a drawdown of \$16,060 was received from the A-F-09 grant and paid into the City Auditor on Receiving Warrant number 41315 dated August 22, 2011. However, there was no support for this draw down in the Community Development Department records.

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

Officials' Response: The Community Development Department will review its CDBG cash management system policies and procedures and will limit drawdown amounts to only what is necessary to be disbursed for current project expenses within the permitted 15-Day Rule. Many of the documents supporting current and recently reviewed grants were not maintained and made available from the former administration.

Finding Number	2011-009
CFDA Title and Number	Community Development Block Grant, CFDA #14.228
Federal Award Number / Year	A-F-09-167-1
Federal Agency	United States Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance Citation and Material Weakness – Davis Bacon

29 C.F.R. Section 5.5, Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction states non-federal entities shall include in their construction contracts subject to the Davis-Bacon Act a requirement, that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the DOL regulations. This includes a requirement for the contractor or subcontractor to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (29 CFR sections 5.5 and 5.6). This reporting is often done using Optional Form WH-347, which includes the required statement of compliance (OMB No. 1215-0149).

**CITY OF PORTSMOUTH
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2011-009 (Continued)

Noncompliance Citation and Material Weakness – Davis Bacon - 29 C.F.R. Section 5.5 (Continued)

No information was provided for the Davis-Bacon prevailing wage requirement for applicable contracts for the Mound Park Project and Community Housing Improvement Project.

We recommend the City review the requirements of the Davis-Bacon Act concerning prevailing wages and develop and implement a process to ensure those requirements are being followed. All supporting documentation should be maintained.

Officials' Response: The Community Development Department will review and implement processes to ensure requirements of the Davis-Bacon Act are being followed and supporting documentation is properly maintained.

Finding Number	2011-010
CFDA Title and Number	Community Development Block Grant, CFDA #14.228
Federal Award Number / Year	A-C-10-2DH-1, A-F-2DH-1, and A-F-09-2DH-1
Federal Agency	United States Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance/Material Weakness – Reporting

Ohio Rev. Code Section 149.351(A) states that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under sections 149.38 to 149.42 of the Revised Code

Ohio Rev. Code Section 149.43(B) states, in part, that all public records shall be promptly prepared and made available for inspection to a person at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with this division.

The OHCP Financial Management Rules and Regulations handbook requires Community Development Block Grant Program funds to be reported to the State of Ohio, Department of Development (ODOD). There are two reports the Auditor should consider:

- Form DS5 - Request for Payment and Status of Funds Report
- Final Performance Report

CITY OF PORTSMOUTH
SCIOTO COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)

3. FINDINGS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2011-010 (Continued)

Noncompliance/Material Weakness – Reporting – Ohio Rev. Code Section 149.351(A) (Continued)

The Request for Payments and Status of Funds Report (DS5) is used by the local government to make draw-downs from ODOD. The local government shall execute a DS5 each time it is determined that funds are required to meet immediate disbursement needs. (*OHCP Financial Management Rules and Regulations, A.(3)(k) and Attachment 11*).

Attachment C, Required Reports of the Grant Agreement states, "All report forms and requirements listed herein shall be provided by the Grantor, but shall not be construed to limit the Grantor in making additional and/or further requests, nor in the change or addition of detail of the items listed below:

1. Grantee shall submit to Grantor a Status Report beginning six months after the effective date of this agreement.
2. Grantee shall submit a Final Performance Report at the conclusion of the program which is the subject of this agreement.
3. Grantee shall comply with the reporting requirements as outlined in OMB Circular A-133 and the guidelines provided in the Office of Housing and Community Partnerships (OHCP) Financial Management Rules and Regulations Handbook.
4. Grantee shall retain all records, receipts, etc. for a period of four (4) years after the "Final Closeout" of this agreement. Grantor shall notify the Grantee in writing once this agreement has met the necessary requirements of "Final Closeout".
5. If applicable, the Grantee shall submit a Certificate of Completion upon the expenditure of all funds provided under this agreement.

The OHCP Financial Management Rules and Regulations Handbook, Section 3(c), also states "Accounting records must be supported by source documentation. Invoices, purchase orders, vouchers, payroll/timesheets - with the basis of why time is being charged to the OHCP-awarded grant - cancelled checks, etc. must be kept on file for review. This documentation must be on hand at the time disbursements are made and must be kept in one central location (Attachment 6 - Common Rule 24 C.F.R. Part 85 and Attachment 7 - 24 C.F.R. Part 84).

Requests for Payments and Status of Funds Reports were maintained, however, no supporting documentation for amounts requested for grants A-C-10-2DH-1, A-F-10-2DH-1, and A-F-09-2DH-1 was provided. Also, contracts for amounts paid out of grant A-C-10-2CH-1 could not be located.

We recommend the City maintain all required documentation in an organized manner.

Officials' Response: The Community Development Department will review its CDBG document maintenance system to ensure all supporting grant documentation is maintained in an organized manner and will copy all pertinent grant documentation to the City Auditor's office as a backup so that all required documents to maintain compliance will survive from one administration to the next. Again, many of the documents supporting current and recently reviewed grants were not maintained and made available from the former administration. The City will maintain documentation going forward to ensure satisfactory support documentation requirements.

**CITY OF PORTSMOUTH
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS (Continued)

Finding Number	2011-011
CFDA Title and Number	CFDA 14.228 – Community Development Block Grants – State’s Program CFDA 93.069 – Public Health Emergency Preparedness CFDA 93.940 – HIV Prevention Activities_Health Department Based
Federal Award Number / Year	CFDA 14.228 – Community Development Block Grants – State’s Program A-F-10-2DH-1, A-F-09-167-1, A-F-08-167-1, A-C-10-2DH-1, CFDA 93.069 – Public Health Emergency Preparedness 73-200-12PH-0211/0312 CFDA 94.940 – HIV Prevention Activities_Health Department Based 73-200-12HP-0310/0411
Federal Agency	U.S. Department of Housing and Urban Development U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Development Ohio Department of Health

Noncompliance Citation – Completion of Federal Audit within Time Restraints

OMB Circular A-133 Subpart B Section .200(a) requires that non-federal entities that expend \$500,000 or more in a year in Federal awards shall have a single or program-specific audit conducted annually. Subpart C Section .300(e) also requires the auditee to ensure that the audits required by this part are properly performed and submitted when due (within nine months of the year end).

Although an annual federal single audit for the year ended December 31, 2011 was performed, it was not timely. The audit could not be completed by the required deadline due to the City not having finalized financial statements as a result of posting audit adjustments.

We recommend the City complete the necessary audit adjustment postings in a timely fashion in order to complete the annual federal single audit by the required deadline.

Officials’ Response: The City will complete any necessary audit adjustments as they are provided from the Auditor of State to ensure completion of the federal single audit by the required date.

**CITY OF PORTSMOUTH
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Ohio Rev. Code Section 5705.10(H) – negative fund balances.	No	Not Corrected; Reissued as Finding Number 2011-004
2010-002	Ohio Rev. Code Section 5705.10(H) –Cost Allocation Plan not properly used.	No	Not Corrected; Reissued as Finding Number 2011-001
2010-003	Ohio Rev. Code Section 5705.36(A)(4)- Appropriations exceeded actual resources.	No	Not Corrected; Reissued as Finding Number 2011-003
2010-004	Ohio Rev. Code Section 5705.39 – Appropriations exceed total estimated resources.	No	Not Corrected; Reissued as Finding Number 2011-002
2010-005	Ohio Rev. Code Section 5705.41(D)(1)- Disbursements were not properly encumbered.	No	Not Corrected; Reissued as Finding Number 2011-005
2010-006	Material Weakness – the City did not transfer funds into the Insurance Acct B.	No	Not Corrected; Reissued as Finding Number 2011-006
2010-007	Significant Deficiency – back up procedures were not completed on a regular basis.	No	Not Corrected; Reissued as management letter comment
2010-008	Significant Deficiency – a disaster recovery plan did not exist.	No	Not Corrected; Reissued as management letter comment
2010-009	Noncompliance/Material Weakness – documentation was not provided for Davis Bacon Requirements.	No	Not Corrected; reissued as Finding Number 2011-009

CITY OF PORTSMOUTH
SCIOTO COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-010	Noncompliance Citation/Material Weakness/Questioned Cost – monies were spent on a change order to a contract that were not signed by authorized engineer and the work did not pass inspection.	No	This Questioned Cost has not been repaid to the State. The City and the State are communicating on how to resolve the issue.
2010-011	Noncompliance Citation/Material Weakness – monies were not spent within Fifteen Day Rule.	No	Reissued as comment 2011-008
2010-012	Noncompliance Citation/Material Weakness – Reporting Requirements.	No	Reissued as comment 2011-010

**CITY OF PORTSMOUTH
SCIOTO OF COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 § .315
FOR THE YEAR ENDED DECEMBER 31, 2011**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2011-001	The City Auditor will recommend City Council update its Cost Allocation Plan to reestablish the basis and methodology for allocating General Fund expenses to other funds as necessary and that the budget be prepared in accordance with that plan.	12/31/2012	Auditor
2011-002	The City Auditor will recommend City Council that appropriations not exceed estimated resources.	12/31/2012	Auditor
2011-003	Actual receipts at year-end were not less than the City Auditor's estimates or the amended certificate of estimated resources; therefore no reduced certificate was needed. However, original appropriations were approved by City Council in excess of the City Auditor's estimated revenues. The City Auditor will recommend the City Council approve appropriations at or below the Auditor's estimated revenues.	12/31/2012	Auditor
2011-004	Original appropriations were approved by City Council in excess of the City Auditor's estimated revenues. The City Auditor will recommend the City Council approve appropriations at or below the Auditor's estimated revenues within its budget to eliminate negative cash fund balances.	12/31/2012	Auditor
2011-005	All purchase orders must be presented to and approved by the City Auditor's office prior to the purchasing, ordering or procuring of any item or service. Confirming purchase orders are only to be used in case of an emergency or absence of proper authority. This policy will be reviewed again with all department directors and appropriate personnel to improve compliance.	12/31/2012	Auditor
2011-006	The City's Finance committee is currently in the process of developing a system to prepare a cost allocation plan for the Insurance Fund to identify all claims costs to reallocate back to the related appropriate funds. The City Auditor will recommend funds be allocated within operating budgets to sufficiently cover the cost of health insurance premiums and the City's partially self-funded share of claims to eliminate the deficiency in the insurance fund and attempt to build a contingency balance to cover future costs.	12/31/2012	Auditor

**CITY OF PORTSMOUTH
SCIOTO OF COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 § .315
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2011-007	The City Auditor's office has consulted with the Auditor of State to ensure that all CDFA numbers are identified and reported to support the City's federal schedule. All departments receiving grant funds must identify federal grants and their corresponding CDFA numbers and report numbers to the City Auditor's office with grant documents.	12/31/2012	Auditor
2011-008	The Community Development Department will review its CDBG cash management system policies and procedures and will limit drawdown amounts to only what is necessary to be disbursed for current project expenses within the permitted 15-Day Rule. Many of the documents supporting current and recently reviewed grants were not maintained and made available from the former administration.	12/31/2012	Mayor
2011-009	The Community Development Department will review and implement processes to ensure requirements of the Davis-Bacon Act are being followed and supporting documentation is properly maintained.	12/31/2012	Mayor
2011-010	The Community Development Department will review its CDBG document maintenance system to ensure all supporting grant documentation is maintained in an organized manner and will copy all pertinent grant documentation to the City Auditor's office as a backup so that all required documents to maintain compliance will survive from one administration to the next. Again, many of the documents supporting current and recently reviewed grants were not maintained and made available from the former administration. The City will maintain documentation going forward to ensure satisfactory support documentation requirements.	12/31/2012	Mayor
2011-011	The City will complete any necessary audit adjustments as they are provided from the Auditor of State to ensure completion of the federal single audit by the required date.	12/31/2012	Mayor

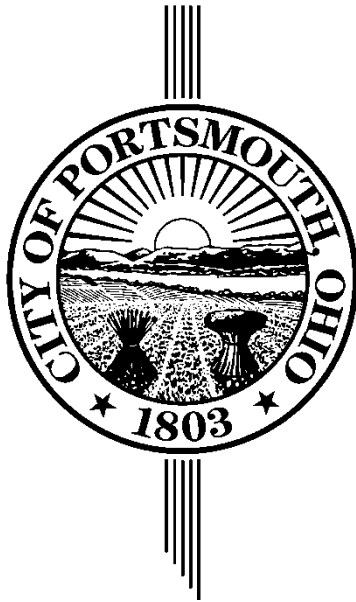
Comprehensive Annual Financial Report

City of Portsmouth, Ohio



**For Year Ended
December 31, 2011**

**M. Trent Williams, CPFA
Auditor/Treasurer**



THE CITY OF PORTSMOUTH, OHIO

SCIOTO COUNTY

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2011

Prepared by:

M. TRENT WILLIAMS, CPFA
City Auditor

Finance Department:

Constance J. Snipes
Deputy Auditor

Jennifer E. Spriggs
Finance Clerk II

Brenda D. Buffington
Finance Clerk I

Sherry A. Boling
Finance Clerk I

Income Tax Division:

Barbara A. Doyle
Tax Commissioner

Vicki L. Musser
Deputy Tax Commissioner

Melanie S. Turull
Finance Clerk I

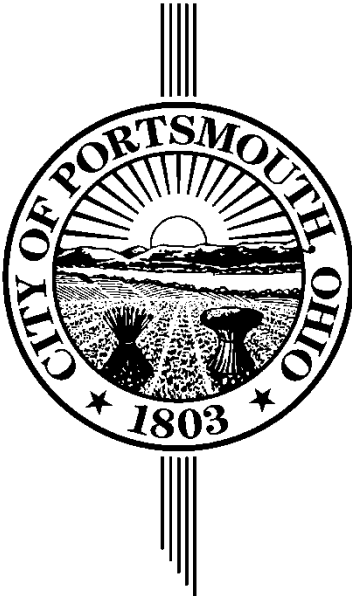


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SCIOTO COUNTY, OHIO

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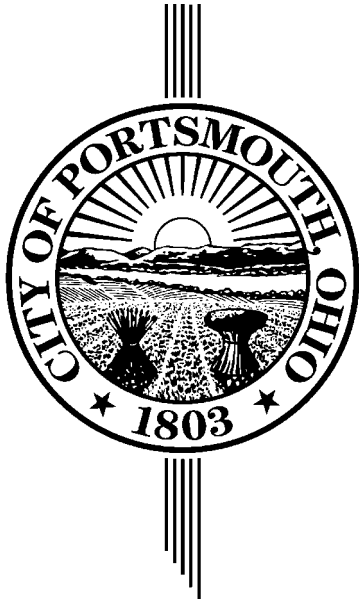
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INTRODUCTORY SECTION





The City of Portsmouth

"Where the Ohio and Scioto Meet"

Department of Finance

Municipal Building, Room 3

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State of Ohio

M. Trent Williams, City Auditor

October 30, 2012

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

As City Auditor, it is my pleasure to present the sixteenth Comprehensive Annual Financial Report (CAFR) of the City of Portsmouth, Ohio for the year ended December 31, 2011. 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. Auditor of State David Yost's office has issued an opinion on the City of Portsmouth's financial statements for the year ended December 31, 2011. The independent accountant's report is located at the front of the Financial Section of this report.

***Letter of Transmittal
For the Year Ended December 31, 2011***

The Reporting Entity

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

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

Historical Information

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

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

Location

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

***Letter of Transmittal
For the Year Ended December 31, 2011***

Form of Government

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

Municipal Services

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2011***

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 SOMC recently completed and opened a new wing at Scioto Memorial Hospital. The new addition houses an expanded, well equipped, emergency room and trauma center as well as a new intensive care unit and maternity facility. Several new physician office buildings and service facilities have been erected on the Scioto Memorial Campus and East Campus. SOMC has expanded its Mercy Hospital Campus with the addition of a new Urgent Care Center, Dialysis Center and a new Cancer Center and offers alternatives to its Mercy LIFE Center fitness and rehabilitation location with similar facilities recently constructed outside the city. SOMC recently unveiled its 10 year plan that promises to be a tremendous benefit in meeting the health care needs of the Southern Ohio region. Construction began in late 2007 on this \$100+ million project that will give a new face to the hospital along with further expansion of its emergency department, more private rooms for inpatients and implementation of cardiac services center that will enable the hospital to provide open heart procedures locally for the first time in Portsmouth. These expansions were completed in 2009.

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

Unemployment Rates

Data obtained from the State of Ohio Department of Jobs and Family Services indicates that the percentage of unemployment for Portsmouth and Scioto County averaged 11.6% for the 2011 calendar year, which is substantially above the state average of 7.6% and the national average of 8.3%. While the local unemployment number is high in comparison to the state and national average, it remains lower than the majority of surrounding counties. While the state of the local economy has been somewhat declined, local initiatives are serving to promote a renewed spirit of pride in the community.

***Letter of Transmittal
For the Year Ended December 31, 2011***

Utilities

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

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

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

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

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

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

Recreation and Cultural Facilities and Events

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

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

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

CITY OF PORTSMOUTH, OHIO

Letter of Transmittal For the Year Ended December 31, 2011

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

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

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

The cultural and recreational needs of the City have been enhanced by the 1993 formation of the Portsmouth Symphony 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 2,500 students. The pupil-teacher ratio is approximately eleven to one. Adult education programs are offered by Portsmouth City Schools and Shawnee State University.

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

***Letter of Transmittal
For the Year Ended December 31, 2011***

In addition to the new educational facilities, Portsmouth City Schools began construction of all new athletic facilities to complement the downtown school campus. The recreational facilities are being paid for entirely from private donations, primarily from an endowment of \$10,000,000 from a private foundation, the Clark Foundation. The facilities, now known as the Clark Athletic Complex have been mostly completed and include a new football stadium, known as the Trojan Coliseum. With all new field houses, stands, concession stand and restrooms, the Coliseum has been made to include many pieces of its past to resemble the floodwall that used to surround the old Spartan Stadium and many landmark items restored from the old high school. The complex also includes a new baseball park, six lighted tennis courts and a running track as well as being beautifully landscaped to include a walking path that is open to the public. The final phase of the Complex to be completed in 2012 will include a new softball diamond. Once complete, the Clark Athletic Complex will rival any high school facility in the state and many small to mid-size university campus athletic facilities.

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

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

Employee Relations

The City of Portsmouth has contracts with five employee bargaining units. These groups are Local 512 of the International Association of Firefighters, Lodge 33 of the Fraternal Order of Police, Police/Fire Dispatchers-Fraternal Order of Police, Local 1039 AFSCME, Ohio Council 8 and AFSCME 1039-C Finance Department Employees. Contract periods for all unions are three year terms ending in December 2011 except AFSCME 1039, which ends in April 2012.

Long-term Financial Planning

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

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

***Letter of Transmittal
For the Year Ended December 31, 2011***

MAJOR INITIATIVES

The City began planning and contracted for three major projects in 2011 that will carry over into 2012 for completion:

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

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

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

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

The Charles Street wastewater treatment plant 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.

The Public Service department will continue upgrades within its Recreation division in 2012 with planned improvements to the Court Street Riverfront area, Mound Park and Spartan Municipal Stadium in Portsmouth and Cyndee Secrest Park and Rose Street parks in Sciotoville with various surface and structure improvements at the city's many baseball and softball fields.

***Letter of Transmittal
For the Year Ended December 31, 2011***

FINANCIAL INFORMATION

Internal Control, Budgetary Control and the Accounting System

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

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

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

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

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

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

Relevant Financial Policies

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

***Letter of Transmittal
For the Year Ended December 31, 2011***

OTHER INFORMATION

Independent Audit

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

Awards

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

Public Disclosure

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

<http://portsmouthoh.org/index.aspx?nid=67>

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.

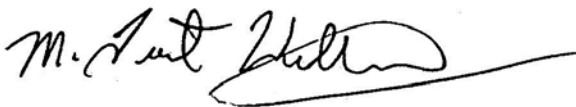
CITY OF PORTSMOUTH, OHIO

***Letter of Transmittal
For the Year Ended December 31, 2011***

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, CPM, CPFA
City Auditor

CITY OF PORTSMOUTH, OHIO

***List of Principal Officials
For the Year Ended December 31, 2011***

<u>Position</u>	<u>Name</u>	<u>Term of Office</u>	<u>Years with City</u>
<u>Executive</u> (Elected)			
Mayor	David A. Malone	01/04/10 - 01/05/14	8
City Auditor	M. Trent Williams	01/07/08 - 01/01/12	13
City Solicitor	Michael L. Jones	01/07/08 - 01/01/12	4
<u>Legislative</u> (Elected)			
		<u>Ward</u>	
Member of Council	Kevin W. Johnson	1st	01/04/10 - 01/05/14
Member of Council	J. Richard Saddler II	2nd	01/10/11 - 01/01/12
Member of Council	Nicholas R. Basham	3rd	01/04/10 - 01/05/14
Member of Council	Jerrold L. Albrecht	4th	01/07/08 - 01/01/12
Member of Council (President)	John R. Haas	5th	01/04/10 - 01/05/14
Member of Council	Richard E. Noel	6th	01/07/08 - 01/01/12
<u>Judicial</u> (Elected)			
Municipal Court Judge	Russell D. Kegley	01/01/06 - 12/31/11	9
Municipal Court Judge	Steven L. Mowery	01/01/10 - 12/31/15	2
<u>Administrative</u> (Appointed)			
Police Chief	Charles H. Horner, Jr.	Indefinite	31
Fire Chief	William V. Raison	Indefinite	21
Public Service Director	William M. Beaumont	Indefinite	5
Director of Water	Samuel J. Sutherland	Indefinite	23
Director of Waste Water	Richard D. Duncan	Indefinite	17
Community Development Director	Rebecca C. Steele	Indefinite	5
City Clerk	Jo Ann Aeh	Indefinite	26
Municipal Court Clerk	R. Leroy Kegley	Indefinite	33
Health Commissioner	Peggy J. Burton	Indefinite	16
Income Tax Commissioner	Barbara A. Doyle	Indefinite	26
Civil Service Secretary	David M. Huddleston	Indefinite	31

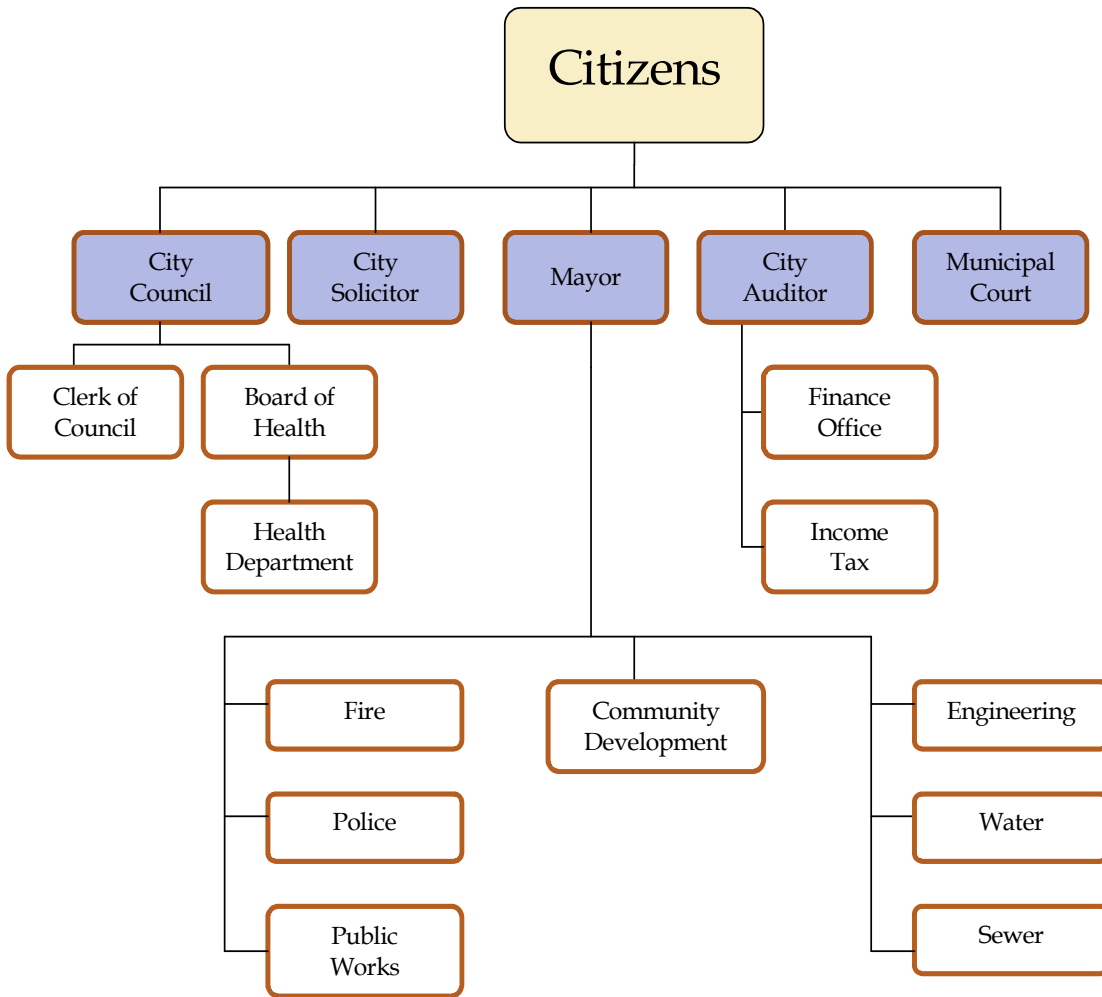
Executive Offices:

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

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

Michael L. Jones, Solicitor
 City of Portsmouth
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 Ph: 740-353-5229 Fax: 740-353-0136
 Email: mljones@pmcourt.org

**City Organizational Chart
For the Year Ended December 31, 2011**

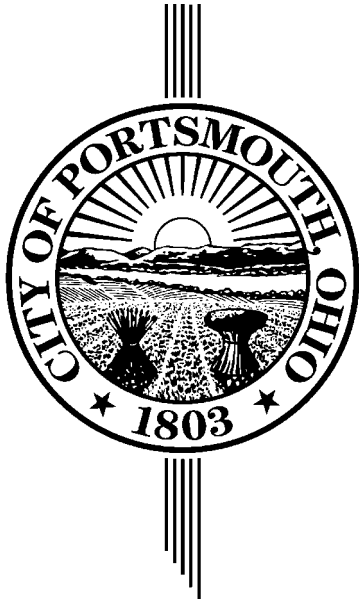


 Elected



FINANCIAL SECTION







Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Portsmouth, Scioto County, Ohio (the City), as of and for the year ended December 31, 2011, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Portsmouth, Scioto County, Ohio, as of December 31, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2012, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

As discussed in Note 18 to the basic financial statements, the City has suffered recurring losses from operations and has an unrestricted net asset deficiency. Further, as of September 30, 2012, the cash basis unencumbered balance of the General Fund was a deficit balance of \$967,294. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information provide additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.



Dave Yost
Auditor of State

October 30, 2012

The discussion and analysis of the City of Portsmouth's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2011. 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 2011 are as follows:

- ❑ In total, net assets decreased \$1,253,571. Net assets of governmental activities decreased \$2,441,583, which represents a 10.7 % decrease from 2010. Net assets of business-type activities increased \$1,188,012, or 7.4% from 2010.
- ❑ General revenues accounted for \$11,845,751 in revenue or 43.1% of all revenues. Program specific revenues in the form of charges for services, and grants and contributions accounted for \$15,608,614 or 56.9% of total revenues of \$27,454,365.
- ❑ The City had \$18,665,372 in expenses related to governmental activities; only \$4,378,038 of these expenses were offset by program specific charges for services, grants or contributions.
- ❑ Among major funds, the general fund had \$10,732,231 in revenues and other financing sources and \$11,885,276 in expenditures and other financing uses. The general fund's fund balance decreased from \$(530,043) to \$(1,658,384).

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 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, 2011**

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 2011 compared to 2010:

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$9,229,383	\$10,315,367	\$4,741,162	\$5,051,059	\$13,970,545	\$15,366,426
Capital assets, Net	16,545,539	18,139,647	26,927,777	26,513,701	43,473,316	44,653,348
Total assets	<u>25,774,922</u>	<u>28,455,014</u>	<u>31,668,939</u>	<u>31,564,760</u>	<u>57,443,861</u>	<u>60,019,774</u>
Long-term debt outstanding	2,756,094	3,075,592	13,631,192	14,632,698	16,387,286	17,708,290
Other liabilities	2,706,848	2,625,859	694,296	776,623	3,401,144	3,402,482
Total liabilities	<u>5,462,942</u>	<u>5,701,451</u>	<u>14,325,488</u>	<u>15,409,321</u>	<u>19,788,430</u>	<u>21,110,772</u>
Net assets						
Invested in capital assets, net of related debt	16,236,319	17,777,202	14,370,361	13,226,718	30,606,680	31,003,920
Restricted	6,931,652	6,165,793	942,914	930,461	7,874,566	7,096,254
Unrestricted	(2,855,991)	(1,189,432)	2,030,176	1,998,260	(825,815)	808,828
Total net assets	<u>\$20,311,980</u>	<u>\$22,753,563</u>	<u>\$17,343,451</u>	<u>\$16,155,439</u>	<u>\$37,655,431</u>	<u>\$38,909,002</u>

CITY OF PORTSMOUTH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2011**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for 2011 compared to 2010:

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues:						
Charges for Services and Sales	\$1,650,247	\$1,810,053	\$10,361,297	\$10,592,348	\$12,011,544	\$12,402,401
Operating Grants and Contributions	2,727,791	4,186,589	0	0	2,727,791	4,186,589
Capital Grants and Contributions	0	0	869,279	2,761,124	869,279	2,761,124
Total Program Revenues	4,378,038	5,996,642	11,230,576	13,353,472	15,608,614	19,350,114
General revenues:						
Property Taxes	2,076,833	2,705,893	0	0	2,076,833	2,705,893
Income Taxes	6,684,933	6,705,817	0	0	6,684,933	6,705,817
Other Local Taxes	296,427	279,059	0	0	296,427	279,059
Intergovernmental Revenue, Unrestricted	2,536,309	1,707,566	0	0	2,536,309	1,707,566
Investment Earnings	44	686	0	0	44	686
Miscellaneous	251,205	274,706	0	0	251,205	274,706
Total General Revenues	11,845,751	11,673,727	0	0	11,845,751	11,673,727
Total Revenues	16,223,789	17,670,369	11,230,576	13,353,472	27,454,365	31,023,841
Program Expenses						
Security of Persons and Property	8,579,519	7,783,737	0	0	8,579,519	7,783,737
Public Health and Welfare Services	2,621,773	3,148,969	0	0	2,621,773	3,148,969
Leisure Time Activities	79,666	68,553	0	0	79,666	68,553
Community Environment	693,688	547,482	0	0	693,688	547,482
Transportation	2,372,106	2,394,638	0	0	2,372,106	2,394,638
General Government	4,197,318	3,655,472	0	0	4,197,318	3,655,472
Interest and Fiscal Charges	121,302	126,256	0	0	121,302	126,256
Water	0	0	5,786,341	6,683,628	5,786,341	6,683,628
Sewer	0	0	2,896,984	2,575,805	2,896,984	2,575,805
Sanitation	0	0	1,314,807	1,438,197	1,314,807	1,438,197
Primary Care	0	0	44,432	13,571	44,432	13,571
Total Expenses	18,665,372	17,725,107	10,042,564	10,711,201	28,707,936	28,436,308
Change in Net Assets before transfers	(2,441,583)	(54,738)	1,188,012	2,642,271	(1,253,571)	2,587,533
Transfers	0	(817,976)	0	817,976	0	0
Total Change in Net Assets	(2,441,583)	(872,714)	1,188,012	3,460,247	(1,253,571)	2,587,533
Beginning Net Assets	22,753,563	23,626,277	16,155,439	12,695,192	38,909,002	36,321,469
Ending Net Assets	\$20,311,980	\$22,753,563	\$17,343,451	\$16,155,439	\$37,655,431	\$38,909,002

CITY OF PORTSMOUTH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2011**

Unaudited

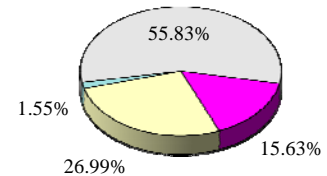
Governmental Activities

Net assets of the City's governmental activities decreased by \$2,441,583. The decrease in Net Assets is the result of an increase in personnel costs due to increased cost of wages per contractual commitments.

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.

Income taxes and property taxes made up 41.2% and 12.8% respectively of revenues for governmental activities for the City in fiscal year 2011. The City's reliance upon tax revenues is demonstrated by the following graph indicating 55.83% of total revenues from general tax revenues:

Revenue Sources	2011	Percent of Total
General Tax Revenues	\$9,058,193	55.83%
Intergovernmental Revenue, Unrestricted	2,536,309	15.63%
Program Revenues	4,378,038	26.99%
General Other	251,249	1.55%
Total Revenue	\$16,223,789	100.00%



Business-Type Activities

Net assets of the business-type activities increased by \$1,188,012. The increase in net assets is a result of maintaining expenses lower than revenues. Net assets did not increase as much in 2011 due to a larger amount of ARRA stimulus funds being received in 2010.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$3,155,093, which is a decrease from last year's balance of \$3,586,641. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2011 and 2010:

	Fund Balance December 31, 2011	Fund Balance December 31, 2010	Increase (Decrease)
General	(\$1,658,384)	(\$530,043)	(\$1,128,341)
General Obligation Bond Retirement	65,065	40,553	24,512
Capital Improvement	1,919,163	1,312,261	606,902
Other Governmental	2,829,249	2,763,870	65,379
Total	\$3,155,093	\$3,586,641	(\$431,548)

CITY OF PORTSMOUTH, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2011***

Unaudited

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

	2011 Revenues	2010 Revenues	Increase (Decrease)
Property and Other Taxes	\$7,089,636	\$7,150,530	(\$60,894)
Intergovernmental Revenue	2,407,487	1,601,581	805,906
Charges for Services	314,657	341,939	(27,282)
Licenses and Permits	200,268	225,134	(24,866)
Investment Earnings	0	621	(621)
Fines and Forfeitures	590,141	579,418	10,723
All Other Revenue	97,008	182,588	(85,580)
Total	<u>\$10,699,197</u>	<u>\$10,081,811</u>	<u>\$617,386</u>

General Fund revenues in 2011 increased approximately 6.1% compared to revenues in fiscal year 2010. The increase in revenue was the result of an increase in the City's share of estate taxes (intergovernmental revenue) of approximately \$800,000.

	2011 Expenditures	2010 Expenditures	Increase (Decrease)
Security of Persons and Property	\$7,582,103	\$6,374,381	\$1,207,722
Public Health and Welfare Services	650,074	713,287	(63,213)
Community Environment	258,574	217,760	40,814
Transportation	518,396	342,035	176,361
General Government	2,858,129	2,833,859	24,270
Total	<u>\$11,867,276</u>	<u>\$10,481,322</u>	<u>\$1,385,954</u>

General Fund expenditures increased by \$1,385,954 or 13.2% compared to the prior year. The increase is the result of an increase in personnel costs due to increased wages per employee contracts.

General Obligation Bond Retirement Fund – The General Obligation Bond Retirement Fund balance increased from \$40,553 to \$65,065. The fund remained stable compared to 2010.

Capital Improvement Fund - The Capital Improvement Fund balance increased from \$1,312,261 to \$1,919,163. The City reduced its capital improvement spending in order to build up its reserves in anticipation of future spending needs.

CITY OF PORTSMOUTH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2011**

Unaudited

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

During the course of 2011 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of \$10,668,000 increased from original budget estimates of \$10,200,000 as a result of receiving higher than anticipated estate taxes. The actual revenues of \$10,670,042 were not significantly different than the final budget basis revenue.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2011 the City had \$43,473,316 net of accumulated depreciation invested in buildings, improvements, equipment, vehicles and infrastructure. Of this total, \$16,545,539 was related to governmental activities and \$26,927,777 to the business-type activities. The following table shows 2011 and 2010 balances:

	Governmental Activities		Increase (Decrease)
	2011	2010	
Land	\$1,826,884	\$1,826,884	\$0
Buildings	6,459,261	6,440,389	18,872
Improvements	2,135,500	2,135,500	0
Machinery and Equipment	9,405,514	9,412,448	(6,934)
Infrastructure	28,519,108	28,485,790	33,318
Less: Accumulated Depreciation	(31,800,728)	(30,161,364)	(1,639,364)
Totals	\$16,545,539	\$18,139,647	(\$1,594,108)

The primary reason for the decrease was depreciation expense.

	Business-Type Activities		Increase (Decrease)
	2011	2010	
Land	\$63,504	\$63,504	\$0
Construction in Progress	6,028,094	6,958,248	(930,154)
Buildings	1,954,975	1,932,546	22,429
Improvements other than Buildings	26,576,373	24,037,653	2,538,720
Machinery and Equipment	14,161,385	14,063,488	97,897
Less: Accumulated Depreciation	(21,856,554)	(20,541,738)	(1,314,816)
Totals	\$26,927,777	\$26,513,701	\$414,076

Business type capital assets increased by \$414,076. The major addition was the completion of the sludge digester. Several other projects are in progress, which includes the Lawson Run Wastewater Treatment Plant Improvements and a primary clarifier. Additional information on the City's capital assets can be found in Note 10.

CITY OF PORTSMOUTH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2011**

Unaudited

Debt

At December 31, 2011, the City had \$1,585,000 in General Obligation Bonds outstanding, \$65,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Governmental Activities:		
General Obligation Bond	\$1,585,000	\$1,645,000
Compensated Absences	497,890	655,507
Capital Leases	673,204	775,085
Total Governmental Activities	<u>\$2,756,094</u>	<u>\$3,075,592</u>
Business-Type Activities:		
Ohio Public Works Commission Loan	\$930,000	\$995,000
Water Refunding Revenue Bond	2,100,000	2,575,000
Ohio Water Development Authority Loan	5,237,048	4,881,242
Compensated Absences	79,621	71,540
Capital Leases	5,284,523	6,109,916
Total Business-Type Activities	<u>13,631,192</u>	<u>14,632,698</u>
Totals	<u>\$16,387,286</u>	<u>\$17,708,290</u>

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.5% of the total assessed value of real and personal property. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total assessed value of property. At December 31, 2011, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 13.

ECONOMIC FACTORS

The local economy continues to be stagnant and revenues are flat. This resulted in a negative cash balance in the General Fund. This was due to the cost of police, fire and other governmental services, which are mainly supported with General Fund monies.

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**Statement of Net Assets
December 31, 2011**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 1,812,694	\$ 1,306,069	\$ 3,118,763
Receivables:			
Taxes	3,260,049	0	3,260,049
Accounts	411,652	2,241,451	2,653,103
Intergovernmental	3,211,687	0	3,211,687
Loans	78,090	0	78,090
Internal Balances	199,807	(199,807)	0
Inventory of Supplies at Cost	60,081	62,071	122,152
Prepaid Items	17,282	21,244	38,526
Deferred Charge	0	58,827	58,827
Restricted Assets:			
Cash and Cash Equivalents	178,041	1,251,307	1,429,348
Capital Assets:			
Capital Assets Not Being Depreciated	1,826,884	6,091,598	7,918,482
Capital Assets Being Depreciated, Net of Accumulated Depreciation	14,718,655	20,836,179	35,554,834
Total Assets	25,774,922	31,668,939	57,443,861
Liabilities:			
Accounts Payable	215,995	173,421	389,416
Accrued Wages and Benefits	7,928	3,381	11,309
Intergovernmental Payable	551,473	187,437	738,910
Claims Payable	53,885	0	53,885
Refundable Deposits	0	308,393	308,393
Unearned Revenue	1,849,000	0	1,849,000
Accrued Interest Payable	28,567	21,664	50,231
Long-term Liabilities:			
Due within one year	221,032	1,681,999	1,903,031
Due in more than one year	2,535,062	11,949,193	14,484,255
Total Liabilities	5,462,942	14,325,488	19,788,430

(Continued)

CITY OF PORTSMOUTH, OHIO

	Governmental Activities	Business-Type Activities	Total
Net Assets:			
Invested in Capital Assets, Net of Related Debt	16,236,319	14,370,361	30,606,680
Restricted For:			
Streets and Highways	528,934	0	528,934
Community Development	1,285,717	0	1,285,717
Security of Persons and Property	2,260,420	0	2,260,420
Public Health and Welfare	654,352	0	654,352
Capital Projects	1,934,916	0	1,934,916
Debt Service	89,272	942,914	1,032,186
Perpetual Care:			
Expendable	151,198	0	151,198
Nonexpendable	26,843	0	26,843
Unrestricted (Deficit)	<u>(2,855,991)</u>	<u>2,030,176</u>	<u>(825,815)</u>
Total Net Assets	\$ 20,311,980	\$ 17,343,451	\$ 37,655,431

See accompanying notes to the basic financial statements

CITY OF PORTSMOUTH, OHIO

**Statement of Activities
For the Year Ended December 31, 2011**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 8,579,519	\$ 758,640	\$ 88,121	\$ 0
Public Health and Welfare Services	2,621,773	336,951	1,658,035	0
Leisure Time Activities	79,666	68,158	2,041	0
Community Environment	693,688	95,092	970	0
Transportation	2,372,106	41,584	907,130	0
General Government	4,197,318	349,822	71,494	0
Interest and Fiscal Charges	121,302	0	0	0
Total Governmental Activities	18,665,372	1,650,247	2,727,791	0
Business-Type Activities:				
Water	5,786,341	6,008,911	0	200,210
Sewer	2,896,984	2,943,096	0	669,069
Sanitation	1,314,807	1,369,124	0	0
Primary Care	44,432	40,166	0	0
Total Business-Type Activities	10,042,564	10,361,297	0	869,279
Totals	\$ 28,707,936	\$ 12,011,544	\$ 2,727,791	\$ 869,279

General Revenues

Property Taxes Levied for:
 General Purposes
 Special Purpose
 Debt Service
 Income Taxes
 Other Local Taxes
 Intergovernmental Revenue, Unrestricted
 Investment Earnings
 Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year
Net Assets End of Year

See accompanying notes to the basic financial statements

CITY OF PORTSMOUTH, OHIO

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (7,732,758)	\$ 0	\$ (7,732,758)
(626,787)	0	(626,787)
(9,467)	0	(9,467)
(597,626)	0	(597,626)
(1,423,392)	0	(1,423,392)
(3,776,002)	0	(3,776,002)
(121,302)	0	(121,302)
<u>(14,287,334)</u>	<u>0</u>	<u>(14,287,334)</u>
0	422,780	422,780
0	715,181	715,181
0	54,317	54,317
0	(4,266)	(4,266)
<u>0</u>	<u>1,188,012</u>	<u>1,188,012</u>
<u>(14,287,334)</u>	<u>1,188,012</u>	<u>(13,099,322)</u>
1,596,316	0	1,596,316
326,443	0	326,443
154,074	0	154,074
6,684,933	0	6,684,933
296,427	0	296,427
2,536,309	0	2,536,309
44	0	44
251,205	0	251,205
<u>11,845,751</u>	<u>0</u>	<u>11,845,751</u>
(2,441,583)	1,188,012	(1,253,571)
<u>22,753,563</u>	<u>16,155,439</u>	<u>38,909,002</u>
<u>\$ 20,311,980</u>	<u>\$ 17,343,451</u>	<u>\$ 37,655,431</u>

CITY OF PORTSMOUTH, OHIO

**Balance Sheet
Governmental Funds
December 31, 2011**

	General	General Obligation Bond Retirement	Capital Improvement
Assets:			
Cash and Cash Equivalents	\$ 37,511	\$ 65,065	\$ 101,332
Receivables:			
Taxes	2,519,507	189,665	184,506
Accounts	266,647	0	0
Intergovernmental	870,708	11,109	0
Loans	0	0	0
Due from Other Funds	0	0	1,802,946
Inventory of Supplies, at Cost	38,070	0	0
Prepaid Items	8,240	0	1,808
Restricted Assets:			
Cash and Cash Equivalents	0	0	0
Total Assets	\$ 3,740,683	\$ 265,839	\$ 2,090,592
Liabilities:			
Accounts Payable	\$ 87,542	\$ 0	\$ 85,246
Accrued Wages and Benefits Payable	7,826	0	0
Intergovernmental Payable	414,862	0	0
Due to Other Funds	2,267,786	0	70,430
Deferred Revenue	2,621,051	200,774	15,753
Total Liabilities	5,399,067	200,774	171,429
Fund Balances:			
Nonspendable	46,310	0	1,808
Restricted	0	65,065	1,917,355
Committed	0	0	0
Unassigned	(1,704,694)	0	0
Total Fund Balances	(1,658,384)	65,065	1,919,163
Total Liabilities and Fund Balances	\$ 3,740,683	\$ 265,839	\$ 2,090,592

See accompanying notes to the basic financial statements

CITY OF PORTSMOUTH, OHIO

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,608,786	\$ 1,812,694
366,371	3,260,049
145,005	411,652
2,329,870	3,211,687
78,090	78,090
937,745	2,740,691
22,011	60,081
7,234	17,282
<u>178,041</u>	<u>178,041</u>
<u>\$ 5,673,153</u>	<u>\$ 11,770,267</u>
\$ 43,207	\$ 215,995
102	7,928
136,611	551,473
258,132	2,596,348
<u>2,405,852</u>	<u>5,243,430</u>
<u>2,843,904</u>	<u>8,615,174</u>
56,088	104,206
2,945,102	4,927,522
55,800	55,800
<u>(227,741)</u>	<u>(1,932,435)</u>
<u>2,829,249</u>	<u>3,155,093</u>
<u>\$ 5,673,153</u>	<u>\$ 11,770,267</u>

CITY OF PORTSMOUTH, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2011***

Total Governmental Fund Balances		\$	3,155,093
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>			
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.			16,545,539
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.			3,394,430
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.			1,579
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General Obligation Bonds Payable	(1,585,000)		
Capital Leases Payable	(673,204)		
Compensated Absences Payable	(497,890)		
Accrued Interest Payable	(28,567)		
			<u>(2,784,661)</u>
<i>Net Assets of Governmental Activities</i>		\$	<u>20,311,980</u>

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, 2011**

	General	General Obligation Bond Retirement	Capital Improvement
Revenues:			
Taxes	\$ 7,089,636	\$ 150,746	\$ 1,442,292
Intergovernmental Revenues	2,407,487	22,406	0
Charges for Services	314,657	0	0
Licenses and Permits	200,268	0	0
Investment Earnings	0	0	0
Fines and Forfeitures	590,141	0	0
All Other Revenue	97,008	0	0
Total Revenue	10,699,197	173,152	1,442,292
Expenditures:			
Current:			
Security of Persons and Property	7,582,103	0	0
Public Health and Welfare Services	650,074	0	0
Leisure Time Activities	0	0	0
Community Environment	258,574	0	0
Transportation	518,396	0	0
General Government	2,858,129	0	0
Capital Outlay	0	0	699,867
Debt Service:			
Principal Retirement	0	60,000	101,881
Interest and Fiscal Charges	0	88,640	33,642
Total Expenditures	11,867,276	148,640	835,390
Excess (Deficiency) of Revenues Over Expenditures	(1,168,079)	24,512	606,902
Other Financing Sources (Uses):			
Sale of Capital Assets	33,034	0	0
Transfers In	0	0	0
Transfers Out	(18,000)	0	0
Total Other Financing Sources (Uses)	15,034	0	0
Net Change in Fund Balances	(1,153,045)	24,512	606,902
Fund Balances at Beginning of Year	(530,043)	40,553	1,312,261
Increase in Inventory Reserve	24,704	0	0
Fund Balances End of Year	\$ (1,658,384)	\$ 65,065	\$ 1,919,163

See accompanying notes to the basic financial statements

CITY OF PORTSMOUTH, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 378,758	\$ 9,061,432
3,543,744	5,973,637
134,207	448,864
0	200,268
44	44
384,844	974,985
170,922	267,930
<u>4,612,519</u>	<u>16,927,160</u>
777,079	8,359,182
1,934,979	2,585,053
64,374	64,374
410,409	668,983
787,737	1,306,133
604,421	3,462,550
0	699,867
0	161,881
0	122,282
<u>4,578,999</u>	<u>17,430,305</u>
33,520	(503,145)
0	33,034
18,000	18,000
0	(18,000)
<u>18,000</u>	<u>33,034</u>
51,520	(470,111)
2,763,870	3,586,641
13,859	38,563
<u>\$ 2,829,249</u>	<u>\$ 3,155,093</u>

CITY OF PORTSMOUTH, OHIO

***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, 2011***

Net Change in Fund Balances - Total Governmental Funds \$ (470,111)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital Outlay	232,015	
Depreciation Expense	<u>(1,823,453)</u>	(1,591,438)

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. (2,670)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (736,405)

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	60,000	
Capital Leases Payable	<u>101,881</u>	161,881

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 980

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	157,617	
Change in Inventory	<u>38,563</u>	196,180

Change in Net Assets of Governmental Activities \$ (2,441,583)

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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 7,120,000	\$ 7,078,000	\$ 7,076,750	\$ (1,250)
Intergovernmental Revenue	1,717,000	2,364,000	2,372,680	8,680
Charges for Services	380,000	307,000	307,320	320
Licenses and Permits	264,000	205,000	200,268	(4,732)
Investment Earnings	1,000	0	0	0
Fines and Forfeitures	650,000	586,000	585,123	(877)
All Other Revenues	68,000	95,000	94,867	(133)
Total Revenues	<u>10,200,000</u>	<u>10,635,000</u>	<u>10,637,008</u>	<u>2,008</u>
Expenditures:				
Current:				
Security of Persons and Property	7,013,237	7,148,837	7,465,280	(316,443)
Public Health and Welfare Services	641,696	645,985	650,707	(4,722)
Community Environment	214,904	214,904	251,545	(36,641)
Transportation	335,831	358,831	503,437	(144,606)
General Government	2,974,885	2,972,616	2,786,889	185,727
Total Expenditures	<u>11,180,553</u>	<u>11,341,173</u>	<u>11,657,858</u>	<u>(316,685)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(980,553)	(706,173)	(1,020,850)	(314,677)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	33,000	33,034	34
Transfers Out	<u>(18,000)</u>	<u>(18,000)</u>	<u>(18,000)</u>	<u>0</u>
Total Other Financing Sources (Uses):	<u>(18,000)</u>	<u>15,000</u>	<u>15,034</u>	<u>34</u>
Net Change in Fund Balance	(998,553)	(691,173)	(1,005,816)	(314,643)
Fund Balance at Beginning of Year	<u>(724,036)</u>	<u>(724,036)</u>	<u>(724,036)</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (1,722,589)</u>	<u>\$ (1,415,209)</u>	<u>\$ (1,729,852)</u>	<u>\$ (314,643)</u>

See accompanying notes to the basic financial statements

CITY OF PORTSMOUTH, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2011**

	Business-Type Activities		
	Enterprise Funds		
	Major		
	Water	Sewer	Sanitation
ASSETS			
Current assets:			
Cash and Cash Equivalents	\$ 1,134,894	\$ 0	\$ 153,214
Accounts receivable (net of allowance for uncollectibles)	1,298,562	643,444	299,445
Due from Other Funds	66,786	510,086	0
Inventory of Supplies at Cost	41,146	14,734	880
Prepaid Items	8,333	5,041	7,561
Total current assets	<u>2,549,721</u>	<u>1,173,305</u>	<u>461,100</u>
Noncurrent assets:			
Restricted Assets:			
Cash and Cash Equivalents	1,251,307	0	0
Deferred Charges	58,827	0	0
Capital assets:			
Capital Assets Not Being Depreciated	357,540	5,734,058	0
Capital Assets Being Depreciated, net of accumulated depreciation	<u>16,749,689</u>	<u>3,308,078</u>	<u>778,412</u>
Total capital assets	<u>17,107,229</u>	<u>9,042,136</u>	<u>778,412</u>
Total noncurrent assets	<u>18,417,363</u>	<u>9,042,136</u>	<u>778,412</u>
Total assets	<u>20,967,084</u>	<u>10,215,441</u>	<u>1,239,512</u>
LIABILITIES			
Current liabilities:			
Accounts Payable	32,815	116,344	22,380
Accrued Wages and Benefits	1,150	2,231	0
Intergovernmental Payable	101,973	58,187	26,578
Claims Payable	0	0	0
Refundable Deposits	308,393	0	0
Due to Other Funds	578,466	156,867	38,389
Accrued Interest Payable	21,664	0	0
Capital Leases Payable - Current	563,638	201,987	94,666
Revenue Bond Payable - Current	495,000	0	0
OWDA Loans Payable - Current	155,985	89,811	0
OPWC Loans Payable - Current	0	65,000	0
Compensated Absences Payable - Current	9,787	5,384	741
Total Current Liabilities	<u>2,268,871</u>	<u>695,811</u>	<u>182,754</u>

CITY OF PORTSMOUTH, OHIO

Nonmajor Primary Care	Total	Governmental Activities Internal Service Fund
\$ 17,961	\$ 1,306,069	\$ 0
0	2,241,451	0
0	576,872	890,072
5,311	62,071	0
309	21,244	0
<u>23,581</u>	<u>4,207,707</u>	<u>890,072</u>
0	1,251,307	0
0	58,827	0
0	6,091,598	0
0	20,836,179	0
0	26,927,777	0
0	28,237,911	0
<u>23,581</u>	<u>32,445,618</u>	<u>890,072</u>
1,882	173,421	0
0	3,381	0
699	187,437	0
0	0	53,885
0	308,393	0
1,378	775,100	836,187
0	21,664	0
0	860,291	0
0	495,000	0
0	245,796	0
0	65,000	0
0	15,912	0
<u>3,959</u>	<u>3,151,395</u>	<u>890,072</u>

(Continued)

CITY OF PORTSMOUTH, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2011**

	Business-Type Activities		
	Enterprise Funds		
	Major		
	Water	Sewer	Sanitation
Noncurrent Liabilities:			
Capital Leases Payable	3,484,913	939,319	0
Revenue Bonds Payable	1,605,000	0	0
OWDA Loans Payable	3,050,653	1,940,599	0
OPWC Loans Payable	0	865,000	0
Compensated Absences Payable	49,710	13,697	302
Total noncurrent liabilities	8,190,276	3,758,615	302
Total Liabilities	10,459,147	4,454,426	183,056
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	7,810,867	5,875,748	683,746
Restricted for Debt Service	942,914	0	0
Unrestricted	1,754,156	(114,733)	372,710
Total Net Assets	<u>\$ 10,507,937</u>	<u>\$ 5,761,015</u>	<u>\$ 1,056,456</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

<u>Nonmajor</u> <u>Primary Care</u>	<u>Total</u>	Governmental Activities Internal Service <u>Fund</u>
0	4,424,232	0
0	1,605,000	0
0	4,991,252	0
0	865,000	0
0	63,709	0
<u>0</u>	<u>11,949,193</u>	<u>0</u>
3,959	15,100,588	890,072
0	14,370,361	0
0	942,914	0
<u>19,622</u>	<u>2,031,755</u>	<u>0</u>
<u>\$ 19,622</u>	<u>\$ 17,345,030</u>	<u>\$ 0</u>
	<u>(1,579)</u>	
	<u>\$ 17,343,451</u>	

CITY OF PORTSMOUTH, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2011**

	Business-Type Activities		
	Enterprise Funds		
	Major		
	Water	Sewer	Sanitation
Operating Revenues:			
Charges for Services	\$ 5,926,959	\$ 2,941,012	\$ 1,364,115
Other Operating Revenues	81,928	2,065	5,009
Total Operating Revenues	6,008,887	2,943,077	1,369,124
Operating Expenses:			
Personal Services	2,691,355	1,749,792	745,896
Contractual Services	784,482	644,250	355,980
Materials and Supplies	854,893	209,086	118,325
Depreciation	1,066,143	161,877	86,796
Total Operating Expenses	5,396,873	2,765,005	1,306,997
Operating Income (Loss)	612,014	178,072	62,127
Non-Operating Revenue (Expenses):			
Interest Income	24	19	0
Interest and Fiscal Charges	(389,468)	(131,979)	(7,810)
Total Non-Operating Revenues (Expenses)	(389,444)	(131,960)	(7,810)
Income (Loss) Before Contributions	222,570	46,112	54,317
Capital Contributions	200,210	669,069	0
Change in Net Assets	422,780	715,181	54,317
Net Assets Beginning of Year	10,085,157	5,045,834	1,002,139
Net Assets End of Year	\$ 10,507,937	\$ 5,761,015	\$ 1,056,456

See accompanying notes to the basic financial statements

CITY OF PORTSMOUTH, OHIO

Nonmajor Primary Care	Total	Governmental Activities Internal Service Fund
\$ 34,636	\$ 10,266,722	\$ 337,738
5,530	94,532	0
<u>40,166</u>	<u>10,361,254</u>	<u>337,738</u>
25,521	5,212,564	337,738
153	1,784,865	0
18,758	1,201,062	0
0	1,314,816	0
<u>44,432</u>	<u>9,513,307</u>	<u>337,738</u>
(4,266)	847,947	0
0	43	0
<u>0</u>	<u>(529,257)</u>	<u>0</u>
<u>0</u>	<u>(529,214)</u>	<u>0</u>
(4,266)	318,733	0
<u>0</u>	<u>869,279</u>	<u>0</u>
(4,266)	1,188,012	0
<u>23,888</u>	<u>16,157,018</u>	<u>0</u>
<u>\$ 19,622</u>	<u>\$ 17,345,030</u>	<u>\$ 0</u>

CITY OF PORTSMOUTH, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011**

	Business-Type Activities		
	Enterprise Funds		
	Major		
	Water	Sewer	Sanitation
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$6,180,937	\$2,917,266	\$1,366,216
Cash Payments for Goods and Services	(1,655,729)	(791,313)	(479,150)
Cash Payments to Employees	(2,673,356)	(1,699,288)	(730,104)
Customer Deposits Received	114,100	0	0
Customer Deposits Refunded	(106,945)	0	0
Net Cash Provided (Used) by Operating Activities	<u>1,859,007</u>	<u>426,665</u>	<u>156,962</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Loan from Other Funds	439,656	66,786	0
Loan to Other Funds	(66,786)	(510,086)	0
Principal Paid on Ohio Public Works Commission Loan	0	(30,000)	0
Net Cash Provided (used) by Noncapital Financing Activities	<u>372,870</u>	<u>(473,300)</u>	<u>0</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Proceeds from Ohio Water Development Authority Loan	0	591,082	0
Proceeds from Intergovernmental Grants	150,000	0	0
Acquisition and Construction of Assets	(373,149)	(683,406)	0
Principal Paid on Mortgage Revenue Bond	(475,000)	0	0
Principal Paid on Ohio Public Works Commission Loan	0	(35,000)	0
Principal Paid on Ohio Water Development Authority Loan	(150,752)	(84,524)	0
Capital Lease Payment	(541,195)	(193,356)	(90,842)
Interest Paid on All Debt	(379,511)	(131,979)	(7,810)
Net Cash Used by Capital and Related Financing Activities	<u>(1,769,607)</u>	<u>(537,183)</u>	<u>(98,652)</u>
<u>Cash Flows from Investing Activities:</u>			
Receipt of Interest	<u>24</u>	<u>19</u>	<u>0</u>
Net Cash Provided by Investing Activities	<u>24</u>	<u>19</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	462,294	(583,799)	58,310
Cash and Cash Equivalents at Beginning of Year	<u>1,923,907</u>	<u>583,799</u>	<u>94,904</u>
Cash and Cash Equivalents at End of Year	<u>\$2,386,201</u>	<u>\$0</u>	<u>\$153,214</u>
<u>Reconciliation of Cash and Cash Equivalent per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$1,134,894	\$0	\$153,214
Restricted Cash and Cash Equivalents	<u>1,251,307</u>	<u>0</u>	<u>0</u>
Cash and Cash Equivalents at End of Year	<u>\$2,386,201</u>	<u>\$0</u>	<u>\$153,214</u>

CITY OF PORTSMOUTH, OHIO

Nonmajor		Governmental -Activities Internal Service Fund
Primary Care	Total	Fund
\$40,166	\$10,504,585	\$0
(16,018)	(2,942,210)	(444,369)
(23,519)	(5,126,267)	0
0	114,100	0
0	(106,945)	0
629	2,443,263	(444,369)
0	506,442	444,369
0	(576,872)	0
0	(30,000)	0
0	(100,430)	444,369
0	591,082	0
0	150,000	0
0	(1,056,555)	0
0	(475,000)	0
0	(35,000)	0
0	(235,276)	0
0	(825,393)	0
0	(519,300)	0
0	(2,405,442)	0
0	43	0
0	43	0
629	(62,566)	0
17,332	2,619,942	0
\$17,961	\$2,557,376	\$0
\$17,961	\$1,306,069	\$0
0	1,251,307	0
\$17,961	\$2,557,376	\$0

(Continued)

CITY OF PORTSMOUTH, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011**

	Business-Type Activities		
	Enterprise Funds		
	Major		
	Water	Sewer	Sanitation
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$612,014	\$178,072	\$62,127
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	1,066,143	161,877	86,796
Miscellaneous Nonoperating Revenue	0	0	0
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	172,050	(25,811)	(2,908)
Increase in Due from Other Funds	0	0	0
(Increase) Decrease in Inventory	17,850	0	(880)
(Increase) in Prepaid Items	(3,047)	0	(3,564)
Increase (Decrease) in Accounts Payable	(28,235)	63,483	(607)
Increase (Decrease) in Intergovernmental Payable	(55,372)	(10,966)	(2,587)
Increase (Decrease) in Accrued Wages and Benefits	(5,572)	1,567	(274)
Increase in Claims Payable	0	0	0
Increase in Customer Deposits	7,155	0	0
Increase in Due to Other Funds	70,195	55,691	19,356
Increase (Decrease) in Compensated Absences	5,826	2,752	(497)
Total Adjustments	1,246,993	248,593	94,835
Net Cash Provided (Used) by Operating Activities	\$1,859,007	\$426,665	\$156,962

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2011 the Sewer Fund had outstanding liabilities of \$17,160 for certain capital assets.

During 2011, the Sewer Fund received capital contributions from the Ohio Public Works Commission of \$669,069.

See accompanying notes to the basic financial statements

CITY OF PORTSMOUTH, OHIO

<u>Nonmajor</u>		Governmental -Activities Internal Service Funds
Primary Care	Total	Funds
(\$4,266)	\$847,947	\$0
0	1,314,816	0
0	0	0
0	143,331	600
0	0	(463,403)
3,053	20,023	0
(309)	(6,920)	0
149	34,790	(138)
624	(68,301)	0
0	(4,279)	0
0	0	18,572
0	7,155	0
1,378	146,620	0
0	8,081	0
<u>4,895</u>	<u>1,595,316</u>	<u>(444,369)</u>
<u>\$629</u>	<u>\$2,443,263</u>	<u>(\$444,369)</u>

CITY OF PORTSMOUTH, OHIO

**Statement of Net Assets
Fiduciary Funds
December 31, 2011**

	Private Purpose Trust	
	Private Purpose	Agency
Assets:		
Cash and Cash Equivalents	\$ 96,695	\$ 0
Receivables:		
Accounts	0	472,316
Restricted Assets:		
Cash and Cash Equivalents	0	109,203
Total Assets	<u>96,695</u>	<u>581,519</u>
Liabilities:		
Intergovernmental Payable	0	34,362
Claims Payable	84,616	0
Due to Others	0	547,157
Total Liabilities	<u>84,616</u>	<u>581,519</u>
Unrestricted	<u>12,079</u>	<u>0</u>
Total Net Assets	<u>\$ 12,079</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

CITY OF PORTSMOUTH, OHIO

***Statement of Changes in Net Assets
Fiduciary Funds
For the Year Ended December 31, 2011***

	<u>Private Purpose</u>
Additions:	
Total Additions	\$ 0
Deductions:	
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, 2011***

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, 2011 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, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

Proprietary Funds

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

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

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

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

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

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, 2011***

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 Resources Board, funds from the three percent (3%) fees as required by Ohio Revised Code, and funds that flow through the municipal court office. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net 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, 2011***

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, 2011***

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, 2011 but which are not intended to finance 2011 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, 2011***

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 for the General Fund is by department level, by personal services and other expenditures and for all other funds by personal services and other expenditures. Budgetary control is maintained by not permitting expenditures to exceed appropriations at the legal level as stated above without the approval of City Council. Administrative control is maintained through the establishment of more detailed line-item budgets. Budgetary modifications above the object level by fund may only be made by ordinance of the City Council.

1. Tax Budget

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

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 2011.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

The appropriation ordinance establishes spending controls at the fund level by department, by personal services and other expenditures for the General Fund and by the personal services and other expenditures in all other funds. The appropriation ordinance may be amended during the year as additional information becomes available provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments within a fund may be modified during the year by an ordinance of City Council. Several supplemental appropriations were made during 2011. 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.

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, 2011**

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. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary cash basis statements for the General Fund:

	Net Change in Fund Balance
	General Fund
GAAP Basis (as reported)	(\$1,153,045)
Increase (Decrease):	
Accrued Revenues at December 31, 2011 received during 2012	(1,073,322)
Accrued Revenues at December 31, 2010 received during 2011	1,011,133
Accrued Expenditures at December 31, 2011 paid during 2012	1,048,164
Accrued Expenditures at December 31, 2010 paid during 2011	(836,638)
2010 Prepays for 2011	6,132
2011 Prepays for 2012	(8,240)
Budget Basis	<u><u>(\$1,005,816)</u></u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

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

G. Inventory

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Capital Assets and Depreciation

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

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net 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, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation (Continued)

2. Property, Plant and Equipment – Business Type Activities

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. 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:

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

J. Long-Term Obligations

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences

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

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

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net Assets restricted for Other Purposes include programs for street and highway improvements, federal and state grants for security of persons and property, public health and welfare and mandatory fines for various court programs.

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

M. Pensions

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Interfund Activity

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

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

O. Fund Balances

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

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

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

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

Assigned – Assigned fund balance consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balances (Continued)

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

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

P. Restricted Assets

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

Q. Operating Revenues and Expenses

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

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For 2011, the City implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that compromise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement did not result restatement of the City's financial statements.

CITY OF PORTSMOUTH, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 3 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General Fund	General Obligation Bond Retirement Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid Items	\$8,240	\$0	\$1,808	\$7,234	\$17,282
Supplies Inventory	38,070	0	0	22,011	60,081
Endowment	0	0	0	26,843	26,843
Total Nonspendable	<u>46,310</u>	<u>0</u>	<u>1,808</u>	<u>56,088</u>	<u>104,206</u>
Restricted:					
Transportation Projects	0	0	0	286,493	286,493
Court Projects	0	0	0	405,567	405,567
Public Safety	0	0	0	1,014,755	1,014,755
Health	0	0	0	420,341	420,341
Cemetery	0	0	0	151,198	151,198
Community Development	0	0	0	650,127	650,127
Debt Retirement	0	65,065	0	0	65,065
Capital Improvements	0	0	1,917,355	0	1,917,355
Parks and Recreation	0	0	0	16,621	16,621
Total Restricted	<u>0</u>	<u>65,065</u>	<u>1,917,355</u>	<u>2,945,102</u>	<u>4,927,522</u>
Committed:					
Parks and Recreation	0	0	0	55,800	55,800
Total Committed	<u>0</u>	<u>0</u>	<u>0</u>	<u>55,800</u>	<u>55,800</u>
Unassigned:					
	(1,704,694)	0	0	(227,741)	(1,932,435)
Total Fund Balances	<u>(\$1,658,384)</u>	<u>\$65,065</u>	<u>\$1,919,163</u>	<u>\$2,829,249</u>	<u>\$3,155,093</u>

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficit

The fund deficit of \$3,083 in the ARRA-Municipal Court Security Grant Fund, \$23,000 in the Fire Pension Fund, and \$23,000 in the Police Pension Fund, (special revenue funds) arose from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. A deficit does not exist under the cash basis of accounting. Transfers are provided when cash is required, not when accruals occur. The fund deficits of \$1,658,384 in the General Fund, and \$29,549 in the Municipal Court Grants Fund, \$24,596 in the Municipal Court Programs Fund, \$20,047 in the COPS Hiring Recovery Program Grant Fund, \$37,310 in the Rural AIDS State Grant Fund, and \$66,371 in the Regional HIV Prevention Fund (special revenue funds) arose from cash overdrafts in those funds.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Cash Deficit

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

C. Excess Appropriations over Estimated Resources

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

D. Excess Appropriations over Actual Resources

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

E. Certificate of Fiscal Officer

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

NOTE 5 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

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

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

A. Deposits

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

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

A. Deposits (Continued)

At year end the carrying amount of the City’s deposits was \$3,811,095 and the bank balance was \$5,339,630. Federal depository insurance covered \$499,751 of the bank balance and \$4,839,879 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$4,839,879</u>
Total Balance	<u><u>\$4,839,879</u></u>

B. Investments

The City's investments at December 31, 2011 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities In Years less than 1</u>
First American Treasury Obligation	<u>\$942,914</u>	AAAm	<u>\$942,914</u>
Total Investments	<u><u>\$942,914</u></u>		<u><u>\$942,914</u></u>

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

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

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

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

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	Cash and Cash Equivalents	Investments
Per Financial Statements	\$4,754,009	\$0
First American Treasury Obligation	(942,914)	942,914
Per GASB Statement No. 3	<u>\$3,811,095</u>	<u>\$942,914</u>

NOTE 6 - TAXES

A. Property Taxes

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

Due to the phase out which began in 2005, the tangible personal property tax percentage was reduced to zero in 2009 for businesses. The tax temporarily applied to telephone and interexchange telecommunications companies which was phased out for 2011. After 2011, tangible personal property will not be subject to tax and only delinquent tangible personal property tax is currently being received.

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, 2011***

NOTE 6 - TAXES (Continued)

A. Property Taxes (Continued)

The full tax rate for all City operations for the year ended December 31, 2011 was \$10.35 per \$1,000 of assessed value. The assessed value upon which the 2011 tax collections were based was \$217,525,430. This amount constituted \$205,503,480 in real property assessed value and \$12,021,950 in public utility assessed.

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

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 7 - RECEIVABLES

Receivables at December 31, 2011 consisted of taxes, intergovernmental, interest, accounts receivable, and loans.

CITY OF PORTSMOUTH, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivables and payables balances at December 31, 2011 are as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$0	\$2,267,786
Capital Improvement	1,802,946	70,430
Other Governmental Funds	937,745	258,132
Total Governmental Funds	<u>2,740,691</u>	<u>2,596,348</u>
Water Fund	66,786	578,466
Sewer Fund	510,086	156,867
Sanitation Fund	0	38,389
Primary Care Fund	0	1,378
Total Enterprise Funds	<u>576,872</u>	<u>775,100</u>
Internal Service Fund	890,072	836,187
	<u>\$4,207,635</u>	<u>\$4,207,635</u>

On the Statement of Net Assets, the Business-Type Activities reported an internal balance at December 31, 2011 of \$199,807, which was offset in the Governmental Activities by the same amount. The Due from Other Funds in the Capital Improvement Fund, Other Governmental Funds, and Water Fund is for overdrafts in the General Fund, several Special Revenue Funds, the Sewer Fund and the Internal Service Fund. The Due from Other Funds in the Other Governmental Funds is for reimbursement of expenditures made by the Community Development Fund for the General Fund and for overdrafts in Special Revenue Funds. The Due from Other Funds in the Internal Service Funds is for interfund charges.

NOTE 9 - TRANSFERS

Following is a summary of Transfers in and out for all funds for 2011:

Fund	Transfer In	Transfer Out
Governmental Funds:		
General Fund	\$0	\$18,000
Other Governmental Funds	18,000	0
Totals	<u>\$18,000</u>	<u>\$18,000</u>

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 10 - CAPITAL ASSETS

A. Governmental Capital Assets

Summary by category of changes in Governmental Capital Assets:

Historical Cost:

Class	December 31, 2010	Additions	Deletions	December 31, 2011
<i>Capital assets not being depreciated:</i>				
Land	\$1,826,884	\$0	\$0	\$1,826,884
Subtotal	1,826,884	0	0	1,826,884
<i>Capital assets being depreciated:</i>				
Buildings	6,440,389	18,872	0	6,459,261
Improvements	2,135,500	0	0	2,135,500
Machinery and Equipment	9,412,448	162,208	(169,142)	9,405,514
Infrastructure	28,485,790	50,935	(17,617)	28,519,108
Subtotal	46,474,127	232,015	(186,759)	46,519,383
Total Cost	\$48,301,011	\$232,015	(\$186,759)	\$48,346,267

Accumulated Depreciation:

Class	December 31, 2010	Additions	Deletions	December 31, 2011
Buildings	(\$2,025,110)	(\$136,840)	\$0	(\$2,161,950)
Improvements	(974,778)	(78,165)	0	(1,052,943)
Machinery and Equipment	(6,345,520)	(599,257)	169,142	(6,775,635)
Infrastructure	(20,815,956)	(1,009,191)	14,947	(21,810,200)
Total Depreciation	(\$30,161,364)	(\$1,823,453) *	\$184,089	(\$31,800,728)
<i>Net Value:</i>	\$18,139,647			\$16,545,539

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$350,420
Public Health & Welfare Services	48,021
Leisure Time Activities	15,292
Community Environment	61,797
Transportation	1,049,999
General Government	297,924
Total Depreciation Expense	\$1,823,453

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 10 - CAPITAL ASSETS (Continued)

B. Business Type Capital Assets

Summary by Category at December 31, 2011:

Historical Cost:

Class	December 31, 2010	Additions	Deletions	December 31, 2011
<i>Capital assets not being depreciated:</i>				
Land	\$63,504	\$0	\$0	\$63,504
Construction in Progress	6,958,248	1,584,198	(2,514,352)	6,028,094
Subtotal	<u>7,021,752</u>	<u>1,584,198</u>	<u>(2,514,352)</u>	<u>6,091,598</u>
<i>Capital assets being depreciated:</i>				
Buildings	1,932,546	22,429	0	1,954,975
Improvements other than Buildings	24,037,653	2,538,720	0	26,576,373
Machinery and Equipment	14,063,488	97,897	0	14,161,385
Subtotal	<u>40,033,687</u>	<u>2,659,046</u>	<u>0</u>	<u>42,692,733</u>
Total Cost	<u><u>\$47,055,439</u></u>	<u><u>\$4,243,244</u></u>	<u><u>(\$2,514,352)</u></u>	<u><u>\$48,784,331</u></u>

Accumulated Depreciation:

Class	December 31, 2010	Additions	Deletions	December 31, 2011
Buildings	(\$499,029)	(\$58,192)	\$0	(\$557,221)
Improvements other than Buildings	(15,933,261)	(349,182)	0	(16,282,443)
Machinery and Equipment	(4,109,448)	(907,442)	0	(5,016,890)
Total Depreciation	<u><u>(\$20,541,738)</u></u>	<u><u>(\$1,314,816)</u></u>	<u><u>\$0</u></u>	<u><u>(\$21,856,554)</u></u>
<i>Net Value:</i>	<u><u>\$26,513,701</u></u>			<u><u>\$26,927,777</u></u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 11 – DEFINED BENEFIT PENSION PLANS

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

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

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

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

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by 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 ORC provides statutory authority for employee and employer contributions. For 2011, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2011 employer contribution rate for local government employer units was 14.00%, of covered payroll which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 10.0% for calendar year 2011. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 7.95% for calendar year 2011. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City’s required contributions for pension obligations to OPERS for the years ending December 31, 2011, 2010, and 2009 were \$672,785, \$596,813 and \$564,141, respectively, which were equal to the required contributions for each year. Contributions to the member-directed plan for 2011 were \$4,201 made by the City and \$3,001 made by the plan members.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2011, 12.75% of annual covered salary for police and 17.25% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City’s contributions for pension obligations to the OP&F Fund for the years ending December 31, 2011, 2010, and 2009 were \$246,199, \$243,622 and \$205,625 for police and \$323,685, \$325,273 and \$343,372 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 12 - POSTEMPLOYMENT BENEFITS

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

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

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

OPERS issues a stand-alone financial report. 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.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% for calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% for calendar year 2011. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2011, 2010, and 2009 were \$269,114, \$340,184 and \$407,917, respectively, which were equal to the required contributions for each year.

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, 2011***

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2011, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2011, 2010, and 2009 were \$130,341, \$128,977 and \$108,861 for police and \$126,659, \$127,281 and \$134,363 for firefighters, respectively, which were equal to the required contributions for each year.

CITY OF PORTSMOUTH, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

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

Long-term debt and other long-term obligations of the City at December 31, 2011 were as follows:

				Balance December 31, 2010	Additions	(Deletions)	Balance December 31, 2011	Amount due Within One Year
Business-Type Activities Long-Term Debt:								
Ohio Public Works Commission Loans:								
2000	0.0%	Wastewater Improvement	2021	\$330,000	\$0	(\$30,000)	\$300,000	\$30,000
2008	0.0%	Wastewater-Sludge Digester	2028	665,000	0	(35,000)	630,000	35,000
Total Ohio Public Works Commission Loans				995,000	0	(65,000)	930,000	65,000
Refunding Revenue Bond:								
2003	1.6-4.15%	Waterworks Improvement	2015	2,575,000	0	(475,000)	2,100,000	495,000
Ohio Water Development Authority Loans:								
2007	3.25%	Water MIEX Installation	2028	3,316,088	0	(148,855)	3,167,233	153,733
2008	4.11%	Wastewater-Sludge Digester	2038	478,622	0	(9,642)	468,980	10,042
2009	4.11%	Wastewater-Lawson Run	2031	894,845	547,433	(62,137)	1,380,141	74,930
2010	0.00%	Water-High Service Pumps	2029	41,302	0	(1,897)	39,405	2,252
2010	4.39%	Wastewater-Collection System	2016	150,385	43,649	(12,745)	181,289	4,839
Total Ohio Water Development Authority Loans				4,881,242	591,082	(235,276)	5,237,048	245,796
Compensated Absences				71,540	225,604	(217,523)	79,621	15,912
Capital Lease - Enterprise Funds				6,109,916	0	(825,393)	5,284,523	860,291
Total Business-Type Long-Term Debt				<u>\$14,632,698</u>	<u>\$816,686</u>	<u>(\$1,818,192)</u>	<u>\$13,631,192</u>	<u>\$1,681,999</u>
Governmental Activities Long-Term Debt:								
General Obligation Bond								
2001	3.6-5.5%	Police and Fireman's Disability and Pension	2027	\$1,645,000	\$0	(\$60,000)	\$1,585,000	\$65,000
Compensated Absences				655,507	708,554	(866,171)	497,890	49,147
Capital Lease Payable				775,085	0	(101,881)	673,204	106,885
Total Governmental Activities				<u>\$3,075,592</u>	<u>\$708,554</u>	<u>(\$1,028,052)</u>	<u>\$2,756,094</u>	<u>\$221,032</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

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

				Original Issue
				<u> </u>
Business-Type Activities				
Ohio Public Works Commission Loans (OPWC):				
0.00%	Wastewater Improvement	2001-2021		\$600,000
0.00%	Wastewater-Sludge Digester	2008-2029		700,000
Total OPWC Loans				<u>\$1,300,000</u>
Refunding Revenue Bond:				
1.6- 4.15%	Waterworks Improvement	2003-2015		\$5,500,000
Total Refunding Revenue Bonds				<u>\$5,500,000</u>
Ohio Water Development Authority Loans (OWDA):				
3.25%	Water MIEX Installation	2007-2028		\$3,734,915
4.11%	Wastewater-Sludge Digester	2008-2038		501,078
3.43%	Wastewater-Lawson Run	2009-2031		1,442,278 *
0.00%	Water-High Service Pumps	2010-2029		45,034
4.39%	Wasterwater-Collection System	2010-2016		194,034 *
Total OWDA Loans				<u>\$5,917,339</u>
* Amount Disbursed as of December 31, 2011				
Governmental Activities Long-Term Debt				
General Obligation Bonds:				
3.6- 5.50%	Police and Fireman's Disability and Pension	2001-2027		\$2,090,000
Total General Obligation Bonds				<u>\$2,090,000</u>

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

In 2009, the City entered into an agreement with the OWDA, as administrator for the U.S. Environmental Protection Agency (EPA), for the City to receive a loan in the amount of \$1,746,992 for the wastewater treatment plant improvements. The amount is subject to change and has not been finalized. The interest rate on the loan is 3.43% per annum. An estimate of future financing requirements has been made based on the remaining loan balance of \$1,380,141 at December 31, 2011.

In 2010, the City entered into an agreement with the OWDA, as administrator for the U.S. Environmental Protection Agency (EPA), for the City to receive a loan in the amount of \$258,471 for wastewater collection system planning and design. The amount is subject to change and has not been finalized. The interest rate on the loan is 4.39% per annum. An estimate of future financing requirements has been made based on the remaining loan balance of \$181,289 at December 31, 2011.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

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

A. Principal and Interest Requirements

A summary of the City's future long-term debt funding requirements including principal and interest payments as of December 31, 2011 follows:

Business-Type Activities:

Years	Mortgage Revenue Bond		OPWC Loans		OWDA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$495,000	\$76,632	\$65,000	\$0	\$245,796	\$175,477
2013	515,000	55,922	65,000	0	254,057	167,216
2014	535,000	34,134	65,000	0	262,600	158,674
2015	555,000	11,516	65,000	0	432,038	149,840
2016	0	0	65,000	0	274,810	133,717
2017-2021	0	0	325,000	0	1,518,287	524,349
2022-2026	0	0	175,000	0	1,728,889	252,399
2027-2031	0	0	105,000	0	355,399	51,735
2032-2036	0	0	0	0	123,091	22,984
2037-2038	0	0	0	0	42,081	1,741
Totals	<u>\$2,100,000</u>	<u>\$178,204</u>	<u>\$930,000</u>	<u>\$0</u>	<u>\$5,237,048</u>	<u>\$1,638,132</u>

Governmental Activities:

Years	General Obligation Bonds	
	Principal	Interest
2012	\$65,000	\$85,700
2013	70,000	82,450
2014	70,000	78,880
2015	75,000	75,240
2016	80,000	71,265
2017-2021	470,000	287,395
2022-2026	610,000	144,100
2027	145,000	7,975
Totals	<u>\$1,585,000</u>	<u>\$833,005</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 14 - CAPITALIZED LEASES

The City leases water meters, four sanitation trucks, a Jet Vac truck and a sludge digester, all classified as machinery and equipment under capital leases. The cost of the equipment obtained under capital leases is \$5,673,582 in the Water Fund, \$891,185 in the Sewer Fund, and \$436,600 in the Sanitation Fund. The related liability is included in the Water, Sewer and Sanitation Funds. In addition the City leases 5 police vehicles, a street sweeper and window replacements with an original cost of \$598,738. The original cost of the equipment and the related liability are reported on 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, 2011.

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
2012	\$1,062,894	\$135,523
2013	913,793	135,523
2014	913,793	135,523
2015	913,793	105,646
2016	913,793	105,645
2017-2018	1,280,686	149,665
Minimum Lease Payments	5,998,752	767,525
Less amount representing interest at the City's incremental borrowing rate of interest	(714,229)	(94,321)
Present value of minimum lease payments	<u>\$5,284,523</u>	<u>\$673,204</u>

NOTE 15 - 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 16 - INSURANCE AND RISK MANAGEMENT

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 16 - INSURANCE AND RISK MANAGEMENT (Continued)

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

The liability for unpaid claims costs of \$53,885 reported in the fund at December 31, 2011 is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability is based on an estimate provided by the third party administrator.

<u>Fiscal Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year Liability</u>
2010	\$36,127	\$309,659	(\$310,473)	\$35,313
2011	35,313	337,738	(319,166)	53,885

NOTE 17 – SUBSEQUENT EVENTS

On August 27, 2012, City Council approved Resolution #12 to enter into an agreement with Oshkosh Capital for the lease purchase of a new fire truck not to exceed \$413,876 to be paid from the Capital Improvement Fund, Fund 301, over a five year period.

On September 24, 2012, City Council authorized the Mayor to enter into a Water Pollution Control Loan Fund agreement with the Ohio Environmental Protection Agency and the Ohio Water Development Authority, not to exceed \$250,000 for wastewater facilities. Monies will be repaid from the Sewer Fund.

NOTE 18 – FINANCIAL CONDITION

During 2011, the City had a negative cash balance in the General Fund. This was due to the cost of police, fire and other governmental services, which are mainly supported with General Fund monies. The City made an advance from the Capital Improvement Fund in the amount of \$1,316,560 and an advance from the Community Development Fund of \$413,292 to eliminate the negative cash balance in the General Fund.

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Municipal Court Grants Fund

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

Municipal Court Special Projects Fund

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

Municipal Court Probation Services Fund

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

Municipal Court Programs Fund

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

Municipal Court Computer Fund

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

American Recovery and Reinvestment Act (ARRA)

Municipal Court Security Grant Fund

To account for grant monies to be used for hiring Court Security Officers to protect and secure court personnel

Fire Donation Fund

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

Fire Pension Fund

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

Police Pension Fund

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

(Continued)

Special Revenue Funds

Police Donation Fund

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

D.A.R.E. State Grant Fund

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

Justice Assistance Grant (JAG) Grants Fund

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

Community Oriented Policing Services (COPS) Fast Grant Fund

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

Indigent Drivers Alcohol Treatment Fund

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

Enforcement and Education Fund

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

Mandatory Fines Fund

To account for mandatory fines for drug offenses.

Law Enforcement Fund

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

Community Oriented Policing Services (COPS)

Hiring Recovery Program Grant Fund

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

Rural Law Enforcement Assistance Grant Fund

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

Street Construction, Maintenance and Repair Fund

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

(Continued)

Special Revenue Funds

State Highway Improvement Fund

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

Environmental State Grants Fund

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

Community Development Fund

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

Tourism and Cultural Development Fund

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

State Grant Health Fund

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

Rural AIDS State Grant Fund

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

Ryan White HIV Care Part B Grant Fund

To account for grant funds to provide services to assist Ryan White patients with medical case management needs that include, but are not limited to, prescription assistance, utility assistance and many other identified social needs.

Family Planning Fund

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

Children and Family Health Services Grant Fund

To account for grant funds to provide administrative oversight for basic prenatal care services and community needs relative to families and children within the community. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

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

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

Regional HIV Prevention Fund

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

(Continued)

Special Revenue Funds

Ryan White Title III Fund

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

Flood Defense Fund

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

Land Reutilization Fund

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

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

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

Cemetery Trust Fund

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

Mausoleum Trust Fund

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

CITY OF PORTSMOUTH, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011**

	Nonmajor Special Revenue Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and Cash Equivalents	\$ 1,608,786	\$ 0	\$ 1,608,786
Receivables (net of allowance for doubtful accounts):			
Taxes	366,371	0	366,371
Accounts	145,005	0	145,005
Intergovernmental	2,329,870	0	2,329,870
Loans	78,090	0	78,090
Due from Other Funds	937,745	0	937,745
Inventory of Supplies, at Cost	22,011	0	22,011
Prepaid Items	7,234	0	7,234
Restricted Assets:			
Cash and Cash Equivalents	<u>0</u>	<u>178,041</u>	<u>178,041</u>
Total Assets	<u>\$ 5,495,112</u>	<u>\$ 178,041</u>	<u>\$ 5,673,153</u>
Liabilities:			
Accounts Payable	\$ 43,207	\$ 0	\$ 43,207
Accrued Wages and Benefits Payable	102	0	102
Intergovernmental Payable	136,611	0	136,611
Due to Other Funds	258,132	0	258,132
Deferred Revenue	<u>2,405,852</u>	<u>0</u>	<u>2,405,852</u>
Total Liabilities	<u>2,843,904</u>	<u>0</u>	<u>2,843,904</u>
Fund Balances:			
Nonspendable	29,245	26,843	56,088
Restricted	2,793,904	151,198	2,945,102
Committed	55,800	0	55,800
Unassigned	<u>(227,741)</u>	<u>0</u>	<u>(227,741)</u>
Total Fund Balances	<u>2,651,208</u>	<u>178,041</u>	<u>2,829,249</u>
Total Liabilities and Funds Balances	<u>\$ 5,495,112</u>	<u>\$ 178,041</u>	<u>\$ 5,673,153</u>

CITY OF PORTSMOUTH, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2011***

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$ 378,758	\$ 0	\$ 378,758
Intergovernmental Revenues	3,543,744	0	3,543,744
Charges for Services	132,207	2,000	134,207
Investment Earnings	44	0	44
Fines and Forfeitures	384,844	0	384,844
All Other Revenue	170,922	0	170,922
Total Revenue	<u>4,610,519</u>	<u>2,000</u>	<u>4,612,519</u>
Expenditures:			
Current:			
Security of Persons and Property	777,079	0	777,079
Public Health and Welfare Services	1,926,646	8,333	1,934,979
Leisure Time Activities	64,374	0	64,374
Community Environment	410,409	0	410,409
Transportation	787,737	0	787,737
General Government	604,421	0	604,421
Debt Service:			
Total Expenditures	<u>4,570,666</u>	<u>8,333</u>	<u>4,578,999</u>
Excess (Deficiency) of Revenues Over Expenditures	39,853	(6,333)	33,520
Other Financing Sources (Uses):			
Transfers In	18,000	0	18,000
Total Other Financing Sources (Uses)	<u>18,000</u>	<u>0</u>	<u>18,000</u>
Net Change in Fund Balances	57,853	(6,333)	51,520
Fund Balances at Beginning of Year	2,579,496	184,374	2,763,870
Increase in Inventory Reserve	13,859	0	13,859
Fund Balances End of Year	<u>\$ 2,651,208</u>	<u>\$ 178,041</u>	<u>\$ 2,829,249</u>

CITY OF PORTSMOUTH, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011**

	Municipal Court Grants	Municipal Court Special Project	Municipal Court Probation Services	Municipal Court Programs	Municipal Court Computer
Assets:					
Cash and Cash Equivalents	\$ 0	\$ 219,538	\$ 133,156	\$ 1,406	\$ 11,131
Receivables (net of allowance for doubtful accounts):					
Taxes	0	0	0	0	0
Accounts	0	64,843	48,688	11,642	10,624
Intergovernmental	0	0	0	0	0
Loans	0	0	0	0	0
Due from Other Funds	0	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0	0
Prepaid Items	0	13	0	0	0
Total Assets	\$ 0	\$ 284,394	\$ 181,844	\$ 13,048	\$ 21,755
Liabilities:					
Accounts Payable	\$ 0	\$ 19,811	\$ 0	\$ 0	\$ 4,347
Accrued Wages and Benefits Payable	0	0	0	0	0
Intergovernmental Payable	3,762	1,189	2,286	1,862	168
Due to Other Funds	25,787	0	0	27,727	0
Deferred Revenue	0	44,865	33,687	8,055	7,351
Total Liabilities	29,549	65,865	35,973	37,644	11,866
Fund Balances:					
Nonspendable	0	13	0	0	0
Restricted	0	218,516	145,871	0	9,889
Committed	0	0	0	0	0
Unassigned	(29,549)	0	0	(24,596)	0
Total Fund Balances	(29,549)	218,529	145,871	(24,596)	9,889
Total Liabilities and Fund Balances	\$ 0	\$ 284,394	\$ 181,844	\$ 13,048	\$ 21,755

CITY OF PORTSMOUTH, OHIO

ARRA - Municipal Court Security Grant	Fire Donation	Fire Pension	Police Pension	D.A.R.E. State Grant	Police Donation	JAG Grants
\$ 0	\$ 6,338	\$ 0	\$ 0	\$ 40,075	\$ 24,892	\$ 40,388
0	0	67,624	67,624	0	0	0
0	0	0	0	0	0	0
0	0	4,166	4,166	0	0	15,907
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$ 0</u>	<u>\$ 6,338</u>	<u>\$ 71,790</u>	<u>\$ 71,790</u>	<u>\$ 40,075</u>	<u>\$ 24,892</u>	<u>\$ 56,295</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 178	\$ 3,000
0	0	0	0	0	0	0
3,083	0	23,000	23,000	0	0	108
0	0	0	0	0	0	0
0	0	71,790	71,790	0	0	15,907
<u>3,083</u>	<u>0</u>	<u>94,790</u>	<u>94,790</u>	<u>0</u>	<u>178</u>	<u>19,015</u>
0	0	0	0	0	0	0
0	6,338	0	0	40,075	24,714	37,280
0	0	0	0	0	0	0
(3,083)	0	(23,000)	(23,000)	0	0	0
<u>(3,083)</u>	<u>6,338</u>	<u>(23,000)</u>	<u>(23,000)</u>	<u>40,075</u>	<u>24,714</u>	<u>37,280</u>
<u>\$ 0</u>	<u>\$ 6,338</u>	<u>\$ 71,790</u>	<u>\$ 71,790</u>	<u>\$ 40,075</u>	<u>\$ 24,892</u>	<u>\$ 56,295</u>

(Continued)

CITY OF PORTSMOUTH, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011**

	COPS Fast Grant	Indigent Drivers Alcohol Treatment	Enforcement and Education	Mandatory Fines	Law Enforcement
Assets:					
Cash and Cash Equivalents	\$ 111,499	\$ 18,422	\$ 4,822	\$ 5,246	\$ 132,987
Receivables (net of allowance for doubtful accounts):					
Taxes	0	0	0	0	0
Accounts	0	7,792	141	1,275	0
Intergovernmental	0	0	0	15	0
Loans	0	0	0	0	0
Due from Other Funds	0	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0	0
Prepaid Items	0	0	0	0	0
Total Assets	\$ 111,499	\$ 26,214	\$ 4,963	\$ 6,536	\$ 132,987
Liabilities:					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 91
Accrued Wages and Benefits Payable	0	0	0	0	0
Intergovernmental Payable	382	0	51	0	0
Due to Other Funds	0	0	0	0	0
Deferred Revenue	0	5,391	98	882	0
Total Liabilities	382	5,391	149	882	91
Fund Balances:					
Nonspendable	0	0	0	0	0
Restricted	111,117	20,823	4,814	5,654	132,896
Committed	0	0	0	0	0
Unassigned	0	0	0	0	0
Total Fund Balances	111,117	20,823	4,814	5,654	132,896
Total Liabilities and Fund Balances	\$ 111,499	\$ 26,214	\$ 4,963	\$ 6,536	\$ 132,987

CITY OF PORTSMOUTH, OHIO

COPS - Hiring Recovery Program Grant	Rural Law Enforcement Assistance Grant	Street Construction, Maintenance and Repair	State Highway Improvement	Environmental State Grants	Community Development	Tourism and Cultural Development
\$ 0	\$ 22,425	\$ 153,891	\$ 52,650	\$ 26,436	\$ 155,219	\$ 10,964
0	0	0	0	0	0	14,826
0	0	0	0	0	0	0
267,064	430,522	431,512	32,166	415,341	573,800	0
0	0	0	0	0	78,090	0
0	0	0	0	0	437,745	0
0	0	12,386	0	2,891	0	0
0	0	3,781	0	1,331	0	0
<u>\$ 267,064</u>	<u>\$ 452,947</u>	<u>\$ 601,570</u>	<u>\$ 84,816</u>	<u>\$ 445,999</u>	<u>\$ 1,244,854</u>	<u>\$ 25,790</u>
\$ 0	\$ 0	\$ 62	\$ 0	\$ 1,021	\$ 0	\$ 0
0	0	102	0	0	0	0
2,122	0	28,408	0	18,196	0	0
17,925	0	38,154	0	29,582	0	0
267,064	430,522	295,000	22,000	150,865	625,189	0
287,111	430,522	361,726	22,000	199,664	625,189	0
0	0	16,167	0	4,222	0	0
0	22,425	223,677	62,816	242,113	619,665	25,790
0	0	0	0	0	0	0
(20,047)	0	0	0	0	0	0
(20,047)	22,425	239,844	62,816	246,335	619,665	25,790
<u>\$ 267,064</u>	<u>\$ 452,947</u>	<u>\$ 601,570</u>	<u>\$ 84,816</u>	<u>\$ 445,999</u>	<u>\$ 1,244,854</u>	<u>\$ 25,790</u>

(Continued)

CITY OF PORTSMOUTH, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011**

	State Grant Health	Rural AIDS State Grant	Ryan White HIV Care Part B Grant	Family Planning	F.E.M.A. Grant
Assets:					
Cash and Cash Equivalents	\$ 140,657	\$ 0	\$ 0	\$ 22,108	\$ 53,763
Receivables (net of allowance for doubtful accounts):					
Taxes	0	0	0	0	0
Accounts	0	0	0	0	0
Intergovernmental	67,536	51,849	0	23,338	0
Loans	0	0	0	0	0
Due from Other Funds	0	0	0	0	0
Inventory of Supplies, at Cost	0	349	0	6,385	0
Prepaid Items	0	436	42	773	0
Total Assets	\$ 208,193	\$ 52,634	\$ 42	\$ 52,604	\$ 53,763
Liabilities:					
Accounts Payable	\$ 387	\$ 1,058	\$ 0	\$ 739	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0	0
Intergovernmental Payable	6,566	9,983	0	3,166	0
Due to Other Funds	5,909	35,416	0	3,066	0
Deferred Revenue	59,786	43,487	0	23,338	0
Total Liabilities	72,648	89,944	0	30,309	0
Fund Balances:					
Nonspendable	0	785	42	7,158	0
Restricted	135,545	0	0	15,137	53,763
Committed	0	0	0	0	0
Unassigned	0	(38,095)	0	0	0
Total Fund Balances	135,545	(37,310)	42	22,295	53,763
Total Liabilities and Fund Balances	\$ 208,193	\$ 52,634	\$ 42	\$ 52,604	\$ 53,763

CITY OF PORTSMOUTH, OHIO

Regional HIV Prevention	Ryan White Title III	Flood Defense	Land Reutilization	Council Trust for Recreation	Playground Trust	Total Nonmajor Special Revenue Funds
\$ 0	\$ 43,372	\$ 99,184	\$ 4,672	\$ 56,924	\$ 16,621	\$ 1,608,786
0	0	216,297	0	0	0	366,371
0	0	0	0	0	0	145,005
0	0	12,488	0	0	0	2,329,870
0	0	0	0	0	0	78,090
0	0	500,000	0	0	0	937,745
0	0	0	0	0	0	22,011
0	858	0	0	0	0	7,234
<u>\$ 0</u>	<u>\$ 44,230</u>	<u>\$ 827,969</u>	<u>\$ 4,672</u>	<u>\$ 56,924</u>	<u>\$ 16,621</u>	<u>\$ 5,495,112</u>
\$ 0	\$ 2,802	\$ 9,711	\$ 0	\$ 0	\$ 0	\$ 43,207
0	0	0	0	0	0	102
0	4,829	3,326	0	1,124	0	136,611
66,371	8,195	0	0	0	0	258,132
0	0	228,785	0	0	0	2,405,852
<u>66,371</u>	<u>15,826</u>	<u>241,822</u>	<u>0</u>	<u>1,124</u>	<u>0</u>	<u>2,843,904</u>
0	858	0	0	0	0	29,245
0	27,546	586,147	4,672	0	16,621	2,793,904
0	0	0	0	55,800	0	55,800
(66,371)	0	0	0	0	0	(227,741)
<u>(66,371)</u>	<u>28,404</u>	<u>586,147</u>	<u>4,672</u>	<u>55,800</u>	<u>16,621</u>	<u>2,651,208</u>
<u>\$ 0</u>	<u>\$ 44,230</u>	<u>\$ 827,969</u>	<u>\$ 4,672</u>	<u>\$ 56,924</u>	<u>\$ 16,621</u>	<u>\$ 5,495,112</u>

CITY OF PORTSMOUTH, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

	Municipal Court Grants	Municipal Court Special Project	Municipal Court Probation Services	Municipal Court Programs	Municipal Court Computer
Revenues:					
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	95,325	0	0	0	0
Charges for Services	0	0	0	0	0
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	0	148,129	106,158	56,436	37,940
All Other Revenue	0	0	0	0	0
Total Revenue	95,325	148,129	106,158	56,436	37,940
Expenditures:					
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	115,392	184,404	50,554	83,303	39,684
Total Expenditures	115,392	184,404	50,554	83,303	39,684
Excess (Deficiency) of Revenues Over Expenditures	(20,067)	(36,275)	55,604	(26,867)	(1,744)
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balances	(20,067)	(36,275)	55,604	(26,867)	(1,744)
Fund Balances at Beginning of Year	(9,482)	254,804	90,267	2,271	11,633
Increase (Decrease) in Inventory Reserve	0	0	0	0	0
Fund Balances End of Year	\$ (29,549)	\$ 218,529	\$ 145,871	\$ (24,596)	\$ 9,889

CITY OF PORTSMOUTH, OHIO

ARRA - Municipal Court Security Grant	Fire Donation	Fire Pension	Police Pension	D.A.R.E. State Grant	Police Donation	JAG Grants
\$ 0	\$ 0	\$ 62,185	\$ 62,185	\$ 0	\$ 0	\$ 0
45,292	0	8,402	8,402	24,422	0	14,499
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	6,559	0	0	0	4,559	0
<u>45,292</u>	<u>6,559</u>	<u>70,587</u>	<u>70,587</u>	<u>24,422</u>	<u>4,559</u>	<u>14,499</u>
0	5,221	93,587	93,587	15,266	1,845	32,813
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
86,508	0	0	0	0	0	0
<u>86,508</u>	<u>5,221</u>	<u>93,587</u>	<u>93,587</u>	<u>15,266</u>	<u>1,845</u>	<u>32,813</u>
(41,216)	1,338	(23,000)	(23,000)	9,156	2,714	(18,314)
<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>
(41,216)	1,338	(23,000)	(23,000)	9,156	2,714	(18,314)
38,133	5,000	0	0	30,919	22,000	55,594
0	0	0	0	0	0	0
<u>\$ (3,083)</u>	<u>\$ 6,338</u>	<u>\$ (23,000)</u>	<u>\$ (23,000)</u>	<u>\$ 40,075</u>	<u>\$ 24,714</u>	<u>\$ 37,280</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, 2011**

	COPS Fast Grant	Indigent Drivers Alcohol Treatment	Enforcement and Education	Mandatory Fines	Law Enforcement
Revenues:					
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	41,607	0	0	0	0
Charges for Services	0	0	0	0	0
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	0	33,236	918	2,027	0
All Other Revenue	93,453	0	0	0	9,996
Total Revenue	135,060	33,236	918	2,027	9,996
Expenditures:					
Current:					
Security of Persons and Property	90,319	0	0	0	149,931
Public Health and Welfare Services	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Environment	0	0	0	0	0
Transportation	0	0	0	0	0
General Government	0	42,720	1,856	0	0
Total Expenditures	90,319	42,720	1,856	0	149,931
Excess (Deficiency) of Revenues Over Expenditures	44,741	(9,484)	(938)	2,027	(139,935)
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balances	44,741	(9,484)	(938)	2,027	(139,935)
Fund Balances at Beginning of Year	66,376	30,307	5,752	3,627	272,831
Increase (Decrease) in Inventory Reserve	0	0	0	0	0
Fund Balances End of Year	\$ 111,117	\$ 20,823	\$ 4,814	\$ 5,654	\$ 132,896

CITY OF PORTSMOUTH, OHIO

COPS Hiring Recovery Program Grant	Rural Law Enforcement Assistance Grant	Street Construction, Maintenance and Repair	State Highway Improvement	Environmental State Grants	Community Development	Tourism and Cultural Development
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 58,682
50,000	0	848,990	62,140	690,264	447,671	0
0	0	0	0	0	0	0
0	0	0	0	0	44	0
0	0	0	0	0	0	0
0	1	11,722	0	7,560	27,710	0
50,000	1	860,712	62,140	697,824	475,425	58,682
78,026	0	0	0	0	0	0
0	0	0	0	608,222	0	0
0	0	0	0	0	0	0
0	0	0	0	0	361,135	49,274
0	0	751,225	36,512	0	0	0
0	0	0	0	0	0	0
78,026	0	751,225	36,512	608,222	361,135	49,274
(28,026)	1	109,487	25,628	89,602	114,290	9,408
0	0	0	0	18,000	0	0
0	0	0	0	18,000	0	0
(28,026)	1	109,487	25,628	107,602	114,290	9,408
7,979	22,424	117,971	37,188	138,919	505,375	16,382
0	0	12,386	0	(186)	0	0
\$ (20,047)	\$ 22,425	\$ 239,844	\$ 62,816	\$ 246,335	\$ 619,665	\$ 25,790

(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, 2011***

	State Grant Health	Rural AIDS State Grant	Ryan White HIV Care Part B Grant	Family Planning	Children and Family Health Services
Revenues:					
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	289,404	334,726	4,125	82,924	11,969
Charges for Services	31,300	0	0	47,825	0
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0
All Other Revenue	0	2,256	0	2,832	0
Total Revenue	320,704	336,982	4,125	133,581	11,969
Expenditures:					
Current:					
Security of Persons and Property	0	0	0	0	0
Public Health and Welfare Services	287,945	363,635	16,032	124,539	46,008
Leisure Time Activities	0	0	0	0	0
Community Environment	0	0	0	0	0
Transportation	0	0	0	0	0
General Government	0	0	0	0	0
Total Expenditures	287,945	363,635	16,032	124,539	46,008
Excess (Deficiency) of Revenues Over Expenditures	32,759	(26,653)	(11,907)	9,042	(34,039)
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balances	32,759	(26,653)	(11,907)	9,042	(34,039)
Fund Balances at Beginning of Year	102,786	(10,332)	11,949	11,269	34,039
Increase (Decrease) in Inventory Reserve	0	(325)	0	1,984	0
Fund Balances End of Year	\$ 135,545	\$ (37,310)	\$ 42	\$ 22,295	\$ 0

CITY OF PORTSMOUTH, OHIO

F.E.M.A. Grant	Regional HIV Prevention	Ryan White Title III	Flood Defense	Land Reutilization	Council Trust for Recreation	Playground Trust	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 195,706	\$ 0	\$ 0	\$ 0	\$ 378,758
36,000	199,111	223,336	25,135	0	0	0	3,543,744
0	0	6,764	0	0	46,318	0	132,207
0	0	0	0	0	0	0	44
0	0	0	0	0	0	0	384,844
0	0	659	0	1,574	0	2,041	170,922
<u>36,000</u>	<u>199,111</u>	<u>230,759</u>	<u>220,841</u>	<u>1,574</u>	<u>46,318</u>	<u>2,041</u>	<u>4,610,519</u>
23,472	0	0	193,012	0	0	0	777,079
0	265,482	214,783	0	0	0	0	1,926,646
0	0	0	0	0	64,374	0	64,374
0	0	0	0	0	0	0	410,409
0	0	0	0	0	0	0	787,737
0	0	0	0	0	0	0	604,421
<u>23,472</u>	<u>265,482</u>	<u>214,783</u>	<u>193,012</u>	<u>0</u>	<u>64,374</u>	<u>0</u>	<u>4,570,666</u>
12,528	(66,371)	15,976	27,829	1,574	(18,056)	2,041	39,853
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>18,000</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>18,000</u>
12,528	(66,371)	15,976	27,829	1,574	(18,056)	2,041	57,853
41,235	0	12,428	558,318	3,098	73,856	14,580	2,579,496
0	0	0	0	0	0	0	13,859
<u>\$ 53,763</u>	<u>\$ (66,371)</u>	<u>\$ 28,404</u>	<u>\$ 586,147</u>	<u>\$ 4,672</u>	<u>\$ 55,800</u>	<u>\$ 16,621</u>	<u>\$ 2,651,208</u>

CITY OF PORTSMOUTH, OHIO

**Combining Balance Sheet
Nonmajor Permanent Funds
December 31, 2011**

	<u>Cemetery Trust</u>	<u>Mausoleum Trust</u>	<u>Total Nonmajor Permanent Funds</u>
Assets:			
Restricted Assets:			
Cash and Cash Equivalents	\$ 173,189	\$ 4,852	\$ 178,041
Total Assets	<u>\$ 173,189</u>	<u>\$ 4,852</u>	<u>\$ 178,041</u>
Liabilities:			
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balances:			
Nonspendable	22,339	4,504	26,843
Restricted	<u>150,850</u>	<u>348</u>	<u>151,198</u>
Total Fund Balances	<u>173,189</u>	<u>4,852</u>	<u>178,041</u>
Total Liabilities and Fund Balances	<u>\$ 173,189</u>	<u>\$ 4,852</u>	<u>\$ 178,041</u>

CITY OF PORTSMOUTH, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Permanent Funds
For the Year Ended December 31, 2011**

	<u>Cemetery Trust</u>	<u>Mausoleum Trust</u>	<u>Total Nonmajor Permanent Funds</u>
Revenues:			
Charges for Services	<u>\$ 2,000</u>	<u>\$ 0</u>	<u>\$ 2,000</u>
Total Revenue	<u>2,000</u>	<u>0</u>	<u>2,000</u>
Expenditures:			
Current:			
Public Health and Welfare Services	<u>8,333</u>	<u>0</u>	<u>8,333</u>
Total Expenditures	<u>8,333</u>	<u>0</u>	<u>8,333</u>
Excess (Deficiency) of Revenues Over Expenditures	(6,333)	0	(6,333)
Fund Balances at Beginning of Year	<u>179,522</u>	<u>4,852</u>	<u>184,374</u>
Fund Balances End of Year	<u>\$ 173,189</u>	<u>\$ 4,852</u>	<u>\$ 178,041</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, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 7,120,000	\$ 7,078,000	\$ 7,076,750	\$ (1,250)
Intergovernmental Revenues	1,717,000	2,364,000	2,372,680	8,680
Charges for Services	380,000	307,000	307,320	320
Licenses and Permits	264,000	205,000	200,268	(4,732)
Investment Earnings	1,000	0	0	0
Fines and Forfeitures	650,000	586,000	585,123	(877)
All Other Revenues	68,000	95,000	94,867	(133)
Total Revenues	10,200,000	10,635,000	10,637,008	2,008
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	3,022,849	3,122,849	3,267,110	(144,261)
Materials and Supplies	19,500	19,500	121,902	(102,402)
Contractual Services	122,700	130,342	100,823	29,519
Capital Outlay	2,000	2,000	711	1,289
Total Police	3,167,049	3,274,691	3,490,546	(215,855)
Fire:				
Personal Services	3,566,288	3,562,438	3,665,676	(103,238)
Materials and Supplies	5,500	21,000	20,908	92
Contractual Services	58,400	54,708	53,110	1,598
Total Fire	3,630,188	3,638,146	3,739,694	(101,548)
Street Lighting:				
Materials and Supplies	1,000	997	37	960
Contractual Services	215,000	235,003	235,003	0
Total Street Lighting	216,000	236,000	235,040	960
Total Security of Persons and Property	7,013,237	7,148,837	7,465,280	(316,443)
Public Health and Welfare Services:				
Health:				
Personal Services	509,911	508,827	524,356	(15,529)
Materials and Supplies	4,261	4,261	4,064	197
Contractual Services	122,524	127,897	119,855	8,042
Capital Outlay	5,000	5,000	2,432	2,568
Total Health	641,696	645,985	650,707	(4,722)
Total Public Health and Welfare Services	641,696	645,985	650,707	(4,722)

(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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Community Environment:				
Building Inspection:				
Personal Services	124,259	116,659	130,790	(14,131)
Materials and Supplies	1,150	1,150	590	560
Contractual Services	<u>54,500</u>	<u>62,100</u>	<u>55,537</u>	<u>6,563</u>
Total Building Inspection	179,909	179,909	186,917	(7,008)
Administration:				
Personal Services	34,995	34,995	58,305	(23,310)
Materials and Supplies	0	0	235	(235)
Contractual Services	<u>0</u>	<u>0</u>	<u>6,088</u>	<u>(6,088)</u>
Total Administration	<u>34,995</u>	<u>34,995</u>	<u>64,628</u>	<u>(29,633)</u>
Total Community Environment	<u>214,904</u>	<u>214,904</u>	<u>251,545</u>	<u>(36,641)</u>
Transportation:				
Traffic Lights:				
Personal Services	106,514	116,514	197,662	(81,148)
Materials and Supplies	4,940	4,790	4,693	97
Contractual Services	24,340	24,490	24,459	31
Capital Outlay	<u>320</u>	<u>320</u>	<u>99</u>	<u>221</u>
Total Traffic Lights	136,114	146,114	226,913	(80,799)
Cemetery Grounds:				
Personal Services	54,201	59,201	124,457	(65,256)
Materials and Supplies	1,430	1,430	1,412	18
Contractual Services	31,310	36,310	34,066	2,244
Capital Outlay	<u>150</u>	<u>150</u>	<u>0</u>	<u>150</u>
Total Cemetery Grounds	87,091	97,091	159,935	(62,844)
Recreational Grounds:				
Personal Services	108,466	111,466	112,497	(1,031)
Materials and Supplies	2,230	2,260	2,257	3
Contractual Services	1,690	1,660	1,615	45
Capital Outlay	<u>240</u>	<u>240</u>	<u>220</u>	<u>20</u>
Total Recreational Grounds	<u>112,626</u>	<u>115,626</u>	<u>116,589</u>	<u>(963)</u>
Total Transportation	<u>335,831</u>	<u>358,831</u>	<u>503,437</u>	<u>(144,606)</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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
General Government:				
City Council:				
Personal Services	115,715	115,715	114,120	1,595
Materials and Supplies	600	800	757	43
Contractual Services	<u>770</u>	<u>570</u>	<u>874</u>	<u>(304)</u>
Total City Council	117,085	117,085	115,751	1,334
Executive:				
Personal Services	64,426	64,426	82,833	(18,407)
Materials and Supplies	1,450	2,005	1,914	91
Contractual Services	8,200	7,645	4,781	2,864
Capital Outlay	<u>500</u>	<u>500</u>	<u>0</u>	<u>500</u>
Total Executive	74,576	74,576	89,528	(14,952)
Legal:				
Personal Services	246,089	246,089	150,408	95,681
Materials and Supplies	500	550	539	11
Contractual Services	<u>1,300</u>	<u>15,930</u>	<u>16,477</u>	<u>(547)</u>
Total Legal	247,889	262,569	167,424	95,145
Finance:				
Personal Services	190,765	186,565	201,949	(15,384)
Materials and Supplies	3,700	6,700	5,896	804
Contractual Services	36,100	37,160	36,685	475
Capital Outlay	<u>500</u>	<u>640</u>	<u>640</u>	<u>0</u>
Total Finance	231,065	231,065	245,170	(14,105)
Civil Service:				
Personal Services	13,644	13,644	6,584	7,060
Contractual Services	<u>330</u>	<u>330</u>	<u>330</u>	<u>0</u>
Total Civil Service	13,974	13,974	6,914	7,060
Court Security:				
Personal Services	<u>104,542</u>	<u>68,542</u>	<u>65,457</u>	<u>3,085</u>
Total Court Security	104,542	68,542	65,457	3,085

(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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Municipal Court:				
Personal Services	814,320	814,320	903,854	(89,534)
Materials and Supplies	3,100	3,600	3,541	59
Contractual Services	<u>49,100</u>	<u>48,600</u>	<u>47,584</u>	<u>1,016</u>
Total Municipal Court	866,520	866,520	954,979	(88,459)
Income Tax:				
Personal Services	121,960	122,560	127,438	(4,878)
Materials and Supplies	1,800	3,600	3,511	89
Contractual Services	<u>13,800</u>	<u>14,400</u>	<u>14,242</u>	<u>158</u>
Total Income Tax	137,560	140,560	145,191	(4,631)
Engineering:				
Personal Services	24,542	24,542	10,013	14,529
Materials and Supplies	800	800	519	281
Contractual Services	<u>28,700</u>	<u>28,700</u>	<u>25,307</u>	<u>3,393</u>
Total Engineering	54,042	54,042	35,839	18,203
Public Service:				
Personal Services	36,149	40,149	50,871	(10,722)
Materials and Supplies	700	700	914	(214)
Contractual Services	<u>9,700</u>	<u>9,700</u>	<u>9,507</u>	<u>193</u>
Total Public Service	46,549	50,549	61,292	(10,743)
City Building:				
Personal Services	74,005	73,955	27,886	46,069
Materials and Supplies	5,000	5,350	5,329	21
Contractual Services	<u>79,700</u>	<u>79,400</u>	<u>76,603</u>	<u>2,797</u>
Total City Building	158,705	158,705	109,818	48,887
Garage:				
Personal Services	137,343	137,343	84,556	52,787
Materials and Supplies	148,455	148,455	82,629	65,826
Contractual Services	<u>19,580</u>	<u>23,131</u>	<u>20,349</u>	<u>2,782</u>
Total Garage	305,378	308,929	187,534	121,395

(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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Non-Departmental:				
Personal Services	67,000	67,000	52,957	14,043
Contractual Services	550,000	558,500	549,035	9,465
Total Non-Departmental	<u>617,000</u>	<u>625,500</u>	<u>601,992</u>	<u>23,508</u>
Total General Government	<u>2,974,885</u>	<u>2,972,616</u>	<u>2,786,889</u>	<u>185,727</u>
Total Expenditures	<u>11,180,553</u>	<u>11,341,173</u>	<u>11,657,858</u>	<u>(316,685)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(980,553)	(706,173)	(1,020,850)	(314,677)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	33,000	33,034	34
Transfers Out	<u>(18,000)</u>	<u>(18,000)</u>	<u>(18,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(18,000)</u>	<u>15,000</u>	<u>15,034</u>	<u>34</u>
Net Change in Fund Balance	(998,553)	(691,173)	(1,005,816)	(314,643)
Fund Balance at Beginning of Year	<u>(724,036)</u>	<u>(724,036)</u>	<u>(724,036)</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (1,722,589)</u>	<u>\$ (1,415,209)</u>	<u>\$ (1,729,852)</u>	<u>\$ (314,643)</u>

CITY OF PORTSMOUTH, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Debt Service Fund
For the Year Ended December 31, 2011***

GENERAL OBLIGATION BOND RETIREMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 125,000	\$ 150,000	\$ 150,746	\$ 746
Intergovernmental Revenues	<u>25,000</u>	<u>23,000</u>	<u>22,406</u>	<u>(594)</u>
Total Revenues	<u>150,000</u>	<u>173,000</u>	<u>173,152</u>	<u>152</u>
Expenditures:				
General Government:				
Debt Service:				
Principal Retirement	0	60,000	60,000	0
Interest and Fiscal Charges	<u>150,000</u>	<u>90,000</u>	<u>88,640</u>	<u>1,360</u>
Total Expenditures	<u>150,000</u>	<u>150,000</u>	<u>148,640</u>	<u>1,360</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	23,000	24,512	1,512
Fund Balance at Beginning of Year	<u>40,553</u>	<u>40,553</u>	<u>40,553</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 40,553</u>	<u>\$ 63,553</u>	<u>\$ 65,065</u>	<u>\$ 1,512</u>

CITY OF PORTSMOUTH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Project Funds
For the Year Ended December 31, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	<u>\$ 1,300,000</u>	<u>\$ 1,400,000</u>	<u>\$ 1,439,472</u>	<u>\$ 39,472</u>
Total Revenues	<u>1,300,000</u>	<u>1,400,000</u>	<u>1,439,472</u>	<u>39,472</u>
Expenditures:				
Capital Outlay	1,158,235	1,373,007	1,191,268	181,739
Debt Service:				
Principal Retirement	22,248	49,248	48,434	814
Interest and Fiscal Charges	<u>7,630</u>	<u>17,630</u>	<u>16,659</u>	<u>971</u>
Total Expenditures	<u>1,188,113</u>	<u>1,439,885</u>	<u>1,256,361</u>	<u>183,524</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	111,887	(39,885)	183,111	222,996
Fund Balance at Beginning of Year	903,462	903,462	903,462	0
Prior Year Encumbrances	<u>241,955</u>	<u>241,955</u>	<u>241,955</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,257,304</u>	<u>\$ 1,105,532</u>	<u>\$ 1,328,528</u>	<u>\$ 222,996</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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 50,000	\$ 119,000	\$ 119,156	\$ 156
Total Revenues	<u>50,000</u>	<u>119,000</u>	<u>119,156</u>	<u>156</u>
Expenditures:				
General Government:				
Personal Services	92,480	114,202	114,065	137
Materials and Supplies	<u>7,520</u>	<u>500</u>	<u>350</u>	<u>150</u>
Total Expenditures	<u>100,000</u>	<u>114,702</u>	<u>114,415</u>	<u>287</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,000)	4,298	4,741	443
Fund Balance at Beginning of Year	<u>(21,709)</u>	<u>(21,709)</u>	<u>(21,709)</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (71,709)</u>	<u>\$ (17,411)</u>	<u>\$ (16,968)</u>	<u>\$ 443</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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	<u>\$ 165,000</u>	<u>\$ 146,000</u>	<u>\$ 145,865</u>	<u>\$ (135)</u>
Total Revenues	<u>165,000</u>	<u>146,000</u>	<u>145,865</u>	<u>(135)</u>
Expenditures:				
General Government:				
Personal Services	104,800	29,800	28,487	1,313
Materials and Supplies	30,000	35,500	35,222	278
Contractual Services	8,400	55,400	55,292	108
Capital Outlay	<u>56,800</u>	<u>51,300</u>	<u>45,677</u>	<u>5,623</u>
Total Expenditures	<u>200,000</u>	<u>172,000</u>	<u>164,678</u>	<u>7,322</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(35,000)	(26,000)	(18,813)	7,187
Fund Balance at Beginning of Year	<u>228,281</u>	<u>228,281</u>	<u>228,281</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 193,281</u>	<u>\$ 202,281</u>	<u>\$ 209,468</u>	<u>\$ 7,187</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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	<u>\$ 110,000</u>	<u>\$ 110,000</u>	<u>\$ 109,697</u>	<u>\$ (303)</u>
Total Revenues	<u>110,000</u>	<u>110,000</u>	<u>109,697</u>	<u>(303)</u>
Expenditures:				
General Government:				
Personal Services	<u>57,425</u>	<u>57,425</u>	<u>50,332</u>	<u>7,093</u>
Materials and Supplies	<u>42,575</u>	<u>42,575</u>	<u>0</u>	<u>42,575</u>
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>50,332</u>	<u>49,668</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>10,000</u>	<u>10,000</u>	<u>59,365</u>	<u>49,365</u>
Fund Balance at Beginning of Year	<u>67,455</u>	<u>67,455</u>	<u>67,455</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 77,455</u>	<u>\$ 77,455</u>	<u>\$ 126,820</u>	<u>\$ 49,365</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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	<u>\$ 100,000</u>	<u>\$ 55,000</u>	<u>\$ 55,447</u>	<u>\$ 447</u>
Total Revenues	<u>100,000</u>	<u>55,000</u>	<u>55,447</u>	<u>447</u>
Expenditures:				
General Government:				
Personal Services	39,920	37,420	37,369	51
Contractual Services	<u>60,080</u>	<u>46,080</u>	<u>46,038</u>	<u>42</u>
Total Expenditures	<u>100,000</u>	<u>83,500</u>	<u>83,407</u>	<u>93</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(28,500)	(27,960)	540
Fund Balance at Beginning of Year	<u>233</u>	<u>233</u>	<u>233</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 233</u>	<u>\$ (28,267)</u>	<u>\$ (27,727)</u>	<u>\$ 540</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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	<u>\$ 40,000</u>	<u>\$ 38,000</u>	<u>\$ 37,818</u>	<u>\$ (182)</u>
Total Revenues	<u>40,000</u>	<u>38,000</u>	<u>37,818</u>	<u>(182)</u>
Expenditures:				
General Government:				
Personal Services	1,700	3,700	3,886	(186)
Materials and Supplies	26,300	26,300	23,319	2,981
Contractual Services	<u>17,000</u>	<u>9,000</u>	<u>8,772</u>	<u>228</u>
Total Expenditures	<u>45,000</u>	<u>39,000</u>	<u>35,977</u>	<u>3,023</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,000)	(1,000)	1,841	2,841
Fund Balance at Beginning of Year	<u>6,832</u>	<u>6,832</u>	<u>6,832</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,832</u>	<u>\$ 5,832</u>	<u>\$ 8,673</u>	<u>\$ 2,841</u>

CITY OF PORTSMOUTH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
ARRA - MUNICIPAL COURT SECURITY GRANT FUND				
Revenues:				
Intergovernmental Revenues	\$ 50,000	\$ 74,000	\$ 74,154	\$ 154
Total Revenues	<u>50,000</u>	<u>74,000</u>	<u>74,154</u>	<u>154</u>
Expenditures:				
General Government:				
Personal Services	40,000	85,786	85,786	0
Contractual Services	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>60,000</u>	<u>85,786</u>	<u>85,786</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,000)	(11,786)	(11,632)	154
Fund Balance at Beginning of Year	<u>11,632</u>	<u>11,632</u>	<u>11,632</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,632</u>	<u>\$ (154)</u>	<u>\$ 0</u>	<u>\$ 154</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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	<u>\$ 0</u>	<u>\$ 6,000</u>	<u>\$ 6,559</u>	<u>\$ 559</u>
Total Revenues	<u>0</u>	<u>6,000</u>	<u>6,559</u>	<u>559</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	<u>5,000</u>	<u>7,000</u>	<u>5,221</u>	<u>1,779</u>
Total Expenditures	<u>5,000</u>	<u>7,000</u>	<u>5,221</u>	<u>1,779</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,000)	(1,000)	1,338	2,338
Fund Balance at Beginning of Year	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 4,000</u>	<u>\$ 6,338</u>	<u>\$ 2,338</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, 2011**

FIRE PENSION FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 70,000	\$ 70,000	\$ 62,185	\$ (7,815)
Intergovernmental Revenues	<u>0</u>	<u>0</u>	<u>8,402</u>	<u>8,402</u>
Total Revenues	<u>70,000</u>	<u>70,000</u>	<u>70,587</u>	<u>587</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	<u>70,000</u>	<u>70,587</u>	<u>70,587</u>	<u>0</u>
Total Expenditures	<u>70,000</u>	<u>70,587</u>	<u>70,587</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(587)	0	587
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ (587)</u>	<u>\$ 0</u>	<u>\$ 587</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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 70,000	\$ 70,000	\$ 62,185	\$ (7,815)
Intergovernmental Revenues	0	0	8,402	8,402
Total Revenues	<u>70,000</u>	<u>70,000</u>	<u>70,587</u>	<u>587</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	70,000	70,587	70,587	0
Total Expenditures	<u>70,000</u>	<u>70,587</u>	<u>70,587</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(587)	0	587
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ (587)</u>	<u>\$ 0</u>	<u>\$ 587</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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 20,000</u>	<u>\$ 70,000</u>	<u>\$ 24,422</u>	<u>\$ (45,578)</u>
Total Revenues	<u>20,000</u>	<u>70,000</u>	<u>24,422</u>	<u>(45,578)</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	30,000	30,000	16,110	13,890
Materials and Supplies	5,000	5,000	0	5,000
Contractual Services	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Total Expenditures	<u>40,000</u>	<u>40,000</u>	<u>16,110</u>	<u>23,890</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,000)	30,000	8,312	(21,688)
Fund Balance at Beginning of Year	<u>31,763</u>	<u>31,763</u>	<u>31,763</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 11,763</u>	<u>\$ 61,763</u>	<u>\$ 40,075</u>	<u>\$ (21,688)</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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	<u>\$ 0</u>	<u>\$ 5,000</u>	<u>\$ 4,559</u>	<u>\$ (441)</u>
Total Revenues	<u>0</u>	<u>5,000</u>	<u>4,559</u>	<u>(441)</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	<u>22,000</u>	<u>22,000</u>	<u>1,667</u>	<u>20,333</u>
Total Expenditures	<u>22,000</u>	<u>22,000</u>	<u>1,667</u>	<u>20,333</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(22,000)</u>	<u>(17,000)</u>	<u>2,892</u>	<u>19,892</u>
Fund Balance at Beginning of Year	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 5,000</u>	<u>\$ 24,892</u>	<u>\$ 19,892</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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 100,000</u>	<u>\$ 14,000</u>	<u>\$ 14,499</u>	<u>\$ 499</u>
Total Revenues	<u>100,000</u>	<u>14,000</u>	<u>14,499</u>	<u>499</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	30,000	30,000	3,278	26,722
Materials and Supplies	20,000	0	0	0
Contractual Services	35,000	33,000	25,268	7,732
Capital Outlay	<u>15,000</u>	<u>2,000</u>	<u>1,159</u>	<u>841</u>
Total Expenditures	<u>100,000</u>	<u>65,000</u>	<u>29,705</u>	<u>35,295</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(51,000)	(15,206)	35,794
Fund Balance at Beginning of Year	<u>55,594</u>	<u>55,594</u>	<u>55,594</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 55,594</u>	<u>\$ 4,594</u>	<u>\$ 40,388</u>	<u>\$ 35,794</u>

CITY OF PORTSMOUTH, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 35,000	\$ 41,000	\$ 41,607	\$ 607
All Other Revenues	<u>0</u>	<u>94,000</u>	<u>93,453</u>	<u>(547)</u>
Total Revenues	<u>35,000</u>	<u>135,000</u>	<u>135,060</u>	<u>60</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	71,820	86,820	12,738	74,082
Materials and Supplies	5,350	5,350	0	5,350
Contractual Services	10,330	10,330	0	10,330
Capital Outlay	<u>12,500</u>	<u>92,500</u>	<u>78,358</u>	<u>14,142</u>
Total Expenditures	<u>100,000</u>	<u>195,000</u>	<u>91,096</u>	<u>103,904</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(65,000)	(60,000)	43,964	103,964
Fund Balance at Beginning of Year	<u>67,535</u>	<u>67,535</u>	<u>67,535</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,535</u>	<u>\$ 7,535</u>	<u>\$ 111,499</u>	<u>\$ 103,964</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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	<u>\$ 30,000</u>	<u>\$ 27,000</u>	<u>\$ 33,200</u>	<u>\$ 6,200</u>
Total Revenues	<u>30,000</u>	<u>27,000</u>	<u>33,200</u>	<u>6,200</u>
Expenditures:				
General Government:				
Contractual Services	<u>50,000</u>	<u>50,000</u>	<u>42,720</u>	<u>7,280</u>
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>42,720</u>	<u>7,280</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,000)	(23,000)	(9,520)	13,480
Fund Balance at Beginning of Year	<u>27,001</u>	<u>27,001</u>	<u>27,001</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 7,001</u>	<u>\$ 4,001</u>	<u>\$ 17,481</u>	<u>\$ 13,480</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, 2011***

ENFORCEMENT AND EDUCATION FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Fines and Forfeitures	\$ 1,000	\$ 1,000	\$ 1,105	\$ 105
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>1,105</u>	<u>105</u>
Expenditures:				
General Government:				
Personal Services	0	2,000	1,534	466
Contractual Services	<u>0</u>	<u>1,000</u>	<u>271</u>	<u>729</u>
Total Expenditures	<u>0</u>	<u>3,000</u>	<u>1,805</u>	<u>1,195</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,000	(2,000)	(700)	1,300
Other Financing Sources (Uses):				
Transfers Out	<u>(5,000)</u>	<u>(2,000)</u>	<u>0</u>	<u>2,000</u>
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>(2,000)</u>	<u>0</u>	<u>2,000</u>
Net Change in Fund Balance	(4,000)	(4,000)	(700)	3,300
Fund Balance at Beginning of Year	<u>5,505</u>	<u>5,505</u>	<u>5,505</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,505</u>	<u>\$ 1,505</u>	<u>\$ 4,805</u>	<u>\$ 3,300</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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	<u>\$ 3,000</u>	<u>\$ 2,000</u>	<u>\$ 2,307</u>	<u>\$ 307</u>
Total Revenues	<u>3,000</u>	<u>2,000</u>	<u>2,307</u>	<u>307</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,000)	2,000	2,307	307
Fund Balance at Beginning of Year	<u>2,785</u>	<u>2,785</u>	<u>2,785</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 785</u>	<u>\$ 4,785</u>	<u>\$ 5,092</u>	<u>\$ 307</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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 75,000	\$ 0	\$ 0	\$ 0
All Other Revenues	<u>0</u>	<u>13,000</u>	<u>13,168</u>	<u>168</u>
Total Revenues	<u>75,000</u>	<u>13,000</u>	<u>13,168</u>	<u>168</u>
Expenditures:				
Security of Persons and Property:				
Materials and Supplies	<u>250,000</u>	<u>250,000</u>	<u>166,756</u>	<u>83,244</u>
Total Expenditures	<u>250,000</u>	<u>250,000</u>	<u>166,756</u>	<u>83,244</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(175,000)	(237,000)	(153,588)	83,412
Fund Balance at Beginning of Year	<u>269,659</u>	<u>269,659</u>	<u>269,659</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 94,659</u>	<u>\$ 32,659</u>	<u>\$ 116,071</u>	<u>\$ 83,412</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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 0</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 0</u>
Total Revenues	<u>0</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	<u>10,000</u>	<u>76,000</u>	<u>74,458</u>	<u>1,542</u>
Total Expenditures	<u>10,000</u>	<u>76,000</u>	<u>74,458</u>	<u>1,542</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,000)</u>	<u>(26,000)</u>	<u>(24,458)</u>	<u>1,542</u>
Fund Balance at Beginning of Year	<u>9,370</u>	<u>9,370</u>	<u>9,370</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (630)</u>	<u>\$ (16,630)</u>	<u>\$ (15,088)</u>	<u>\$ 1,542</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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	<u>25,000</u>	<u>10,000</u>	<u>993</u>	<u>9,007</u>
Total Expenditures	<u>25,000</u>	<u>10,000</u>	<u>993</u>	<u>9,007</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(25,000)</u>	<u>(10,000)</u>	<u>(993)</u>	<u>9,007</u>
Fund Balance at Beginning of Year	<u>23,418</u>	<u>23,418</u>	<u>23,418</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (1,582)</u>	<u>\$ 13,418</u>	<u>\$ 22,425</u>	<u>\$ 9,007</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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 905,000	\$ 855,000	\$ 855,867	\$ 867
All Other Revenues	0	12,000	11,722	(278)
Total Revenues	<u>905,000</u>	<u>867,000</u>	<u>867,589</u>	<u>589</u>
Expenditures:				
Transportation:				
Personal Services	819,316	811,816	643,685	168,131
Materials and Supplies	60,250	53,550	53,483	67
Contractual Services	46,660	41,860	41,807	53
Capital Outlay	1,000	1,000	315	685
Total Expenditures	<u>927,226</u>	<u>908,226</u>	<u>739,290</u>	<u>168,936</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,226)	(41,226)	128,299	169,525
Fund Balance at Beginning of Year	<u>25,592</u>	<u>25,592</u>	<u>25,592</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,366</u>	<u>\$ (15,634)</u>	<u>\$ 153,891</u>	<u>\$ 169,525</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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 60,000</u>	<u>\$ 62,000</u>	<u>\$ 62,509</u>	<u>\$ 509</u>
Total Revenues	<u>60,000</u>	<u>62,000</u>	<u>62,509</u>	<u>509</u>
Expenditures:				
Transportation:				
Materials and Supplies	<u>138,000</u>	<u>88,000</u>	<u>87,912</u>	<u>88</u>
Total Expenditures	<u>138,000</u>	<u>88,000</u>	<u>87,912</u>	<u>88</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(78,000)	(26,000)	(25,403)	597
Fund Balance at Beginning of Year	<u>26,653</u>	<u>26,653</u>	<u>26,653</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (51,347)</u>	<u>\$ 653</u>	<u>\$ 1,250</u>	<u>\$ 597</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, 2011**

ENVIRONMENTAL STATE GRANTS FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 582,000	\$ 566,000	\$ 566,110	\$ 110
All Other Revenues	0	7,000	7,560	560
Total Revenues	<u>582,000</u>	<u>573,000</u>	<u>573,670</u>	<u>670</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	521,200	517,802	512,859	4,943
Materials and Supplies	16,200	21,798	19,652	2,146
Contractual Services	62,600	51,600	50,823	777
Capital Outlay	0	20,800	20,700	100
Total Expenditures	<u>600,000</u>	<u>612,000</u>	<u>604,034</u>	<u>7,966</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(18,000)	(39,000)	(30,364)	8,636
Other Financing Sources (Uses):				
Transfers In	18,000	18,000	18,000	0
Total Other Financing Sources (Uses)	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>0</u>
Net Change in Fund Balance	0	(21,000)	(12,364)	8,636
Fund Balance at Beginning of Year	38,800	38,800	38,800	0
Fund Balance at End of Year	<u>\$ 38,800</u>	<u>\$ 17,800</u>	<u>\$ 26,436</u>	<u>\$ 8,636</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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 200,000	\$ 441,000	\$ 440,970	\$ (30)
Investment Earnings	0	0	44	44
All Other Revenues	<u>150,000</u>	<u>27,000</u>	<u>27,710</u>	<u>710</u>
Total Revenues	<u>350,000</u>	<u>468,000</u>	<u>468,724</u>	<u>724</u>
Expenditures:				
Community Environment:				
Personal Services	133,281	41,557	295	41,262
Materials and Supplies	3,000	28,933	28,933	0
Contractual Services	263,719	137,686	92,224	45,462
Capital Outlay	<u>0</u>	<u>465,775</u>	<u>302,081</u>	<u>163,694</u>
Total Expenditures	<u>400,000</u>	<u>673,951</u>	<u>423,533</u>	<u>250,418</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,000)	(205,951)	45,191	251,142
Fund Balance at Beginning of Year	<u>461,217</u>	<u>461,217</u>	<u>461,217</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 411,217</u>	<u>\$ 255,266</u>	<u>\$ 506,408</u>	<u>\$ 251,142</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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	<u>\$ 52,000</u>	<u>\$ 52,000</u>	<u>\$ 51,619</u>	<u>\$ (381)</u>
Total Revenues	<u>52,000</u>	<u>52,000</u>	<u>51,619</u>	<u>(381)</u>
Expenditures:				
Community Environment:				
Contractual Services	<u>60,000</u>	<u>60,000</u>	<u>49,274</u>	<u>10,726</u>
Total Expenditures	<u>60,000</u>	<u>60,000</u>	<u>49,274</u>	<u>10,726</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,000)</u>	<u>(8,000)</u>	<u>2,345</u>	<u>10,345</u>
Fund Balance at Beginning of Year	<u>8,619</u>	<u>8,619</u>	<u>8,619</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 619</u>	<u>\$ 619</u>	<u>\$ 10,964</u>	<u>\$ 10,345</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, 2011**

STATE GRANT HEALTH FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 265,000	\$ 289,000	\$ 288,654	\$ (346)
Charges for Services	35,000	31,000	31,300	300
Total Revenues	<u>300,000</u>	<u>320,000</u>	<u>319,954</u>	<u>(46)</u>
Expenditures:				
Public Health and Welfare Services:				
Prevention:				
Personal Services	75,540	75,540	55,673	19,867
Materials and Supplies	300	300	101	199
Contractual Services	4,433	14,403	1,880	12,523
Capital Outlay	300	330	330	0
Total Prevention	<u>80,573</u>	<u>90,573</u>	<u>57,984</u>	<u>32,589</u>
State Grant - Safety Grant:				
Personal Services	33,662	33,662	19,061	14,601
Materials and Supplies	4,475	4,475	989	3,486
Contractual Services	3,370	3,370	1,242	2,128
Total State Grant - Safety Grant	<u>41,507</u>	<u>41,507</u>	<u>21,292</u>	<u>20,215</u>
Bioterrorism Grant:				
Personal Services	90,121	90,121	67,641	22,480
Materials and Supplies	5,557	5,557	5,525	32
Contractual Services	57,512	47,012	42,624	4,388
Capital Outlay	0	10,500	10,295	205
Total Bioterrorism Grant	<u>153,190</u>	<u>153,190</u>	<u>126,085</u>	<u>27,105</u>
H1N1 Grant:				
Personal Services	58,476	58,476	37,272	21,204
Materials and Supplies	12,184	12,184	2,400	9,784
Contractual Services	19,991	18,491	2,431	16,060
Capital Outlay	34,080	35,580	35,389	191
Total H1N1 Grant	<u>124,731</u>	<u>124,731</u>	<u>77,492</u>	<u>47,239</u>
Total Expenditures	<u>400,001</u>	<u>410,001</u>	<u>282,853</u>	<u>127,148</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(100,001)	(90,001)	37,101	127,102
Fund Balance at Beginning of Year				
	<u>103,556</u>	<u>103,556</u>	<u>103,556</u>	<u>0</u>
Fund Balance at End of Year				
	<u>\$ 3,555</u>	<u>\$ 13,555</u>	<u>\$ 140,657</u>	<u>\$ 127,102</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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 300,000	\$ 330,000	\$ 327,324	\$ (2,676)
All Other Revenues	<u>0</u>	<u>0</u>	<u>2,256</u>	<u>2,256</u>
Total Revenues	<u>300,000</u>	<u>330,000</u>	<u>329,580</u>	<u>(420)</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	282,550	282,550	258,930	23,620
Materials and Supplies	3,500	3,500	11,558	(8,058)
Contractual Services	13,850	71,850	86,557	(14,707)
Capital Outlay	<u>100</u>	<u>100</u>	<u>0</u>	<u>100</u>
Total Expenditures	<u>300,000</u>	<u>358,000</u>	<u>357,045</u>	<u>955</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(28,000)	(27,465)	535
Fund Balance at Beginning of Year	<u>3,420</u>	<u>3,420</u>	<u>3,420</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,420</u>	<u>\$ (24,580)</u>	<u>\$ (24,045)</u>	<u>\$ 535</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, 2011***

RYAN WHITE HIV CARE PART B GRANT FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 75,000	\$ 22,000	\$ 22,106	\$ 106
Total Revenues	<u>75,000</u>	<u>22,000</u>	<u>22,106</u>	<u>106</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	47,500	15,118	15,118	0
Materials and Supplies	7,500	493	493	0
Contractual Services	<u>15,000</u>	<u>2,925</u>	<u>2,925</u>	<u>0</u>
Total Expenditures	<u>70,000</u>	<u>18,536</u>	<u>18,536</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,000	3,464	3,570	106
Fund Balance at Beginning of Year	<u>(3,570)</u>	<u>(3,570)</u>	<u>(3,570)</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,430</u>	<u>\$ (106)</u>	<u>\$ 0</u>	<u>\$ 106</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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 115,000	\$ 92,000	\$ 91,924	\$ (76)
Charges for Services	55,000	48,000	47,825	(175)
All Other Revenues	<u>5,000</u>	<u>3,000</u>	<u>2,832</u>	<u>(168)</u>
Total Revenues	<u>175,000</u>	<u>143,000</u>	<u>142,581</u>	<u>(419)</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	139,299	109,299	91,490	17,809
Materials and Supplies	11,901	11,901	11,448	453
Contractual Services	<u>23,800</u>	<u>23,800</u>	<u>20,879</u>	<u>2,921</u>
Total Expenditures	<u>175,000</u>	<u>145,000</u>	<u>123,817</u>	<u>21,183</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	0	(2,000)	18,764	20,764
Fund Balance at Beginning of Year	<u>3,344</u>	<u>3,344</u>	<u>3,344</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,344</u>	<u>\$ 1,344</u>	<u>\$ 22,108</u>	<u>\$ 20,764</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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 100,000</u>	<u>\$ 63,000</u>	<u>\$ 62,536</u>	<u>\$ (464)</u>
Total Revenues	<u>100,000</u>	<u>63,000</u>	<u>62,536</u>	<u>(464)</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	33,362	19,709	13,710	5,999
Materials and Supplies	3,137	1,673	1,601	72
Contractual Services	<u>48,500</u>	<u>32,425</u>	<u>32,425</u>	<u>0</u>
Total Expenditures	<u>84,999</u>	<u>53,807</u>	<u>47,736</u>	<u>6,071</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,001	9,193	14,800	5,607
Fund Balance at Beginning of Year	<u>(14,800)</u>	<u>(14,800)</u>	<u>(14,800)</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 201</u>	<u>\$ (5,607)</u>	<u>\$ 0</u>	<u>\$ 5,607</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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 36,000</u>	<u>\$ 36,000</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>36,000</u>	<u>36,000</u>
Expenditures:				
Public Health and Welfare Services:				
Materials and Supplies	0	36,000	36,000	0
Contractual Services	<u>41,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>41,000</u>	<u>36,000</u>	<u>36,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(41,000)	(36,000)	0	36,000
Other Financing Sources (Uses):				
Transfers In	<u>0</u>	<u>36,000</u>	<u>0</u>	<u>(36,000)</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>36,000</u>	<u>0</u>	<u>(36,000)</u>
Net Change in Fund Balance	(41,000)	0	0	0
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>\$ 235</u>	<u>\$ 41,235</u>	<u>\$ 41,235</u>	<u>\$ 0</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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 330,000</u>	<u>\$ 200,000</u>	<u>\$ 199,111</u>	<u>\$ (889)</u>
Total Revenues	<u>330,000</u>	<u>200,000</u>	<u>199,111</u>	<u>(889)</u>
Expenditures:				
Public Health and Welfare Services:				
Contractual Services	<u>330,000</u>	<u>265,482</u>	<u>265,482</u>	<u>0</u>
Total Expenditures	<u>330,000</u>	<u>265,482</u>	<u>265,482</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(65,482)	(66,371)	(889)
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ (65,482)</u>	<u>\$ (66,371)</u>	<u>\$ (889)</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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 230,000	\$ 127,000	\$ 223,336	\$ 96,336
Charges for Services	0	0	6,764	6,764
All Other Revenues	<u>0</u>	<u>0</u>	<u>659</u>	<u>659</u>
Total Revenues	<u>230,000</u>	<u>127,000</u>	<u>230,759</u>	<u>103,759</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	139,700	140,558	140,558	0
Materials and Supplies	8,800	14,172	14,172	0
Contractual Services	<u>81,500</u>	<u>59,648</u>	<u>59,648</u>	<u>0</u>
Total Expenditures	<u>230,000</u>	<u>214,378</u>	<u>214,378</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(87,378)	16,381	103,759
Fund Balance at Beginning of Year	<u>26,991</u>	<u>26,991</u>	<u>26,991</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 26,991</u>	<u>\$ (60,387)</u>	<u>\$ 43,372</u>	<u>\$ 103,759</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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 200,000	\$ 220,000	\$ 195,706	\$ (24,294)
Intergovernmental Revenues	<u>0</u>	<u>0</u>	<u>25,135</u>	<u>25,135</u>
Total Revenues	<u>200,000</u>	<u>220,000</u>	<u>220,841</u>	<u>841</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	91,000	94,000	20,202	73,798
Materials and Supplies	11,000	8,000	7,045	955
Contractual Services	222,550	347,550	181,306	166,244
Capital Outlay	<u>126,604</u>	<u>201,604</u>	<u>177,624</u>	<u>23,980</u>
Total Expenditures	<u>451,154</u>	<u>651,154</u>	<u>386,177</u>	<u>264,977</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(251,154)	(431,154)	(165,336)	265,818
Fund Balance at Beginning of Year	431,216	431,216	431,216	0
Prior Year Encumbrances	<u>190,854</u>	<u>190,854</u>	<u>190,854</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 370,916</u>	<u>\$ 190,916</u>	<u>\$ 456,734</u>	<u>\$ 265,818</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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Licenses and Permits	\$ 2,000	\$ 2,000	\$ 0	\$ (2,000)
All Other Revenues	<u>0</u>	<u>0</u>	<u>1,574</u>	<u>1,574</u>
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>1,574</u>	<u>(426)</u>
Expenditures:				
Public Health and Welfare Services:				
Contractual Services	<u>2,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>2,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	2,000	1,574	(426)
Fund Balance at Beginning of Year	<u>3,098</u>	<u>3,098</u>	<u>3,098</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,098</u>	<u>\$ 5,098</u>	<u>\$ 4,672</u>	<u>\$ (426)</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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	<u>\$ 55,000</u>	<u>\$ 46,000</u>	<u>\$ 46,318</u>	<u>\$ 318</u>
Total Revenues	<u>55,000</u>	<u>46,000</u>	<u>46,318</u>	<u>318</u>
Expenditures:				
Leisure Time Activities:				
Personal Services	41,365	41,365	38,167	3,198
Materials and Supplies	8,600	11,600	9,734	1,866
Contractual Services	<u>20,475</u>	<u>20,475</u>	<u>20,373</u>	<u>102</u>
Total Expenditures	<u>70,440</u>	<u>73,440</u>	<u>68,274</u>	<u>5,166</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,440)	(27,440)	(21,956)	5,484
Fund Balance at Beginning of Year	<u>75,400</u>	<u>75,400</u>	<u>75,400</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 59,960</u>	<u>\$ 47,960</u>	<u>\$ 53,444</u>	<u>\$ 5,484</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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 2,041</u>	<u>\$ 41</u>
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>2,041</u>	<u>41</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,000	2,000	2,041	41
Fund Balance at Beginning of Year	<u>14,580</u>	<u>14,580</u>	<u>14,580</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 16,580</u>	<u>\$ 16,580</u>	<u>\$ 16,621</u>	<u>\$ 41</u>

CITY OF PORTSMOUTH, OHIO

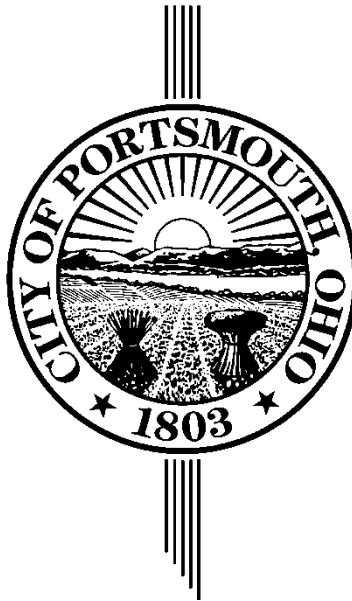
**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Fund
For the Year Ended December 31, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	<u>\$ 10,000</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 0</u>
Total Revenues	<u>10,000</u>	<u>2,000</u>	<u>2,000</u>	<u>0</u>
Expenditures:				
Public Health and Welfare Services:				
Contractual Services	3,000	3,500	3,420	80
Capital Outlay	<u>6,000</u>	<u>6,500</u>	<u>6,150</u>	<u>350</u>
Total Expenditures	<u>9,000</u>	<u>10,000</u>	<u>9,570</u>	<u>430</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,000	(8,000)	(7,570)	430
Fund Balance at Beginning of Year	<u>179,522</u>	<u>179,522</u>	<u>179,522</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 180,522</u>	<u>\$ 171,522</u>	<u>\$ 171,952</u>	<u>\$ 430</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, 2011***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	4,852	4,852	4,852	0
Fund Balance at End of Year	<u>\$ 4,852</u>	<u>\$ 4,852</u>	<u>\$ 4,852</u>	<u>\$ 0</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

Performance Bonds Fund

To account for funds placed in escrow for various construction projects.

Law Library Fund

To account for revenue and expenditures of State Patrol fines to the County Law Library.

Ohio Board of Building Standards Fund

To account for funds from the three percent (3%) fees as required by Ohio Revised Code.

Municipal Court Fund

To account for funds that flow through the municipal court office.

CITY OF PORTSMOUTH, OHIO

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2011**

	Balance December 31, 2010	Additions	Deductions	Balance December 31, 2011
Performance Bonds Fund				
Restricted Assets:				
Cash and Cash Equivalents	\$21,991	\$40,318	(\$32,318)	\$29,991
Total Assets	<u>\$21,991</u>	<u>\$40,318</u>	<u>(\$32,318)</u>	<u>\$29,991</u>
Liabilities:				
Due to Others	\$21,991	\$40,318	(\$32,318)	\$29,991
Total Liabilities	<u>\$21,991</u>	<u>\$40,318</u>	<u>(\$32,318)</u>	<u>\$29,991</u>
Law Library Fund				
Assets:				
Accounts Receivable	\$20,047	\$18,614	(\$20,047)	\$18,614
Restricted Assets:				
Cash and Cash Equivalents	2,637	34,944	(35,333)	2,248
Total Assets	<u>\$22,684</u>	<u>\$53,558</u>	<u>(\$55,380)</u>	<u>\$20,862</u>
Liabilities:				
Due to Others	\$22,684	\$53,558	(\$55,380)	\$20,862
Total Liabilities	<u>\$22,684</u>	<u>\$53,558</u>	<u>(\$55,380)</u>	<u>\$20,862</u>
Ohio Board of Building Standards Fund				
Restricted Assets:				
Cash and Cash Equivalents	\$4,943	\$2,010	(\$6,224)	\$729
Total Assets	<u>\$4,943</u>	<u>\$2,010</u>	<u>(\$6,224)</u>	<u>\$729</u>
Liabilities:				
Due to Others	\$4,943	\$2,010	(\$6,224)	\$729
Total Liabilities	<u>\$4,943</u>	<u>\$2,010</u>	<u>(\$6,224)</u>	<u>\$729</u>
Municipal Court Fund				
Assets:				
Accounts Receivable	\$422,349	\$453,702	(\$422,349)	\$453,702
Restricted Assets:				
Cash and Cash Equivalents	78,054	1,623,699	(1,625,518)	76,235
Total Assets	<u>\$500,403</u>	<u>\$2,077,401</u>	<u>(\$2,047,867)</u>	<u>\$529,937</u>
Liabilities:				
Intergovernmental Payables	\$34,901	\$601,962	(\$602,501)	\$34,362
Due to Others	465,502	1,475,439	(1,445,366)	495,575
Total Liabilities	<u>\$500,403</u>	<u>\$2,077,401</u>	<u>(\$2,047,867)</u>	<u>\$529,937</u>

(Continued)

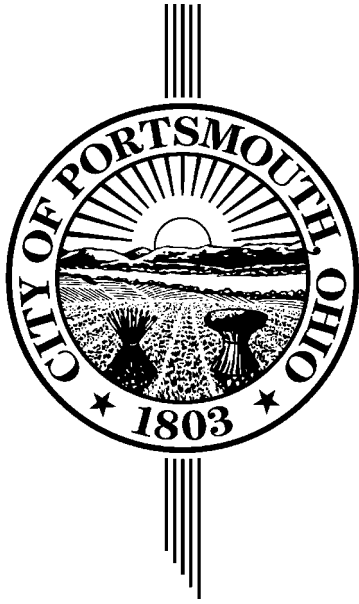
CITY OF PORTSMOUTH, OHIO

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2011**

	Balance December 31, 2010	Additions	Deductions	Balance December 31, 2011
Totals - All Agency Funds				
Assets:				
Accounts Receivable	\$442,396	\$472,316	(\$442,396)	\$472,316
Restricted Assets:				
Cash and Cash Equivalents	107,625	1,700,971	(1,699,393)	109,203
Total Assets	<u>\$550,021</u>	<u>\$2,173,287</u>	<u>(\$2,141,789)</u>	<u>\$581,519</u>
Liabilities:				
Intergovernmental Payables	\$34,901	\$601,962	(\$602,501)	\$34,362
Due to Others	515,120	1,571,325	(1,539,288)	547,157
Total Liabilities	<u>\$550,021</u>	<u>\$2,173,287</u>	<u>(\$2,141,789)</u>	<u>\$581,519</u>

STATISTICAL SECTION





STATISTICAL TABLES

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

Financial Trends	S 2 – S 11
These schedules contain trend information to help the reader understand how the City's financial position has changed over time.	
Revenue Capacity	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.	
Debt Capacity	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.	
Economic and Demographic Information	S 26 – S 29
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
Operating Information	S 30 – S 35
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the district provides and the activities it performs.	
Sources Note:	
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 Nine Years
(accrual basis of accounting)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities:				
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>
Business-type Activities:				
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>
Primary Government:				
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

(1) Amounts adjusted as a result of a prior period adjustment.

City of Portsmouth

2007	2008	2009	2010	2011
		(1)		
\$19,314,512	\$18,230,304	\$17,772,546	\$17,777,202	\$16,236,319
5,064,839	5,412,572	6,422,601	6,165,793	6,931,652
274,557	(445,016)	(568,870)	(1,189,432)	(2,855,991)
<u>\$24,653,908</u>	<u>\$23,197,860</u>	<u>\$23,626,277</u>	<u>\$22,753,563</u>	<u>\$20,311,980</u>
\$9,373,296	\$9,820,832	\$10,048,483	\$13,226,718	\$14,370,361
783,278	755,780	873,786	930,461	942,914
3,074,363	2,750,796	1,772,923	1,998,260	2,030,176
<u>\$13,230,937</u>	<u>\$13,327,408</u>	<u>\$12,695,192</u>	<u>\$16,155,439</u>	<u>\$17,343,451</u>
\$28,687,808	\$28,051,136	\$27,821,029	\$31,003,920	\$30,606,680
5,848,117	6,168,352	7,296,387	7,096,254	7,874,566
3,348,920	2,305,780	1,204,053	808,828	(825,815)
<u>\$37,884,845</u>	<u>\$36,525,268</u>	<u>\$36,321,469</u>	<u>\$38,909,002</u>	<u>\$37,655,431</u>

City of Portsmouth

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

	2003	2004	2005	2006
Expenses				
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>
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$1,350,489	\$972,970	\$992,341	\$952,245
Public Health and Welfare Services	409,486	378,409	335,412	343,817
Leisure Time Activities	49,573	71,325	65,987	65,966
Community Environment	197,233	289,795	157,818	144,084
Transportation	62,690	35,534	53,201	54,013
General Government	11,403	383,009	374,925	412,112
Operating Grants and Contributions	2,804,495	3,317,742	3,428,998	3,676,237
Capital Grants and Contributions	197,450	465	0	781
<i>Total Governmental Activities Program Revenues</i>	<u>5,082,819</u>	<u>5,449,249</u>	<u>5,408,682</u>	<u>5,649,255</u>

City of Portsmouth

2007	2008	2009 (1)	2010	2011
\$7,625,070	\$7,842,183	\$8,048,728	\$7,783,737	\$8,579,519
2,861,477	2,986,843	3,044,217	3,148,969	2,621,773
26,055	38,446	67,947	68,553	79,666
454,715	585,826	750,295	547,482	693,688
2,534,541	2,532,238	2,471,165	2,394,638	2,372,106
4,122,079	4,271,908	4,099,865	3,655,472	4,197,318
138,677	158,664	158,928	126,256	121,302
<u>17,762,614</u>	<u>18,416,108</u>	<u>18,641,145</u>	<u>17,725,107</u>	<u>18,665,372</u>
5,659,269	5,491,584	6,383,345	6,683,628	5,786,341
2,690,618	2,920,998	2,634,267	2,575,805	2,896,984
1,295,143	1,463,080	1,396,175	1,438,197	1,314,807
160,583	190,251	82,577	13,571	44,432
<u>9,805,613</u>	<u>10,065,913</u>	<u>10,496,364</u>	<u>10,711,201</u>	<u>10,042,564</u>
<u>\$27,568,227</u>	<u>\$28,482,021</u>	<u>\$29,137,509</u>	<u>\$28,436,308</u>	<u>\$28,707,936</u>
\$1,064,597	\$917,498	\$1,058,701	\$782,236	\$758,640
427,938	405,343	374,135	367,324	336,951
81,513	73,823	75,800	76,784	68,158
204,896	194,868	88,559	114,273	95,092
59,246	40,901	36,450	37,253	41,584
377,847	423,422	402,007	432,183	349,822
3,388,057	3,350,201	5,066,400	4,186,589	2,727,791
0	0	0	0	0
<u>5,604,094</u>	<u>5,406,056</u>	<u>7,102,052</u>	<u>5,996,642</u>	<u>4,378,038</u>

(continued)

City of Portsmouth

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

	2003	2004	2005	2006
Business-type Activities:				
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
Capital Grants and Contributions	0	0	0	0
<i>Total Business-type Activities Program Revenues</i>	8,396,131	8,361,249	9,076,792	9,436,766
<i>Total Primary Government Program Revenues</i>	13,478,950	13,810,498	14,485,474	15,086,021
Net (Expense)/Revenue				
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)
General Revenues and Other Changes in Net Assets				
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
Change in Net Assets				
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

(1) Amounts adjusted as a result of a prior period adjustment.

City of Portsmouth

2007	2008	2009 (1)	2010	2011
5,641,577	5,689,761	5,497,291	6,264,595	6,008,911
2,639,583	2,645,697	2,620,549	2,915,708	2,943,096
1,322,894	1,332,278	1,417,370	1,375,636	1,369,124
82,039	126,946	61,011	36,409	40,166
0	231,602	0	2,761,124	869,279
<u>9,686,093</u>	<u>10,026,284</u>	<u>9,596,221</u>	<u>13,353,472</u>	<u>11,230,576</u>
<u>15,290,187</u>	<u>15,432,340</u>	<u>16,698,273</u>	<u>19,350,114</u>	<u>15,608,614</u>
(12,158,520)	(13,010,052)	(11,539,093)	(11,728,465)	(14,287,334)
(119,520)	(39,629)	(900,143)	2,642,271	1,188,012
<u>(\$12,278,040)</u>	<u>(\$13,049,681)</u>	<u>(\$12,439,236)</u>	<u>(\$9,086,194)</u>	<u>(\$13,099,322)</u>
\$1,742,823	\$1,681,199	\$1,774,175	\$1,735,968	\$1,596,316
344,718	320,395	336,757	331,289	326,443
150,919	233,466	755,347	638,636	154,074
6,349,696	6,686,131	6,573,256	6,705,817	6,684,933
266,330	288,923	343,294	279,059	296,427
2,037,424	2,183,479	1,815,651	1,707,566	2,536,309
341,030	119,544	2,347	686	44
204,325	176,967	635,052	274,706	251,205
(150,000)	(136,100)	(62,500)	(817,976)	0
<u>11,287,265</u>	<u>11,554,004</u>	<u>12,173,379</u>	<u>10,855,751</u>	<u>11,845,751</u>
<u>150,000</u>	<u>136,100</u>	<u>62,500</u>	<u>817,976</u>	<u>0</u>
<u>150,000</u>	<u>136,100</u>	<u>62,500</u>	<u>817,976</u>	<u>0</u>
<u>\$11,437,265</u>	<u>\$11,690,104</u>	<u>\$12,235,879</u>	<u>\$11,673,727</u>	<u>\$11,845,751</u>
(\$871,255)	(\$1,456,048)	\$634,286	(\$872,714)	(\$2,441,583)
30,480	96,471	(837,643)	3,460,247	1,188,012
<u>(\$840,775)</u>	<u>(\$1,359,577)</u>	<u>(\$203,357)</u>	<u>\$2,587,533</u>	<u>(\$1,253,571)</u>

City of Portsmouth

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

	2002	2003	2004	2005
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Unassigned	0	0	0	0
Reserved	97,713	108,831	97,635	98,476
Unreserved	933,037	704,284	1,170,835	864,105
<i>Total General Fund</i>	<u>1,030,750</u>	<u>813,115</u>	<u>1,268,470</u>	<u>962,581</u>
All Other Governmental Funds				
Nonspendable	\$0	\$0	\$0	\$0
Restricted	0	0	0	0
Committed	0	0	0	0
Unassigned	0	0	0	0
Reserved	2,597,638	275,950	347,033	416,408
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	2,469,590	2,423,614	2,274,291	2,770,689
Capital Projects Funds	(1,711,167)	235,713	649,230	780,868
Permanent Fund	0	178,966	173,511	168,324
<i>Total All Other Governmental Funds</i>	<u>3,356,061</u>	<u>3,114,243</u>	<u>3,444,065</u>	<u>4,136,289</u>
<i>Total Governmental Funds</i>	<u><u>\$4,386,811</u></u>	<u><u>\$3,927,358</u></u>	<u><u>\$4,712,535</u></u>	<u><u>\$5,098,870</u></u>

Source: City Auditor's Office

(1) Amounts adjusted as a result of a prior period adjustment.

NOTE: Year 2002 does 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.

Note: The City implemented GASB 54 in 2011 which established new fund balance classifications for governmental funds.

City of Portsmouth

2006	2007	2008	2009	2010	2011
			(1)		
\$0	\$0	\$0	\$0	\$0	\$46,310
0	0	0	0	0	(1,704,694)
82,472	129,318	68,808	72,684	19,498	0
619,184	669,976	194,845	(217,359)	(549,541)	0
701,656	799,294	263,653	(144,675)	(530,043)	(1,658,384)
\$0	\$0	\$0	\$0	\$0	\$57,896
0	0	0	0	0	4,927,522
0	0	0	0	0	55,800
0	0	0	0	0	(227,741)
535,621	399,443	1,748,111	572,079	485,976	0
2,519,419	2,578,171	2,575,725	3,013,959	2,373,901	0
969,910	1,409,916	(133,202)	671,599	1,099,276	0
174,297	161,071	159,392	159,635	157,531	0
4,199,247	4,548,601	4,350,026	4,417,272	4,116,684	4,813,477
\$4,900,903	\$5,347,895	\$4,613,679	\$4,272,597	\$3,586,641	\$3,155,093

City of Portsmouth

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

	2002	2003	2004	2005
Revenues:				
Taxes	\$8,029,034	\$7,791,325	\$8,380,980	\$8,250,795
Intergovernmental Revenues	5,994,416	5,463,082	5,484,792	5,123,524
Charges for Services	471,528	654,975	669,104	498,169
Licenses and Permits	177,129	231,125	286,046	189,102
Investment Earnings	136,409	47,865	41,254	144,644
Special Assessments	154,864	0	465	0
Fines and Forfeitures	917,757	994,915	1,013,920	1,138,755
All Other Revenue	374,085	482,914	308,498	517,542
Total Revenue	16,255,222	15,666,201	16,185,059	15,862,531
Expenditures:				
Current:				
Security of Persons and Property	6,423,187	6,572,469	6,349,582	6,532,111
Public Health and Welfare Services	2,708,280	2,565,485	2,539,607	2,851,886
Leisure Time Activities	0	73,507	72,782	111,168
Community Environment	695,134	371,813	677,336	404,492
Transportation	1,417,750	2,292,674	1,110,311	1,117,116
General Government	3,434,883	3,403,628	3,203,359	3,277,687
Capital Outlay	4,007,499	665,748	1,275,007	985,797
Debt Service:				
Principal Retirement	175,000	252,306	114,002	98,607
Interest and Fiscal Charges	159,738	151,542	115,616	110,808
Total Expenditures	19,021,471	16,349,172	15,457,602	15,489,672
Excess (Deficiency) of Revenues Over Expenditures	(2,766,249)	(682,971)	727,457	372,859
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	16,930	21,398	8,312	5,584
Other Financing Sources - Capital Leases	0	0	0	0
General Obligation Bonds Issued	0	0	65,000	0
Transfers In	364,296	4,106,809	545,860	101,396
Transfers Out	(443,907)	(4,262,989)	(545,860)	(101,396)
Total Other Financing Sources (Uses)	(62,681)	(134,782)	73,312	5,584
Net Change in Fund Balance	(\$2,828,930)	(\$817,753)	\$800,769	\$378,443
Debt Service as a Percentage of Noncapital Expenditures	2.17%	2.56%	1.54%	1.41%

Source: City Auditor's Office

(1) Amounts adjusted as a result of a prior period adjustment.

NOTE: Year 2002 does 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

2006	2007	2008	2009	2010	2011
			(1)		
\$8,310,392	\$8,705,227	\$9,100,353	\$9,699,794	\$9,701,137	\$9,061,432
5,068,076	5,442,279	5,421,898	5,784,432	5,386,662	5,973,637
526,403	628,968	565,075	568,133	516,537	448,864
174,978	255,533	232,738	199,195	226,215	200,268
343,205	341,030	119,544	2,347	686	44
781	0	0	0	0	0
1,181,478	1,251,120	1,180,816	1,248,024	1,095,018	974,985
302,800	308,225	491,256	199,061	319,215	267,930
<u>15,908,113</u>	<u>16,932,382</u>	<u>17,111,680</u>	<u>17,700,986</u>	<u>17,245,470</u>	<u>16,927,160</u>
6,868,634	7,264,770	7,444,324	7,782,726	7,447,624	8,359,182
2,957,064	2,806,647	2,910,053	2,991,954	3,104,530	2,585,053
99,621	19,116	25,986	52,655	53,261	64,374
562,329	587,307	527,297	685,755	486,232	668,983
1,168,987	1,484,907	1,463,599	1,421,995	1,330,947	1,306,133
3,303,143	3,133,796	3,430,535	3,257,913	3,380,820	3,462,550
1,418,055	1,601,796	1,677,173	1,933,349	1,069,168	699,867
153,071	179,200	195,134	248,519	242,748	161,881
102,436	139,489	159,480	159,771	127,206	122,282
<u>16,633,340</u>	<u>17,217,028</u>	<u>17,833,581</u>	<u>18,534,637</u>	<u>17,242,536</u>	<u>17,430,305</u>
(725,227)	(284,646)	(721,901)	(833,651)	2,934	(503,145)
32,001	22,637	0	474,793	45,369	33,034
497,862	852,153	0	0	129,610	0
0	0	0	0	0	0
18,000	18,000	20,000	716,242	711,600	18,000
(18,000)	(168,000)	(20,000)	(716,242)	(1,529,576)	(18,000)
<u>529,863</u>	<u>724,790</u>	<u>0</u>	<u>474,793</u>	<u>(642,997)</u>	<u>33,034</u>
<u>(\$195,364)</u>	<u>\$440,144</u>	<u>(\$721,901)</u>	<u>(\$358,858)</u>	<u>(\$640,063)</u>	<u>(\$470,111)</u>
1.66%	2.00%	2.12%	2.37%	2.30%	1.65%

City of Portsmouth

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Income Tax Rate	1.40%	1.40%	1.40%	1.40%
Estimated Personal Income (in thousands)	\$437,207	\$451,195	\$477,896	\$484,566
Total Tax Collected	\$5,537,363	\$5,675,462	\$5,853,487	\$6,275,016
Income Tax Receipts				
Withholding	4,795,049	4,877,783	5,126,945	5,429,215
Percentage	86.59%	85.94%	87.59%	86.52%
Corporate	499,226	536,746	503,000	614,148
Percentage	9.02%	9.46%	8.59%	9.79%
Individuals	243,088	260,933	223,542	231,653
Percentage	4.39%	4.60%	3.82%	3.69%

Source: City Income Tax Department

City of Portsmouth

2006	2007	2008	2009	2010	2011
1.40%	1.40%	1.40%	1.40%	1.40%	1.40%
\$499,328	\$534,476	\$576,273	\$570,628	\$565,377	\$565,377
\$6,036,828	\$6,178,521	\$7,057,662	\$6,624,731	\$6,687,883	\$6,717,776
5,211,420	5,323,577	6,202,595	5,775,601	5,810,503	5,900,172
86.33%	86.16%	87.89%	87.18%	86.89%	87.83%
564,472	629,463	613,663	603,317	653,048	565,908
9.35%	10.19%	8.69%	9.11%	9.76%	8.42%
260,936	225,481	241,404	245,813	224,332	251,696
4.32%	3.65%	3.42%	3.71%	3.35%	3.75%



City of Portsmouth

Income Tax Collections Current Year and Nine Years Ago

Calendar Year 2011

Income Tax Filers	Number of Filers	Percent of Total	Taxable Income	Percent of Income	Income Tax Collections	Percent of Income
Top Ten	10	0.14%	\$213,495,786	44.49%	\$2,988,941	44.49%
All Others	7,065	99.86%	266,345,357	55.51%	3,728,835	55.51%
Total	7,075	100.00%	\$479,841,143	100.00%	\$6,717,776	100.00%

Calendar Year 2002

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	\$157,474,286	39.81%	\$2,204,640	39.81%
All Others	N/A	N/A	238,051,643	60.19%	3,332,723	60.19%
Total	N/A	N/A	\$395,525,929	100.00%	\$5,537,363	100.00%

Source: City Income Tax Department
N/A - Not available

City of Portsmouth

Ratio of Outstanding Debt By Type Last Ten Years

	2002	2003	2004	2005
Governmental Activities ⁽¹⁾				
Special Assessment Bonds Payable	\$145,000	\$0	\$0	\$0
General Obligation Bonds Payable	2,050,000	2,005,000	1,960,000	1,915,000
Bond Anticipation Notes Payable	0	0	65,000	44,132
Capital Leases	164,047	101,741	32,739	0
Business-type Activities ⁽¹⁾				
OWDA Loan Payable	\$281,536	\$0	\$0	\$0
OPWC Loan Payable	562,747	525,000	495,000	465,000
General Obligation Bonds Payable	2,770,000	0	0	0
Mortgage Revenue Bonds Payable	594,400	0	0	0
Water Refunding Revenue Bonds Payable	0	5,255,333	4,900,285	4,540,237
Capital Leases	286,477	584,615	571,921	456,278
Total Primary Government	<u>\$6,854,207</u>	<u>\$8,471,689</u>	<u>\$8,024,945</u>	<u>\$7,420,647</u>
Population ⁽²⁾				
City of Portsmouth	20,909	20,909	20,909	20,909
Outstanding Debt Per Capita	\$328	\$405	\$384	\$355
Income ⁽³⁾				
Personal (in thousands)	437,207	451,195	477,896	484,566
Percentage of Personal Income	1.57%	1.88%	1.68%	1.53%

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

2006	2007	2008	2009	2010	2011
\$0	\$0	\$0	\$0	\$0	\$0
1,865,000	1,815,000	1,760,000	1,705,000	1,645,000	1,585,000
22,475	0	0	0	0	0
416,448	1,161,876	1,021,742	828,223	775,085	673,204
\$0	\$1,732,784	\$4,094,027	\$3,968,134	\$4,881,242	\$5,237,048
435,000	405,000	913,377	1,060,000	995,000	930,000
0	0	0	0	0	0
0	0	0	0	0	0
4,170,189	3,790,141	3,400,093	2,995,045	2,575,000	2,100,000
305,421	7,855,343	7,661,637	6,901,831	6,109,916	5,284,523
<u>\$7,214,533</u>	<u>\$16,760,144</u>	<u>\$18,850,876</u>	<u>\$17,458,233</u>	<u>\$16,981,243</u>	<u>\$15,809,775</u>
20,909	20,909	20,909	20,909	20,226	20,226
\$345	\$802	\$902	\$835	\$840	\$782
499,328	534,476	576,273	570,628	565,377	565,377
1.44%	3.14%	3.27%	3.06%	3.00%	2.80%

City of Portsmouth

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2002	2003	2004	2005
Population (1)	20,909	20,909	20,909	20,909
Assessed Value (2)	\$206,248,060	\$207,459,910	\$219,358,780	\$223,629,450
General Bonded Debt (3)				
General Obligation Bonds-Governmental	\$2,050,000	\$2,005,000	\$1,960,000	\$1,915,000
General Obligation Bonds-Proprietary	\$2,770,000	\$0	\$0	\$0
Resources Available to Pay Principal (4)	\$2,303,009	\$102,150	\$98,936	\$65,248
Net General Bonded Debt	\$2,516,991	\$1,902,850	\$1,861,064	\$1,849,752
Ratio of Net Bonded Debt to Assessed Value	1.22%	0.92%	0.85%	0.83%
Net Bonded Debt per Capita	\$120.38	\$91.01	\$89.01	\$88.47

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

2006	2007	2008	2009	2010	2011
20,909	20,909	20,909	20,909	20,226	20,226
\$220,033,280	\$228,185,580	\$221,748,980	\$214,886,500	\$217,525,430	\$217,525,430
\$1,865,000	\$1,815,000	\$1,760,000	\$1,705,000	\$1,645,000	\$1,585,000
\$0	\$0	\$0	\$0	\$0	\$0
\$25,419	\$31,275	\$32,394	\$11,191	\$40,553	\$65,065
\$1,839,581	\$1,783,725	\$1,727,606	\$1,693,809	\$1,604,447	\$1,519,935
0.84%	0.78%	0.78%	0.79%	0.74%	0.70%
\$87.98	\$85.31	\$82.62	\$81.01	\$79.33	\$75.15



City of Portsmouth

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2011*

<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>
Direct:			
City of Portsmouth	\$1,585,000	100.00%	\$1,585,000
Overlapping:			
Scioto County	9,506,167	22.59%	2,147,443
Portsmouth City School District	13,902,337	92.49%	<u>12,858,271</u>
		Subtotal	<u>15,005,714</u>
		Total	<u><u>\$16,590,714</u></u>

Source: Scioto County Auditor
Portsmouth City School District

Percentages determined by dividing each overlapping subdivisions' assessed valuation within the City by the subdivisions' total assessed valuation.

City of Portsmouth

Debt Limitations Last Ten Years

Collection Year	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Total Debt				
Net Assessed Valuation	\$206,248,060	\$207,459,910	\$219,358,780	\$223,629,450
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	21,656,046	21,783,291	23,032,672	23,481,092
City Debt Outstanding (2)	2,050,000	2,005,000	2,025,000	1,959,132
Less: Applicable Debt Service Fund Amounts	<u>(2,303,009)</u>	<u>(102,150)</u>	<u>(98,936)</u>	<u>(65,248)</u>
Net Indebtedness Subject to Limitation	<u>0</u>	<u>1,902,850</u>	<u>1,926,064</u>	<u>1,893,884</u>
Overall Legal Debt Margin	<u><u>\$21,656,046</u></u>	<u><u>\$19,880,441</u></u>	<u><u>\$21,106,608</u></u>	<u><u>\$21,587,208</u></u>
Unvoted Debt				
Net Assessed Valuation	\$206,248,060	\$207,459,910	\$219,358,780	\$223,629,450
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	11,343,643	11,410,295	12,064,733	12,299,620
City Debt Outstanding (2)	2,050,000	2,005,000	2,025,000	1,959,132
Less: Applicable Debt Service Fund Amounts	<u>(2,303,009)</u>	<u>(102,150)</u>	<u>(98,936)</u>	<u>(65,248)</u>
Net Indebtedness Subject to Limitation	<u>0</u>	<u>1,902,850</u>	<u>1,926,064</u>	<u>1,893,884</u>
Overall Legal Debt Margin	<u><u>\$11,343,643</u></u>	<u><u>\$9,507,445</u></u>	<u><u>\$10,138,669</u></u>	<u><u>\$10,405,736</u></u>

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

(2) City Debt Outstanding includes Non Self-Supporting General Obligation 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

2006	2007	2008	2009	2010	2011
\$220,033,280	\$228,185,580	\$221,748,980	\$214,886,500	\$217,525,430	\$217,525,430
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
23,103,494	23,959,486	23,283,643	22,563,083	22,840,170	22,840,170
1,887,475	1,815,000	2,440,000	2,385,000	1,645,000	1,585,000
(25,419)	(31,275)	(32,394)	(11,191)	(40,553)	(65,065)
<u>1,862,056</u>	<u>1,783,725</u>	<u>2,407,606</u>	<u>2,373,809</u>	<u>1,604,447</u>	<u>1,519,935</u>
<u>\$21,241,438</u>	<u>\$22,175,761</u>	<u>\$20,876,037</u>	<u>\$20,189,274</u>	<u>\$21,235,723</u>	<u>\$21,320,235</u>
\$220,033,280	\$228,185,580	\$221,748,980	\$214,886,500	\$217,525,430	\$217,525,430
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
12,101,830	12,550,207	12,196,194	11,818,758	11,963,899	11,963,899
1,887,475	1,815,000	2,440,000	2,385,000	1,645,000	1,585,000
(25,419)	(31,275)	(32,394)	(11,191)	(40,553)	(65,065)
<u>1,862,056</u>	<u>1,783,725</u>	<u>2,407,606</u>	<u>2,373,809</u>	<u>1,604,447</u>	<u>1,519,935</u>
<u>\$10,239,774</u>	<u>\$10,766,482</u>	<u>\$9,788,588</u>	<u>\$9,444,949</u>	<u>\$10,359,452</u>	<u>\$10,443,964</u>

City of Portsmouth

Pledged Revenue Coverage Last Ten Years

	2002	2003	2004	2005
Water Mortgage Bonds (1)				
Gross Revenues (2)	\$4,258,687	\$4,810,736	\$4,739,065	\$5,144,913
Direct Operating Expenses (3)	3,268,930	3,695,797	4,083,172	4,245,597
Net Revenue Available for Debt Service	989,757	1,114,939	655,893	899,316
Annual Debt Service Requirement	32,600	121,070	575,525	573,456
Coverage	30.36	9.21	1.14	1.57
Special Assessment Bonds (4)				
Special Assessment Collections	\$154,864	\$149,637	\$465	\$0
Debt Service				
Principal	135,000	145,000	0	0
Interest	14,700	7,613	0	0
Coverage	1.03	0.98	N/A	N/A

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

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

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

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

(5) Amounts adjusted as a result of a prior period adjustment.

Source: City Auditor's Office

City of Portsmouth

2006	2007	2008	2009	2010	2011
			(5)		
\$5,559,506	\$5,641,577	\$5,689,761	\$5,497,291	\$6,264,595	\$6,008,911
4,092,557	4,882,428	4,385,597	4,982,718	5,145,890	4,330,730
1,466,949	759,149	1,304,164	514,573	1,118,705	1,678,181
574,443	573,155	570,024	570,418	569,186	571,155
2.55	1.32	2.29	0.90	1.97	2.94
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
N/A	N/A	N/A	N/A	N/A	N/A

City of Portsmouth

Demographic and Economic Statistics Last Ten Years

Calendar Year	2002	2003	2004	2005	2006
Population ⁽¹⁾					
City of Portsmouth	20,909	20,909	20,909	20,909	20,909
Scioto County	79,195	79,195	79,195	79,195	79,195
Income ^{(2) (a)}					
Total Personal (in thousands)	437,207	451,195	477,896	484,566	499,328
Per Capita	20,910	21,579	22,856	23,175	23,881
Unemployment Rate ⁽³⁾					
Federal	4.8%	5.8%	6.0%	5.5%	4.6%
State	4.3%	5.7%	6.1%	6.0%	5.5%
Scioto County	7.8%	8.6%	9.0%	8.8%	7.6%
Civilian Work Force Estimates ⁽³⁾					
State	5,828,000	5,915,000	5,875,300	5,900,400	5,934,000
Scioto County	34,100	33,900	32,900	32,300	31,300

Sources:

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2010.

For the presentation of 2011 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

2007	2008	2009	2010	2011
20,909	20,909	20,909	20,226	20,226
79,195	79,195	79,195	79,499	79,499
534,476	576,273	570,628	565,377	565,377
25,562	27,561	27,291	27,953	27,953
4.6%	5.8%	9.3%	9.6%	8.3%
5.6%	6.5%	10.2%	10.1%	7.6%
7.4%	8.3%	12.3%	12.8%	11.6%
5,976,500	5,971,900	5,970,200	5,897,600	5,762,000
32,200	32,800	33,100	33,000	31,900



City of Portsmouth

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2011	
		Number of Employees	Rank
Southern Ohio Medical Center	Health Care Services	2,425	1
Shawnee State University	Education	1,500	2
Scioto County Offices	Government	709	3
Portsmouth City Schools	Education	394	4
Community Action Organization	Government / Social Services	350	5
State of Ohio	Government	312	6
City of Portsmouth	Government	266	7
Norfolk and Southern Railway	Railroad	250	8
OSCO Industries	Manufacturing	222	9
SOMC Medical Care Foundation	Medical	75	10
Total		<u>6,503</u>	

Employer	Nature of Business	2002	
		Number of Employees	Rank
Southern Ohio Medical Center	Health Care Services	2,367	1
Shawnee State University	Education	1,371	2
Scioto County Offices	Government	754	3
State of Ohio	Government	361	4
Portsmouth City Schools	Education	295	5
City of Portsmouth	Government	290	6
OscO Industries	Manufacturing	239	7
Kroger	Retail Grocery	220	8
Community Action Organization	Government / Social Services	215	9
United States Enrichment Corp.	Uranium Enrichment Plant	134	10
Total		<u>6,246</u>	

Sources: City Auditor's Office

Total employment within the City is not available.

City of Portsmouth

Full Time Equivalent Employees by Function Last Seven Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities				
Security of Persons and Property				
Police	46	47	46	48
Fire	39	38	43	39
Public Health and Welfare Services				
Health	33	34	35	33
General Government				
Legislative	7	7	7	7
Mayor	3	3	3	3
Finance	5	5	5	5
Legal	5	5	5	5
Court	28	28	24	23
Income Tax	3	3	3	3
Engineering	3	3	4	4
Administration	3	3	8	8
Garage	5	5	5	4
Transportation				
Streets	10	10	14	14
Cemetery Grounds	4	4	4	3
Recreational Grounds	3	3	6	6
Community Environment				
Building Inspection	3	3	3	3
Community Development	2	2	2	2
Business-Type Activities				
Utilities				
Water	34	33	37	39
Sewer	32	30	30	30
Sanitation	16	17	18	13
<i>Total Employees</i>	<u>284</u>	<u>283</u>	<u>302</u>	<u>292</u>

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

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

City of Portsmouth

<u>2009</u>	<u>2010</u>	<u>2011</u>
52	52	50
36	39	36
33	30	26
7	6	7
3	3	3
5	4	5
5	5	5
24	25	25
3	3	2
4	3	3
7	6	3
5	6	3
14	15	12
3	3	3
2	2	2
3	2	1
2	1	1
38	36	38
23	22	24
13	11	12
<u>282</u>	<u>272</u>	<u>260</u>

City of Portsmouth

Operating Indicators by Function Last Ten Years

	2002	2003	2004	2005
Governmental Activities				
General Government				
Licenses and Permits				
Number of Building Permits	632	879	412	326
Security of Persons and Property				
Police				
Number of Patrol Units	35	32	30	27
Criminal/Juvenile Citations and Charges	1,896	2,291	1,946	2,346
Traffice Citations Issued	2,239	2,118	1,579	2,955
Parking Tickets Written	775	1,165	654	614
Fire				
Number of Calls Answered	738	763	699	683
Number of Fire Inspections	172	111	125	131
Number of Investigations	17	22	10	50
Business-Type Activities				
Water				
Number of Service Connections	14,338	14,289	14,136	14,140
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	9,117	8,580	8,580	8,580
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	7,800	7,700	7,700	7,700

Source: City Auditor's Office

City of Portsmouth

2006	2007	2008	2009	2010	2011
336	166	305	612	508	325
27	27	27	27	27	27
2,202	1,912	1,668	1,327	1,991	1,686
1,392	2,052	1,441	1,267	1,966	1,604
946	616	385	487	347	549
717	747	782	785	810	789
154	121	126	99	115	79
30	20	22	32	21	46
13,963	13,963	13,900	13,900	13,900	13,600
7M	6M	6M	6M	6M	6M
12M	12M	12M	12M	12M	12M
8,318	8,362	8,353	8,360	8,360	8,200
5	5	5	5	5	5
10	10	10	10	10	10
7,327	7,597	7,600	7,600	7,600	7,600

City of Portsmouth

Capital Asset Statistics by Function Last Ten Years

	2002	2003	2004	2005
Governmental Activities				
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	35	32	30	27
Fire				
Stations	3	3	3	3
Vehicles	10	10	10	10
Transportation				
Street				
Streets (lane miles)	220	220	220	220
Street Lights	1,488	1,485	1,475	1,475
Leisure Time Activities				
Recreation/Seniors				
Land (acres)	223	223	223	223
Parks	17	17	17	17
Number of Ball Fields (Lighted)	4	4	6	7
Number of Ball Fields (Unlighted)	7	7	5	4
Number of Tennis Courts (Lighted)	4	4	4	4
Number of Tennis Courts (Unlighted)	8	8	8	8
Public Health and Welfare				
Cemeteries				
Cemeteries	1	1	1	1
Land (acres)	40	40	40	40
Business-Type Activities				
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

2006	2007	2008	2009	2010	2011
7,680	7,680	7,680	7,680	7,680	7,680
1	1	1	1	1	1
27	27	27	27	27	27
3	3	3	3	3	3
10	10	14	17	17	17
220	220	220	220	220	220
1,475	1,475	1,476	1,476	1,476	1,476
223	223	223	223	223	223
17	17	17	17	17	17
7	7	7	7	7	7
4	4	4	4	4	4
4	4	4	0	0	0
8	8	8	11	11	11
1	1	1	1	1	1
40	40	40	40	40	40
1	1	1	1	1	1
400	400	400	400	400	400
865	865	865	865	865	865
2	2	2	2	2	2
30	30	30	30	30	30
30	30	30	30	30	30





Dave Yost • Auditor of State

CITY OF PORTSMOUTH

SCIOTO COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 20, 2012