



Dave Yost • Auditor of State

CITY OF PORTSMOUTH
SCIOTO COUNTY

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CITY OF PORTSMOUTH
SCIOTO COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>FEDERAL GRANTOR/Pass Through Grantor/Program Title</u>	<u>Grant/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 Development Services Agency</i>			
Community Development Block Grants/State's Program			
Community Development Program	A-C-10-2DH-1	14.228	\$19,528
Community Development Program	A-C-12-2DH-1		79,936
Community Development Program	A-F-12-2DH-1		61,350
CDBG Revolving Loan	N/A		<u>48,501</u>
Total Community Development Block Grants/State's Program			209,315
Home Investment Partnerships Program	A-C-10-2DH-2	14.239	<u>14,968</u>
TOTAL UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			224,283
<u>UNITED STATES DEPARTMENT OF JUSTICE</u>			
<i>Direct from the United States Marshals Service</i>			
Equitable Sharing Program	N/A	16.922	78,685
<i>Direct from United States Department of Justice</i>			
ARRA - Public Safety Partnership and Community Policing Grants	2009-RK-WX-0689	16.710	2,412
Edward Byrne Memorial Justice Assistance Grant Program	2010-DJ-BX-0253	16.738	7,322
	2011-DJ-BX-3293	16.738	15,001
	2012-DJ-BX-0745	16.738	11,071
	2012-JG-A02-6819	16.738	<u>40,000</u>
Total Edward Byrne Memorial Justice Assistance Grant Program			73,394
ARRA -Assistance to Rural Law Enforcement to Combat Crime and Drugs Competitive Grant Program	2009-SD-B9-0058	16.810	<u>407,369</u>
TOTAL UNITED STATES DEPARTMENT OF JUSTICE			561,860
<u>UNITED STATES DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed through Ohio Department of Public Safety</i>			
State and Community Highway Safety Grant	GG-2013-SA-00-00-00388-00	20.600	<u>31,000</u>
TOTAL UNITED STATES DEPARTMENT OF TRANSPORTATION			31,000
<u>UNITED STATES ENVIRONMENTAL PROTECTION AGENCY</u>			
<i>Passed through Ohio Environmental Protection Agency</i>			
Air Pollution Control Program Support	2013	66.001	91,686
	2014		<u>67,039</u>
TOTAL UNITED STATES ENVIRONMENTAL PROTECTION AGENCY			158,725
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Direct from Federal Government:</i>			
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	N/A	93.918	268,937
<i>Passed through the Ohio Department of Health</i>			
Public Health Emergency Preparedness (B)	73-200-12PH-0413	93.069	58,569
	73-200-12PH-0514	93.074	<u>36,438</u>
Total Public Health Emergency Preparedness (B)			95,007
Family Planning Services	73-2-001-1-RH-0213	93.217	56,263
	73-2-001-1-RH-0314		<u>21,777</u>
Total Family Planning Services			78,040
HIV Prevention Activities_Health Department Based	73-200-12HP-0512	93.940	135,927
	73-200-12HP-0613		<u>472,513</u>
Total HIV Prevention Activities_Health Department Based+A125			608,440
Preventive Health Services_Sexually Transmitted Diseases Control Grant	73-200-12SD-0112	93.977	30,138
	73-200-12ST-0513		<u>129,151</u>
			\$159,289
			(Continued)

CITY OF PORTSMOUTH
SCIOTO COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)

UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Passed through the Ohio Department of Health (Continued)

Preventive Health and Health Services Block Grant	73-200-001-4-IP-0613	93.991	\$60,417
Maternal and Child Health Services Block Grant to the States	73-2-001-1-RH-0213	93.994	1,640

Passed through the Substance Abuse and Mental Health Services Administration

Drug-Free Communities Support Program Grant	1H79SP018684-01	93.276	97,743
	5H79SP018684-02		<u>35,339</u>
			<u>133,082</u>

Passed through The Ohio State University

Cancer Cause and Prevention Research	R01CA129771	93.393	<u>9,138</u>
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TOTAL UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES

1,413,990

UNITED STATES DEPARTMENT OF HOMELAND SECURITY

Passed through Ohio Department of Public Safety - Ohio Emergency Management Agency

Disaster Grants - Public Assistance (Presidentially Declared Disasters)	FEMA-4002-DR-145-64304-01	97.036	<u>3,039</u>
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TOTAL UNITED STATES DEPARTMENT OF HOMELAND SECURITY

3,039

TOTAL FEDERAL AWARDS EXPENDITURES

\$2,392,897

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

**CITY OF PORTSMOUTH
SCIOTO COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (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 - SUBRECIPIENTS

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

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

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

The City has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons 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 Development Services Agency. The Schedule reports loans made and administrative costs as disbursements on the Schedule. 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 2013 is as follows:

Beginning loans receivable balance as of January 1, 2013	\$ 57,419
Loans made	\$ -
Loan principal repaid	\$ 31,148
Ending loans receivable balance as of December 31, 2013	\$ 26,271
Cash balance on hand in the revolving loan fund as of December 31, 2013	\$ 373,119
Administrative costs expended during 2013	\$ 48,501

The table above reports gross loans receivable.

NOTE D - MATCHING REQUIREMENTS

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

NOTE E – REPAYMENT OF FEDERAL FUNDS

The City was required to repay some of its federal funding back to the pass through entity from which it originally came. These payments were not included in the total program expenditures on the Schedule. They were as follows:

Community Development Block Grant/State's Program – CFDA #14.228 - \$43,502

Home Investment Partnership Programs - CFDA # 14.239 - \$178

ARRA -Assistance to Rural Law Enforcement
to Combat Crime and Drugs Competitive Grant Program – CFDA #16.810 - \$47,789



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

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

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Portsmouth, Scioto County, Ohio (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 28, 2014.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. 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 Findings 2013-001, 2013-004 and 2013-006 described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Questioned Costs as items 2013-001 through 2013-005.

Entity's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

August 28, 2014



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

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

To the City Council:

Report on Compliance for Each Major Federal Program

We have audited the City of Portsmouth's, Scioto County, Ohio (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the City's major federal programs for the year ended December 31, 2013. The *Summary of Audit Results* in the accompanying Schedule of Findings and Questioned Costs identifies the City's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Community Development Block Grants/State's Program

As described in Findings 2013-008 through 2013-010 in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding the following:

Finding #	CFDA #	Program Name	Compliance Requirement
2013-008	14.228	Community Development Block Grants/State's Program	Cash Management
2013-009	14.228	Community Development Block Grants/State's Program	Period of Availability
2013-010	14.228	Community Development Block Grants/State's Program	Davis-Bacon Act

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

Qualified Opinion on Community Development Block Grants/State's Program

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Community Development Block Grants/State's Program* paragraph, the City of Portsmouth complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Community Development Block Grants/State's Program* for the year ended December 31, 2013.

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

As described in Findings 2013-012 through 2013-013 in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding the following:

Finding #	CFDA #	Program Name	Compliance Requirement
2013-012	93.940	HIV Prevention Activities – Health Department Based	Activities Allowed or Unallowed and Allowable Costs/Cost Principles
2013-013	93.940	HIV Prevention Activities – Health Department Based	Period of Availability

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

Adverse Opinion on HIV Prevention Activities – Health Department Based

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

Unmodified Opinion on ARRA -Assistance to Rural Law Enforcement to Combat Crime and Drugs Competitive Grant Program

In our opinion, the City of Portsmouth complied in all material respects with the requirements referred to above that could directly and materially affect its other major federal program identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying Schedule of Findings and Questioned Costs as items 2013-007 and 2013-011. These Findings did not require us to modify our compliance opinion on each major federal program.

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

Report on Internal Control Over Compliance

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

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2013-007 through 2013-013 to be material weaknesses.

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

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

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

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Portsmouth, Scioto County, Ohio (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our unmodified report thereon dated August 28, 2014. We conducted our audit to opine on the City's basic financial statements. The accompanying Schedule of Federal Awards Expenditures (the Schedule) presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

Columbus, Ohio

August 28, 2014

CITY OF PORTSMOUTH
SCIOTO COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2013

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	<p>Qualified for Community Development Block Grants/ States' Program - CFDA #14.228</p> <p>Adverse for HIV Prevention Activities – Health Department Based - CFDA #93.940</p> <p>Unmodified for ARRA -Assistance to Rural Law Enforcement to Combat Crime and Drugs Competitive Grant Program - CFDA #16.810</p>
<i>(d)(1)(vi)</i>	Are there any reportable findings under .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	<p>Community Development Block Grants/ State's Program - CFDA #14.228</p> <p>ARRA -Assistance to Rural Law Enforcement to Combat Crime and Drugs Competitive Grant Program - CFDA #16.810</p> <p>HIV Prevention Activities - Health Department Based - CFDA #93.940</p>

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(viii)	Dollar Threshold: Type AIB Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2013-001

Noncompliance and Material Weakness

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

Schonhardt & Assoc. prepared a Cost Allocation Plan for the City in 2011 to allocate fiscal year 2012 and 2013 costs to various City departments and cost objectives. During our testing of this Cost Allocation Plan, we noted the following:

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

- Decrease General Fund balance by \$148,185.
- Decrease Sewer Fund balance by \$86,015.
- Increase Flood Defense Fund by \$72,225.
- Increase Street Maintenance Fund balance by \$128,474.
- Increase Water Fund balance by \$14,427.

**FINDING NUMBER 2013-001
(Continued)**

- Increase Sanitation Fund balance by \$19,074.

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

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

Officials' Response:

In the 2014 budget that was passed by City Council the dollar amounts and number of cost allocations was reduced significantly and the cost allocations that were utilized in the 2014 budget contained the methodology in the budget. A copy of the budget was given to the State Auditor's Office for their review. It is anticipated that the exact same methodology for allocation, including percentages, will be used in the 2015 budget. Therefore, contracting for preparation of a Cost Allocation Plan may not be necessary for 2014 and beyond.

FINDING NUMBER 2013-002

Noncompliance

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

The following funds had negative cash fund balances at December 31, 2013: Federal Rural Law Enforcement Fund (\$62,409); Rural Aids State Grant Fund (\$4,269); Drug Free Communities Fund (\$1,205); Title X Family Planning Fund (\$1,470); Sewage System Revenue Fund (\$135,093); Sanitation Fund (\$39,751) and Insurance Account 'B' Fund (\$581,118).

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

Officials' Response:

Most of the deficit funds were due to expenditures made prior to year-end with grant reimbursements being deposited to cover those deficits in the following month. The City Auditor will advise grant coordinators that they will need to seek advance funding from City Council for funds that would be deficient at year-end prior to receiving grant reimbursements. For the major funds, the City is working with on a five-year plan required by Local Government Services to bring those funds back into balance.

FINDING NUMBER 2013-003

Noncompliance

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

**FINDING NUMBER 2013-003
(Continued)**

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 §§ 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.

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 55% of the disbursements tested for 2013, 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.

**FINDING NUMBER 2013-003
(Continued)**

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 § 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 § 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:

Currently, the City of Portsmouth is upgrading its financial accounting system to a more efficient processing system that allows for department heads to enter financial information in requisition form and then the requisitions and purchase orders can be processed and approved electronically. A contract has been signed with the software provider, a purchase order has been issued and work has been initiated.

For situations where expenditures are still made prior to the fiscal officer's certificate being obtained, the City of Portsmouth plans to utilize "Then and Now" certificates within 30 days for expenditures over \$3,000 and present these to City Council on a regular basis. We believe that the number of "Then and Now" certificates will be greatly reduced and significantly less than the 55% of disbursements that were found during testing.

FINDING NUMBER 2013-004

Noncompliance and Material Weakness

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For Research and Development, total Federal awards expended shall be shown either by individual award of by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the Schedule.

**FINDING NUMBER 2013-004
(Continued)**

- (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 2013, the City received and spent federal grant monies relating to 19 federal programs. The following discrepancies existed in the 2013 City-prepared federal schedule:

- Federal expenditures on the City-prepared federal schedule only contained 12 federal programs, where the final adjusted Schedule had 19.
- The City-prepared federal schedule total expenditure amount was understated by \$497,877.
- Grant names needed revisions, and several pass through numbers were incorrect.
- We also noted some federal grants were being comingled by the City in the same fund, which made it cumbersome to determine the proper amount of federal expenditures for each program.
- Due to the comingling of funds in the City Health Department, grants had to be tracked separately in their own spreadsheets by City Health Department personnel. However, when we tried to reconcile the spreadsheets to the City's records, the documents did not agree.
- The City backdated checks in fiscal year 2012 which affected federal expenditures in 2013. The total net amount of backdated checks was not material; however, this type of activity could create inaccurate reporting of federal expenditures.

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

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

Officials' Response:

No information was received from the Community Development office to include its grants in the Federal Award Expenditures Schedule. The City Auditor will advise that all departments must provide its grants receipts and expenditures data to the Auditor to provide for an accurate Federal Schedule.

FINDING NUMBER 2013-005

Noncompliance

Ohio Rev. Code § 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 and disposed of, in whole or in part, except as provided by law under the rules adopted by the records commissions provided for under §§ 149.38 to 149.42 of the Revised Code or under the records programs established by the board of trustees of state-supported institutions of higher education under § 149.33 of the Revised Code. Such records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, transferred or destroyed unlawfully.

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. In past years, the City did not adequately fund the Insurance Account "B" Fund by transferring any monies into the Insurance Account "B" Fund or billing other funds to recover the costs of the self-insurance claims from the benefitting employees' funds which resulted in a deficit cash balance of \$581,118 at December 31, 2013. At the end of 2013, the City transferred approximately \$307,387 to the Insurance Account "B" Fund from the following funds: General Fund, Municipal Court Grants Fund, Street Maintenance Fund, Water Fund, Sewer Fund and Sanitation Fund. However, there was no documentation maintained to support how the City calculated this amount.

We recommend all records be maintained for audit purposes and no transfers or reimbursements to funds be made unless supporting documentation is available.

Officials' Response:

The transfers at year-end to the Insurance Account "B" Fund were based on the complete amount of appropriations approved by City Council within the operating budget. Although no other documentation exists regarding the methodology used to transfer the funds in the Insurance Account "B" Fund removal of those funds would adversely impact the City of Portsmouth's ability to return the Insurance Account "B" Fund to solvency.

In the 2014 budget, each department funded to the Insurance Account "B" Fund 50% of the self-insurance gap for each employee within their respective departments based on the type of insurance they obtained (family versus individual). In 2014, the self-insured deductible gap was \$2,300 for individual insurance and \$4,600. Therefore, individual insurance employees contributed \$1,150 to the Insurance Account "B" Fund and employees with family contributed \$2,300 the Fund. These amounts were transferred to the Insurance Account "B" Fund which funded the City's self-insurance portion and is projected to reduce the deficit by approximately \$180,000. The associated costs such as dental & vision insurance and the management contract for third party administration of the self-insurance part of the medical insurance was a direct charge from each employee on the actual amount into the Insurance Account "B" Fund.

In the 2015 budget, the same methodology will be utilized and consideration will be given to a debt reduction charge based on the number of employees and the type of insurance they possess in order to expedite the deficit condition in the Insurance Account "B" Fund.

FINDING NUMBER 2013-006

Material Weakness

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

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

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

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

**FINDING NUMBER 2013-006
(Continued)**

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

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

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

Officials' Response:

The City currently has a capital assets policy but it is not current with GASB 34. The City of Portsmouth will update its capital asset policy to comply with requirements of GASB Statement No. 34.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2013-007
CFDA Title and Number	Community Development Block Grants/State's Program, CFDA #14.228 HIV Prevention Activities – Health Department Based, CFDA #93.940
Federal Award Number / Year	AF-12-2DH-1 and AC-12-2DH-1 73-200-12HO-0513 and 73-200-12HP-0613
Federal Agency	U.S. Department of Housing and Urban Development U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Development Services Agency Ohio Department of Health

Noncompliance and Material Weakness – Schedule of Federal Awards Expenditures

OMB Circular A-133 § .300(d) states that the auditee shall prepare appropriate financial statements, including the Schedule of Federal Awards Expenditures (the Schedule) in accordance with § .310. OMB Circular A-133 § .310(b) states that the auditee shall prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use.

During 2013, the City received and spent federal grant monies relating to 19 federal programs. There were multiple discrepancies existed in the 2013 City-prepared federal schedule. (See Finding Number 2013-004)

Finding Number	2013-008
CFDA Title and Number	Community Development Block Grants/State's Program, CFDA #14.228
Federal Award Number / Year	AF-12-2DH-1 and AC-12-2DH-1
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Development Services Agency

Noncompliance and Material Weakness – Cash Management

24 C.F.R. § 85.21(c) and § (A)(3)(f) of the Ohio Development Services Agency, Office of Community Development (OCD) 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 Development Services Agency, Office of Community Development (OCD) Financial Management Rules and Regulations Handbook, § (A)(3)(l), states that the grantee should deposit federal funds received from OCD in a noninterest bearing account. If the grantee deposits funds in an interest bearing account, the grantee must remit to OCD, on at least a quarterly basis, any interest earned that totals more than \$100 per year. The check must be payable to the U.S. Department of Housing and Urban Development. In addition, the grantee must, on a monthly basis, credit any interest earned to the appropriate grant. The only exception is an escrow account for rehabilitation of private property.

Out of the fourteen draw downs received in 2013 for this program, eleven draw downs (Grant AC-10-2DH-1 draws totaling \$9,000, Grant AF-12-2DH-1 draws totaling \$117,950 and Grant AC-12-2DH-1 totaling \$100,705) were not disbursed to a balance of less than \$5,000 within fifteen days of receipt. This is 79% of the total received that was not properly paid out. In addition to this, it was also noted that funding in total of \$22,447 for Grant AF-12-2DH-1 had to be returned to the state in 2014 due to the fact the City drew down funds they did not spend. We were not able to compute the amount of imputed interest that may have been earned by the State of Ohio due to the nature of the cash management records maintained by the City.

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

Officials' Response:

The City of Portsmouth will work to bring its Community Development Block Grants program into compliance.

Finding Number	2013-009
CFDA Title and Number	Community Development Block Grants/State's Program, CFDA #14.228
Federal Award Number / Year	A-C-10-2DH-1
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Development Services Agency

Noncompliance, Material Weakness and Questioned Cost – Period of Availability

24 C.F.R. § 85.23 provides guidance stating federal awards may specify a time period during which the non-Federal entity may use the Federal funds. Where a funding period is specified, a non-Federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency. Also, if authorized by the Federal program, unobligated balances may be carried over and charged for obligations of a subsequent funding period. Obligations means the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the non-Federal entity during the same or a future period.

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

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

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

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

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

Officials' Response:

The City of Portsmouth will work to bring its Community Development Block Grants program into compliance.

Finding Number	2013-010
CFDA Title and Number	Community Development Block Grants/State's Program, CFDA #14.228
Federal Award Number / Year	AF-12-2DH-1
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Development Services Agency

Noncompliance and Material Weakness – Davis-Bacon Act

29 C.F.R. § 5.5(a)(3)(ii)(A) and the Ohio Development Services Agency Housing Program Manual § (C)(4) state prevailing wage rates must be paid to workers on applicable construction or rehabilitation projects assisted in whole or in part with Community Development Block Grant (CDBG) funds. These hourly rates are set by the Department of Labor for each county in accordance with the Davis-Bacon Act. The wage rates are posted on the web at www.access.gpo.gov.

When required by the Davis-Bacon Act, the Department of Labor's (DOL) government-wide implementation of the Davis-Bacon Act, ARRA, or by Federal program legislation, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by Federal assistance fund must be paid wages not less than those established for the locality of the projects by the DOL (40 USC 3141-3144, 3146, and 3147 (formerly 40 USC 276a to 276a-7)).

Non-federal entities shall include in their construction contracts subjects 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 (29 CFR part 5, "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction"). 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 statements of compliance (certified payrolls) (29 CFR §§ 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).

The City entered into a contract for both the Fencing Project and the Homeless Shelter Project as part of their AF-12 Grant. Both of these contracts exceeded the \$2,000 limit and as such Davis Bacon requirements did apply. The City did include Davis Bacon language in the contracts they entered into; however, they did not obtain and monitor the weekly payroll reports required to be submitted by the contractors for either of these projects. Without proper monitoring of these weekly payrolls, the City could not determine if proper wages were being paid.

We recommend the City obtain and review certified weekly payroll reports from contractors who are required to follow Davis Bacon requirements.

Officials' Response:

The City of Portsmouth will work to bring its Community Development Block Grants program into compliance.

Finding Number	2013-011
CFDA Title and Number	Home Investment Partnerships Program, CFDA #14.239
Federal Award Number / Year	A-C-10-2DH-2
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Development Services Agency

Noncompliance, Material Weakness and Questioned Cost – Period of Availability

24 C.F.R. § 85.23 provides guidance stating federal awards may specify a time period during which the non-Federal entity may use the Federal funds. Where a funding period is specified, a non-Federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency. Also, if authorized by the Federal program, unobligated balances may be carried over and charged for obligations of a subsequent funding period. Obligations means the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the non-Federal entity during the same or a future period.

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

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

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

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

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

Officials' Response:

The City of Portsmouth will work to bring its Home Investment Partnerships Program into compliance.

Finding Number	2013-012
CFDA Title and Number	HIV Prevention Activities – Health Department Based, CFDA #93.940
Federal Award Number / Year	73-200-12HP-0613
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Health

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

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

1. To be allowable under Federal awards, costs must meet the following general criteria (A-87, Appendix A, paragraph C.1):
2.
 - (a) Be necessary and reasonable for the performance and administration of Federal awards.
 - (b) Be allocable to Federal awards under the provisions of A-87.
 - (c) Be authorized or not prohibited under State or local laws or regulations.
 - (d) Conform to any limitations or exclusions set forth in A-87, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
 - (e) Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
 - (f) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
 - (g) Be determined in accordance with generally accepted accounting principles, except as otherwise provided in A-87.
 - (h) Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award, except as specifically provided by Federal law or regulation.
 - (i) Be net of all applicable credits.
 - (j) Be adequately documented.

Finding Number	2013-012 (Continued)
CFDA Title and Number	HIV Prevention Activities – Health Department Based, CFDA #93.940
Federal Award Number / Year	73-200-12HP-0613
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Health

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

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

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

Position	Gross Wage	Portion Paid from HIV Prevention Grant	% Paid from HIV Prevention Grant
Rural AIDS/Community Grants Coordinator	\$51,844	\$46,659	90%
HIV/STD DIS Supervisor	\$44,314	\$28,361	64%
Special Projects Officer	\$40,369	\$34,314	85%
LTCC/HIV Specialist II	\$47,314	\$43,701	92%
Health Commissioner	\$59,669	\$2,809	5%
	\$243,510	\$155,844	

In addition to the totals above, there were related fringe benefits paid to these employees in the amount of \$85,289. These, too, will be considered questioned costs for a total of \$241,133 (\$155,844 + \$85,289) in questioned costs.

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

Finding Number	2013-012 (Continued)
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Officials' Response:

The Portsmouth City Health Department HIV Prevention and STD Prevention Staff did complete time and activity daily documentation logs from August 19, 2013 through September 13, 2013. The Special Projects Officer reviewed the daily documentation logs for the accuracy of payroll percentages being paid out to employees at that time. The employees continued to log program areas worked on their weekly timesheets.

As of February 1, 2014, the Portsmouth City Health Department implemented Personnel Activity Reports (PAR) to be completed every pay period by all employees working in more than one program for the Health Department.

The fiscal officers for each grant will review the PAR's on a quarterly basis to make sure that payroll percentages being paid out match PAR percentages of time worked in each program and submit budget revisions as needed if percentage of time changes for any employee within any program.

To support the salaries and wages of any employee working on a single award or cost objective, the employee will sign a semiannual certification stating that they worked solely on that program for the time period covered by the certification. The certification will also be signed by the division director having firsthand knowledge of the work being performed by the employee.

Finding Number	2013-013
CFDA Title and Number	HIV Prevention Activities – Health Department Based, CFDA #93.940
Federal Award Number / Year	73-200-12HO-0513 and 73-200-12HP-0613
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Health

Noncompliance, Material Weakness and Questioned Cost – Period of Availability

45 C.F.R. § 92.23 provides guidance stating federal awards may specify a time period during which the non-Federal entity may use the Federal funds. Where a funding period is specified, a non-Federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency. Also, if authorized by the Federal program, unobligated balances may be carried over and charged for obligations of a subsequent funding period. Obligations means the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the non-Federal entity during the same or a future period.

The 2003 ODH Grants Administration Policy and Procedures Manual states that an obligation occurs when funds are encumbered on a valid purchase order or requisition to cover the cost of purchasing an authorized item on or after the start date and up to the last day of the program period. Any funds not properly obligated by the subgrantee within the program period will lapse and revert back to ODH. Obligations listed on the interim report (i.e., fourth quarter expenditure report) must be liquidated within forty-five (45) calendar days after the end of the program period. The closeout and liquidation deadlines may be extended by ODH, with a written request via GMIS. The request must be received 30 days prior to the designated deadline. The program period ended December 31, 2012 for the 2012 HIV Prevention Activities Grant and December 31, 2013 for the 2013 HIV Prevention Activities Grant.

Finding Number	2013-013 (Continued)
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During testing, we noted expenditures that were made after the available period and were not liquidated within the required forty-five days. They were as follows:

- Check 95346, dated March 8, 2013, to Lamar Advertising of Huntington for \$14,740. The date on the requisition was January 11, 2013. The date on the invoice was January 3, 2013. Based on this information, we do not feel this money was obligated by December 31, 2012. Also, the expenditure was not liquated within 45 days as required. Based on this, we consider the \$14,740 a questioned cost for the 2012 HIV Prevention Activities Grant.

In addition to this, the following checks were all identified as being obligated by the required date, but not liquidated within 45 days:

- Check 95347, for \$5,910, dated March 8, 2013, to Night Sweat and T-Cells
- Check 95222, for \$31,105, dated February 28, 2013, to Allen County Health Department.
- Check 95235, for \$10,000, dated February 28, 2013, to Mansfield-Richland County Health Department
- Check 99789, for \$27,360, dated March 5, 2014, to Allen County Health Department
- Check 99794, for \$11,310, dated March 5, 2014, to Clark County Health Department
- Check 99800, for \$9,910, dated March 5, 2014, to Greene County Health Department
- Check 99803, for \$14,135, dated March 5, 2014, to Lorain City Health Department
- Check 99804, for \$8,750, dated March 5, 2014, to Mansfield Richland County Health Department
- Check 99815, for \$8,750, dated March 5, 2014, to Zanesville-Muskingum County Health Department

Due to the fact the obligation was incurred by the required date, we will not consider these amounts as a questioned costs; however, we do feel this is not in compliance with the required liquidation period.

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

Officials' Response:

The Rural AIDS/Community Grants Coordinator, Rural Special Projects Officer, and Fiscal Officer continue to work with the City Auditor's Office to ensure all payments are made in a timely fashion and all grant expenditures are liquidated within the 45 day requirement.

As of January 1, 2014, the Portsmouth City Health Department has instituted the use of PO registers as means of tracking encumbrance dates. We have also reviewed our budgets for each program and have prepared blanket PO Requisitions in an effort to plan ahead for costs we know we will have in order to have payments process faster through the City Auditor's office. All fiscal staff members have been reminded about the importance of planning and preparing purchase order requests within proper funding periods in order to keep all costs for all programs within program budget periods.

**CITY OF PORTSMOUTH
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Ohio Rev. Code § 5705.10(H) – Cost Allocation Plan not properly used	No	Not Corrected; Reissued as Finding Number 2013-001
2012-002	Ohio Rev. Code § 5705.10(H) – Negative Fund Balances.	No	Not Corrected; Reissued as Finding Number 2013-002
2012-003	Ohio Rev. Code § 5705.36(A)(4)- Appropriations exceeded actual resources.	Yes	Corrected.
2012-004	Ohio Rev. Code § 5705.39 – Appropriations exceed total estimated resources.	Yes	Corrected.
2012-005	Ohio Rev. Code § 5705.41(D)(1)- Disbursements were not properly encumbered.	No	Not Corrected; Reissued as Finding Number 2013-003
2012-006	OMB Circular A-133 § .300(d) – Federal schedule not properly prepared.	No	Not Corrected; Reissued as Finding Numbers 2013-004 and 2013-007
2012-007	Material Weakness – the City did not transfer funds into the Insurance Acct B.	No	Not Corrected; Included with Finding Number 2013-005
2012-008	Material Weakness – Capital Assets Policy	No	Not Corrected; Reissued as Finding Number 2013-006
2012-009	Noncompliance/Material Weakness – Cash Management requirement for Community Development Block Grant	No	Not Corrected; Reissued as Finding Number 2013-008
2012-010	Noncompliance, Material Weakness and Questioned Cost – Period of Availability requirement for Community Development Block Grant	No	Not Corrected; Reissued as Finding Number 2013-009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2012-011	Noncompliance/Material Weakness – Procurement and Suspension and Debarment for Community Development Block Grant	Yes	
2012-012	Noncompliance/Material Weakness – Special Tests and Provisions requirement for Community Development Block Grant	Yes	
2012-013	Noncompliance/Material Weakness – Cash Management for Home Investment Partnerships Program		Finding No Longer Valid - Expenditures only totaled \$14,968 in 2013.
2012-014	Noncompliance, Material Weakness and Questioned Cost – Period of Availability requirement for Home Investment Partnerships Program	No	Not Corrected; Reissued as Finding Number 2013-011
2012-015	Noncompliance – Reporting requirement for Home Investment Partnerships Act		Finding No Longer Valid – Expenditures only totaled \$14,968 in 2013.
2012-016	Material Weakness – Activities Allowed or Unallowed and Allowable Costs/Cost Principles for Home Investment Partnerships Act		Finding No Longer Valid – Expenditures only totaled \$14,968 in 2013.
2012-017	Significant Deficiency – Eligibility for Home Investment Partnerships Program		Finding No Longer Valid – Expenditures only totaled \$14,968 in 2013.

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2012-018	Noncompliance, Material Weakness and Questioned Cost – Activities Allowed or Unallowed and Allowable Costs/Cost Principals requirement for HIV Prevention Activities	No	Not Corrected; Reissued as Finding Number 2013-012
2012-019	Noncompliance, Material Weakness and Questioned Cost – Period of Availability requirement for HIV Prevention Activities	No	Not Corrected; Reissued as Finding Number 2013-013
2012-020	Noncompliance/Material Weakness – Reporting requirement for HIV Prevention Activities	Yes	
2012-021	Noncompliance/Material Weakness – Procurement and Suspension and Debarment requirement for HIV Prevention Activities	Yes	

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**CITY OF PORTSMOUTH
SCIOTO COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2013**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013-001	In the 2014 budget that was passed by City Council the dollar amounts and number of cost allocations was reduced significantly and the cost allocations that were utilized in the 2014 budget contained the methodology in the budget. A copy of the budget was given to the State Auditor's Office for their review. It is anticipated that the exact same methodology for allocation, including percentages, will be used in the 2015 budget. Therefore, contracting for preparation of a Cost Allocation Plan may not be necessary for 2014 and beyond.	December 31, 2014	City Manager
2013-002	Most of the deficit funds were due to expenditures made prior to year-end with grant reimbursements being deposited to cover those deficits in the following month. The City Auditor will advise grant coordinators that they will need to seek advance funding from City Council for funds that would be deficient at year-end prior to receiving grant reimbursements. For the major funds, the City is working with on a five-year plan required by Local Government Services to bring those funds back into balance.	December 31, 2014	City Auditor
2013-003	Currently, the City of Portsmouth is upgrading its financial accounting system to a more efficient processing system that allows for department heads to enter financial information in requisition form and then the requisitions and purchase orders can be processed and approved electronically. A contract has been signed with the software provider, a purchase order has been issued and work has been initiated. For situations where expenditures are still made prior to the fiscal officer's certificate being obtained, the City of Portsmouth plans to utilize "Then and Now" certificates within 30 days for expenditures over \$3,000 and present these to City Council on a regular basis. We believe that the number of "Then and Now" certificates will be greatly reduced and significantly less than the 55% of disbursements that were found during testing.	December 31, 2014	City Manager
2013-004	No information was received from the Community Development office to include its grants in the Federal Award Expenditures Schedule. The City Auditor will advise that all departments must provide its grants receipts and expenditures data to the Auditor to provide for an accurate Federal Schedule.	December 31, 2014	City Auditor

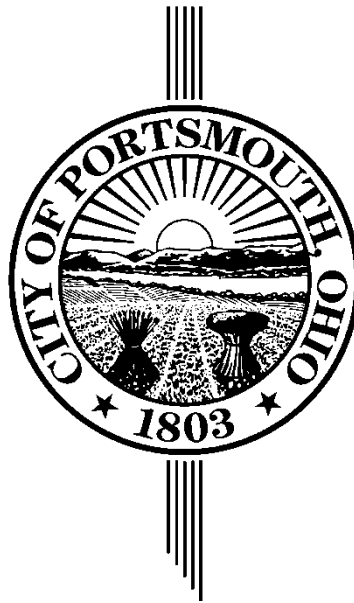
Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013-005	<p>The transfers at year-end to the Insurance fund were based on the complete amount of appropriations approved by City Council within the operating budget. Although no other documentation exists regarding the methodology used to transfer the funds in the Insurance Account "B" Fund removal of those funds would adversely impact the City of Portsmouth's ability to return the Insurance Account "B" Fund to solvency.</p> <p>In the 2014 budget each department funded to the Insurance Account "B" Fund 50% of the self-insurance gap for each employee within their respective departments based on the type of insurance they obtained (family versus individual). In 2014 the self-insured deductible gap was \$2,300 for individual insurance and \$4,600. Therefore, individual insurance employees contributed \$1,150 to the Insurance Account "B" Fund and employees with family contributed \$2,300 the Fund. These amounts were transferred to the Insurance Account "B" Fund which funded the City's self-insurance portion and is projected to reduce the deficit by approximately \$180,000. The associated costs such as dental & vision insurance and the management contract for third party administration of the self-insurance part of the medical insurance was a direct charge from each employee on the actual amount into the Insurance Account "B" Fund.</p> <p>In the 2015 budget the same methodology will be utilized and consideration will be given to a debt reduction charge based on the number of employees and the type of insurance they possess in order to expedite the deficit condition in the Insurance Account "B" Fund.</p>	December 31, 2014	City Manager
2013-006	<p>The City currently has a capital assets policy but it is not current with GASB 34. The City of Portsmouth will update its capital asset policy to comply with requirements of GASB Statement No. 34.</p>	December 31, 2014	City Manager
2013-007	<p>No information was received from the Community Development office to include its grants in the Federal Award Expenditures Schedule. The City Auditor will advise that all departments must provide its grants receipts and expenditures data to the Auditor to provide for an accurate Federal Schedule.</p>	December 31, 2014	City Auditor
2013-008	<p>The City of Portsmouth will work to bring its Community Development Block Grants program into compliance.</p>	December 31, 2014	City Manager

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013-009	The City of Portsmouth will work to bring its Community Development Block Grants program into compliance.	December 31, 2014	City Manager
2013-010	The City of Portsmouth will work to bring its Community Development Block Grants program into compliance.	December 31, 2014	City Manager
2013-011	The City of Portsmouth will work to bring its Home Investments Partnership Program into compliance.	December 31, 2014	City Manager
2013-012	<p>The Portsmouth City Health Department HIV Prevention and STD Prevention Staff did complete time and activity daily documentation logs from August 19, 2013 through September 13, 2013. The Special Projects Officer reviewed the daily documentation logs for the accuracy of payroll percentages being paid out to employees at that time. The employees continued to log program areas worked on their weekly timesheets.</p> <p>As of February 1, 2014, the Portsmouth City Health Department implemented Personnel Activity Reports (PAR) to be completed every pay period by all employees working in more than one program for the Health Department.</p> <p>The fiscal officers for each grant will review the PAR's on a quarterly basis to make sure that payroll percentages being paid out match PAR percentages of time worked in each program and submit budget revisions as needed if percentage of time changes for any employee within any program.</p> <p>To support the salaries and wages of any employee working on a single award or cost objective, the employee will sign a semiannual certification stating that they worked solely on that program for the time period covered by the certification. The certification will also be signed by the division director having firsthand knowledge of the work being performed by the employee.</p>	December 31, 2014	City Auditor

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013-013	<p>The Rural AIDS/Community Grants Coordinator, Rural Special Projects Officer, and Fiscal Officer continue to work with the City Auditor's Office to ensure all payments are made in a timely fashion and all grant expenditures are liquidated within the 45 day requirement.</p> <p>As of January 1, 2014, the Portsmouth City Health Department has instituted the use of PO registers as means of tracking encumbrance dates. We have also reviewed our budgets for each program and have prepared blanket PO Requisitions in an effort to plan ahead for costs we know we will have in order to have payments process faster through the City Auditor's office. All fiscal staff members have been reminded about the importance of planning and preparing purchase order requests within proper funding periods in order to keep all costs for all programs within program budget periods.</p>	December 31, 2014	City Auditor

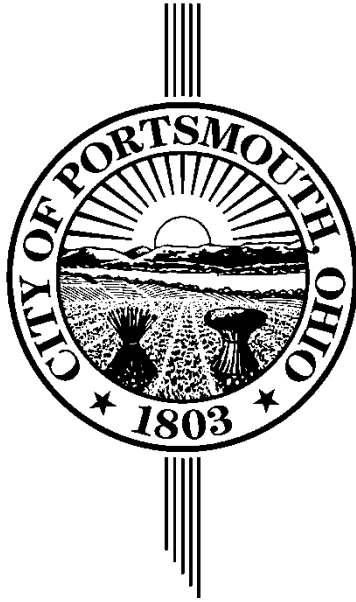
CITY OF PORTSMOUTH, OHIO

Scioto County, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2013



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2013

Prepared by:

M. TRENT WILLIAMS, CPFA

City Auditor

Finance Department:

Constance J. Snipes
Deputy Auditor

Jennifer E. Spriggs
Finance Clerk II

Sherry A. Boling
Finance Clerk I

Amanda L. Literal
Finance Clerk I

Income Tax Division:

Barbara A. Doyle
Tax Commissioner

Vicki L. Musser
Deputy Tax Commissioner



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SCIOTO COUNTY, OHIO

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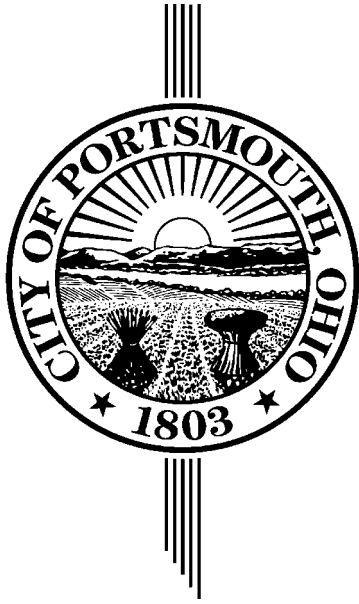
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INTRODUCTORY SECTION





The City of Portsmouth

"Where the Ohio and Scioto Meet"

Department of Finance

Municipal Building, Room 3

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

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

Web: www.ci.portsmouth.oh.us – Email: cityauditor@mail.com



State of Ohio

M. Trent Williams, City Auditor

August 28, 2014

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

As City Auditor, it is my pleasure to present the seventeenth Comprehensive Annual Financial Report (CAFR) of the City of Portsmouth, Ohio for the year ended December 31, 2013. This report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

INTRODUCTION

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

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

This CAFR was prepared in accordance with generally accepted accounting principles established by statements of the Governmental Accounting Standards Board (GASB) and other authoritative pronouncements. Auditor of State David Yost's office has issued an opinion on the City of Portsmouth's financial statements for the year ended December 31, 2013. The Independent Auditor's Report is located at the front of the Financial Section of this report.

***Letter of Transmittal
For the Year Ended December 31, 2013***

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, 2013***

Form of Government

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

Municipal Services

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2013***

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 care 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 11.5% for the 2013 calendar year, which is substantially above the state average of 7.4% and the national average of 7.4%. 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, 2013***

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 13,493 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 8,119 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 7,440 customers. The solid waste transfer station officially commenced operations in the fall of 1993. Improved efficiency at the transfer station has allowed the City to maintain operating costs at current levels for the solid waste collection and disposal function.

Recreation and Cultural Facilities and Events

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

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

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

CITY OF PORTSMOUTH, OHIO

Letter of Transmittal For the Year Ended December 31, 2013

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

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

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

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

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

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

Education

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

In November of 2001, voters of the Portsmouth City School District approved by an overwhelming three to one margin a bond issue to finance its portion of the construction of four new school buildings. Facilities include one high school, one 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

***Letter of Transmittal
For the Year Ended December 31, 2013***

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

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

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

Employee Relations

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

Long-term Financial Planning

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

Additionally, in an attempt to head off greater financial difficulties and to avoid a harsher emergency declaration, the Auditor of State issued a Fiscal Watch declaration for the City of Portsmouth. Concerned with the financial condition of the City, the State issued the Fiscal Watch status in an 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, 2013***

MAJOR INITIATIVES

The City began planning and contracted for two major projects in 2013:

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

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

The Charles Street wastewater treatment plant completed pump, plant upgrades and will see continued storm gate upgrades, sewer linings and the creation and implementation of a Storm Water Utility Program, working with the City's Graphical Information System to utilize three-dimensional modeling capabilities. Plans are being made for a total upgrade of the wastewater treatment plant itself, which along with the Sciotoville plant services 160 miles of primary sewers within the City limits and surrounding areas. The City is continuing to work toward an overhaul of its sewer lines in the hilltop area to mitigate flooding after extreme rains. This project will carry over into 2014 and beyond for implementation.

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

***Letter of Transmittal
For the Year Ended December 31, 2013***

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, 2013***

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 eighteenth Comprehensive Annual Financial Report, meets the high standards set by the GFOA Certificate of Achievement program, and I am submitting the report to the GFOA for its review and critique.

Public Disclosure

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

<http://portsmouthoh.org/>

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

Acknowledgments

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

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

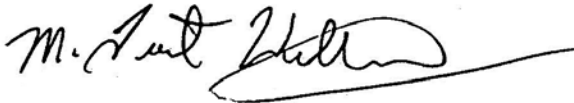
CITY OF PORTSMOUTH, OHIO

***Letter of Transmittal
For the Year Ended December 31, 2013***

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

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

Sincerely,

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

M. Trent Williams, CPM, CPFA
City Auditor

CITY OF PORTSMOUTH, OHIO

**List of Principal Officials
For the Year Ended December 31, 2013**

<u>Position</u>	<u>Name</u>	<u>Term of Office</u>	<u>Years with City</u>	
<u>Executive</u> (Elected)				
Mayor	David A. Malone	12/21/10 - 01/05/14	10	
City Auditor	M. Trent Williams	01/02/12 - 01/02/16	15	
City Solicitor	John R. Haas	01/02/13 - 01/02/16	5	
<u>Legislative</u> (Elected)				
		<u>Ward</u>		
Member of Council	Kevin W. Johnson	1st	01/04/10 - 01/05/14	4
Member of Council	James R. Saddler II	2nd	01/02/12 - 01/02/16	3
Member of Council	Kevin E. Johnson	3rd	05/23/13 - 01/05/14	1
Member of Council	James D. Kalb	4th	01/02/12 - 01/02/16	16
Member of Council (President)	Gene Meadows	5th	01/03/13 - 01/05/14	4
Member of Council	R. Steven Sturgill	6th	01/02/12 - 01/02/16	4
<u>Judicial</u> (Elected)				
Municipal Court Judge	Russell D. Kegley	01/01/06 - 12/31/11	11	
Municipal Court Judge	Steven L. Mowery	01/01/10 - 12/31/15	4	
<u>Administrative</u> (Appointed)				
Police Chief	Robert K. Ware	Indefinite	19	
Fire Chief	William V. Raison	Indefinite	23	
Public Service Director	William M. Beaumont	Indefinite	7	
Director of Water	Samuel J. Sutherland	Indefinite	25	
Director of Waste Water	Richard D. Duncan	Indefinite	19	
Community Development Director	Tracy A. Shearer	Indefinite	3	
City Clerk	Diana L. Ratliff	Indefinite	1	
Municipal Court Clerk	R. Leroy Kegley	Indefinite	35	
Health Commissioner	Christopher S. Smith	Indefinite	18	
Income Tax Commissioner	Barbara A. Doyle	Indefinite	28	
Civil Service Secretary	Jo Ann Aeh	Indefinite	28	

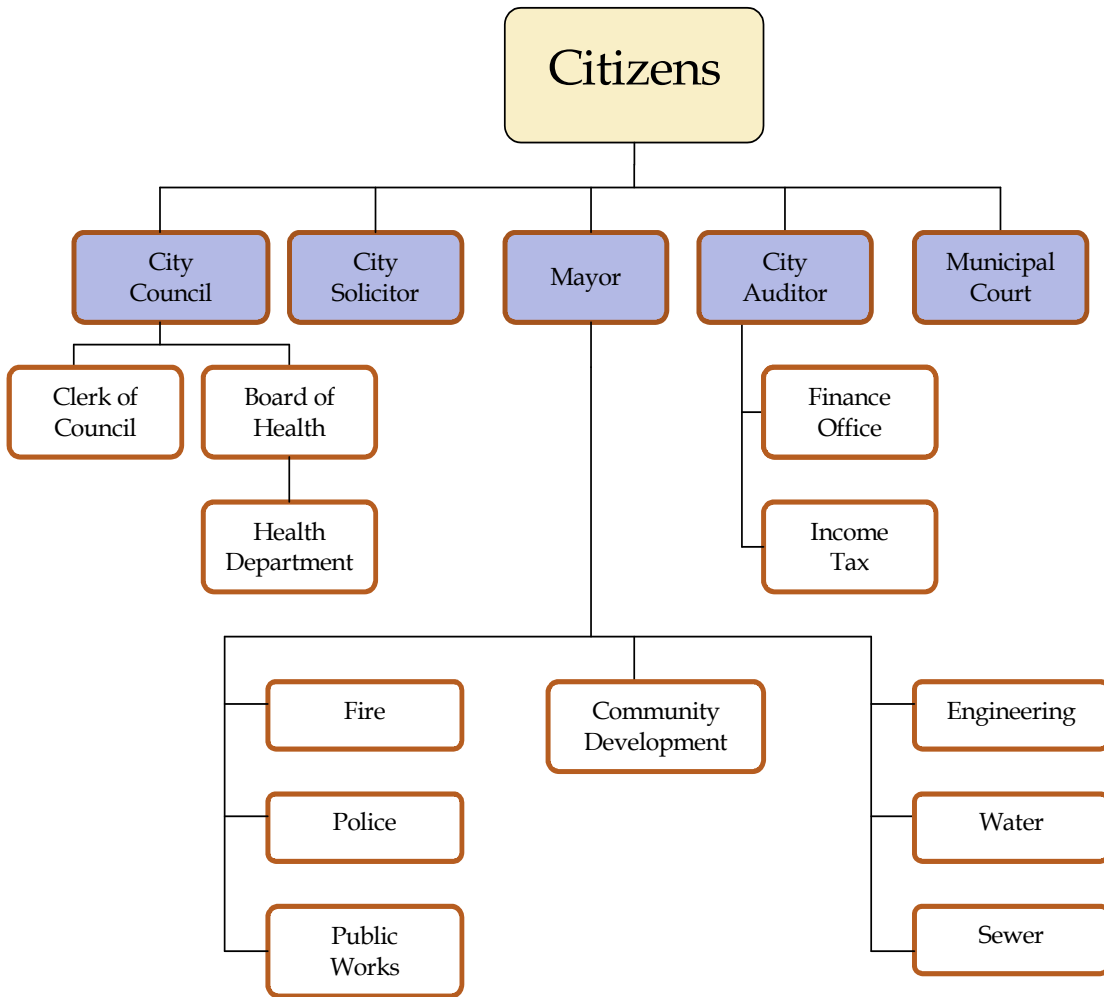
Executive Offices:

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

John R. Haas, Solicitor
City of Portsmouth
728 Second Street, Room 22
Portsmouth, Ohio 45662
Ph: 740-353-5229 Fax: 740-353-0136
Email: jrhaas@pmcourt.org

**City Organizational Chart
For the Year Ended December 31, 2013**



 Elected



Government Finance Officers Association

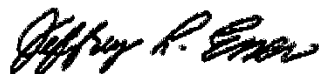
**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Portsmouth
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

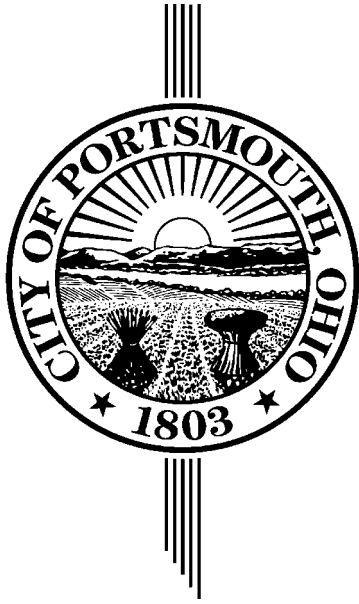
December 31, 2012



Executive Director/CEO

FINANCIAL SECTION







Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Portsmouth, Scioto County, Ohio, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2014, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

August 28, 2014



The discussion and analysis of the City of Portsmouth's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2013. 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 2013 are as follows:

- In total, net position increased \$2,820,071. Net position of governmental activities increased \$2,267,169, which represents a 9.4 % increase from 2012. Net position of business-type activities increased \$552,902, or 3.1% from 2012.
- General revenues accounted for \$14,062,117 in revenue or 44.3% of all revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$17,678,046 or 55.7% of total revenues of \$31,740,163.
- The City had \$18,356,621 in expenses related to governmental activities; only \$6,561,673 of these expenses were offset by program specific charges for services and sales, grants or contributions.
- Among major funds, the General Fund had \$13,150,752 in revenues and other financing sources and \$11,402,287 in expenditures and other financing uses. The General Fund's fund balance increased from \$(762,231) to \$973,936.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

CITY OF PORTSMOUTH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2013**

Unaudited

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a summary of the City's net position for 2013 compared to 2012:

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$10,572,224	\$8,561,010	\$4,655,527	\$4,613,785	\$15,227,751	\$13,174,795
Capital assets, Net	21,052,455	21,157,617	27,502,196	28,458,402	48,554,651	49,616,019
Total assets	<u>31,624,679</u>	<u>29,718,627</u>	<u>32,157,723</u>	<u>33,072,187</u>	<u>63,782,402</u>	<u>62,790,814</u>
Long-term debt outstanding	2,702,953	2,918,957	13,143,002	14,352,512	15,845,955	17,271,469
Other liabilities	628,875	749,988	591,169	849,025	1,220,044	1,599,013
Total liabilities	<u>3,331,828</u>	<u>3,668,945</u>	<u>13,734,171</u>	<u>15,201,537</u>	<u>17,065,999</u>	<u>18,870,482</u>
Deferred inflows of resources	<u>1,795,000</u>	<u>1,819,000</u>	<u>0</u>	<u>0</u>	<u>1,795,000</u>	<u>1,819,000</u>
Net position:						
Net investment in capital assets	20,650,606	20,630,492	15,122,072	14,995,902	35,772,678	35,626,394
Restricted	5,948,525	5,446,225	963,878	953,034	6,912,403	6,399,259
Unrestricted	(101,280)	(1,846,035)	2,337,602	1,921,714	2,236,322	75,679
Total net position	<u>\$26,497,851</u>	<u>\$24,230,682</u>	<u>\$18,423,552</u>	<u>\$17,870,650</u>	<u>\$44,921,403</u>	<u>\$42,101,332</u>

CITY OF PORTSMOUTH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2013**

Unaudited

Changes in Net Position – The following table shows the changes in net position for 2013 compared to 2012:

	Governmental		Business-type		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues:						
Charges for Services and Sales	\$2,220,121	\$1,924,682	\$11,116,373	\$10,896,778	\$13,336,494	\$12,821,460
Operating Grants and Contributions	4,341,552	2,926,892	0	0	4,341,552	2,926,892
Capital Grants and Contributions	0	0	0	408,230	0	408,230
Total Program Revenues	<u>6,561,673</u>	<u>4,851,574</u>	<u>11,116,373</u>	<u>11,305,008</u>	<u>17,678,046</u>	<u>16,156,582</u>
General revenues:						
Property Taxes	1,890,835	1,913,977	0	0	1,890,835	1,913,977
Income Taxes	10,253,546	9,620,121	0	0	10,253,546	9,620,121
Other Local Taxes	318,840	330,303	0	0	318,840	330,303
Intergovernmental Revenue, Unrestricted	1,285,909	806,287	0	0	1,285,909	806,287
Investment Earnings	1,641	40	0	0	1,641	40
Miscellaneous	311,346	302,111	0	0	311,346	302,111
Total General Revenues	<u>14,062,117</u>	<u>12,972,839</u>	<u>0</u>	<u>0</u>	<u>14,062,117</u>	<u>12,972,839</u>
Total Revenues	<u>20,623,790</u>	<u>17,824,413</u>	<u>11,116,373</u>	<u>11,305,008</u>	<u>31,740,163</u>	<u>29,129,421</u>
Program Expenses						
Security of Persons and Property	8,888,183	8,608,663	0	0	8,888,183	8,608,663
Public Health and Welfare Services	2,893,736	2,840,139	0	0	2,893,736	2,840,139
Leisure Time Activities	83,400	126,749	0	0	83,400	126,749
Community Environment	616,289	822,320	0	0	616,289	822,320
Transportation	1,872,986	2,119,056	0	0	1,872,986	2,119,056
General Government	3,890,219	3,960,999	0	0	3,890,219	3,960,999
Interest and Fiscal Charges	111,808	113,254	0	0	111,808	113,254
Water	0	0	5,841,561	6,032,711	5,841,561	6,032,711
Sewer	0	0	3,097,309	2,894,710	3,097,309	2,894,710
Sanitation	0	0	1,532,213	1,431,274	1,532,213	1,431,274
Primary Care	0	0	92,388	50,045	92,388	50,045
Total Expenses	<u>18,356,621</u>	<u>18,591,180</u>	<u>10,563,471</u>	<u>10,408,740</u>	<u>28,920,092</u>	<u>28,999,920</u>
Total Change in Net Position	2,267,169	(766,767)	552,902	896,268	2,820,071	129,501
Beginning Net Position	<u>24,230,682</u>	<u>24,997,449</u>	<u>17,870,650</u>	<u>16,974,382</u>	<u>42,101,332</u>	<u>41,971,831</u>
Ending Net Position	<u>\$26,497,851</u>	<u>\$24,230,682</u>	<u>\$18,423,552</u>	<u>\$17,870,650</u>	<u>\$44,921,403</u>	<u>\$42,101,332</u>

CITY OF PORTSMOUTH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2013**

Unaudited

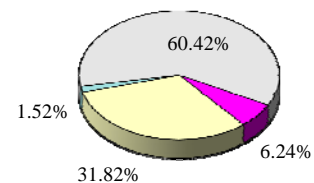
Governmental Activities

Net position of the City's governmental activities increased by \$2,267,169. The increase in net position is a result of the first full year of an income tax increase. The increase took effect on January 2012, but would not bring in a full year of collections at the higher rate until the following year in 2013. Additionally, our Police department received additional grant funding to provide for increased efforts in public safety. The byproduct of enhanced public safety results in more traffic tickets being written and additional money collected in court fines generated to the General Fund.

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

Income taxes and property taxes made up 49.7% and 9.2% respectively of revenues for governmental activities for the City in fiscal year 2013. The City's reliance upon tax revenues is demonstrated by the following graph indicating 60.42% of total revenues from general tax revenues:

Revenue Sources	2013	Percent of Total
General Tax Revenues	\$12,463,221	60.42%
Intergovernmental Revenue, Unrestricted	1,285,909	6.24%
Program Revenues	6,561,673	31.82%
General Other	312,987	1.52%
Total Revenue	\$20,623,790	100.00%



Business-Type Activities

The net position of the business-type activities increased by \$552,902. The increase in net position is a result of maintaining expenses lower than revenues.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$5,834,501, which is an increase from last year's balance of \$4,022,514. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2013 and 2012:

	Fund Balance December 31, 2013	Fund Balance December 31, 2012	Increase (Decrease)
General	\$973,936	(\$762,231)	\$1,736,167
General Obligation Bond Retirement	97,815	80,553	17,262
Capital Improvement	1,550,643	1,770,508	(219,865)
Other Governmental	3,212,107	2,933,684	278,423
Total	\$5,834,501	\$4,022,514	\$1,811,987

CITY OF PORTSMOUTH, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2013***

Unaudited

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

	2013	2012	Increase
	Revenues	Revenues	(Decrease)
Property and Other Taxes	\$10,422,295	\$9,715,590	\$706,705
Intergovernmental Revenue	1,284,742	1,391,170	(106,428)
Charges for Services	232,984	308,880	(75,896)
Licenses and Permits	184,007	183,180	827
Fines and Forfeitures	753,176	620,040	133,136
All Other Revenue	273,548	147,336	126,212
Total	<u>\$13,150,752</u>	<u>\$12,366,196</u>	<u>\$784,556</u>

General Fund revenues in 2013 increased approximately 6.3% compared to revenues in fiscal year 2012. General Fund revenue benefitted in 2013 from the first full years’ collection of the income tax increase that began in 2012 as well as additional revenue from increased court fines as a result of Federal grants received by the Police department for enhanced public safety issues. The City also received a substantial amount of unexpected revenue from the last year of the collection of inheritance tax.

	2013	2012	Increase
	Expenditures	Expenditures	(Decrease)
Security of Persons and Property	\$7,568,261	\$7,306,552	\$261,709
Public Health and Welfare Services	550,971	627,061	(76,090)
Community Environment	192,554	186,137	6,417
Transportation	209,203	494,388	(285,185)
General Government	2,863,298	2,829,519	33,779
Total	<u>\$11,384,287</u>	<u>\$11,443,657</u>	<u>(\$59,370)</u>

General Fund expenditures decreased by \$59,370 or 0.5% compared to the prior year. The decrease is the result of not filling some positions as they become open due to retirements.

General Obligation Bond Retirement Fund – The General Obligation Bond Retirement Fund balance increased from \$80,553 to \$97,815. The fund remained stable compared to 2012.

Capital Improvement Fund - The Capital Improvement Fund balance decreased from \$1,770,508 to \$1,550,643. The City increased its capital improvement spending in 2012 for items that had been delayed.

CITY OF PORTSMOUTH, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2013***

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 2013 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of \$13,270,000 increased from original budget estimates of \$12,320,000 as a result of receiving higher than anticipated income taxes and estate taxes. The actual revenues of \$13,271,526 were not significantly different than the final budget basis revenue.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2013 the City had \$48,554,651 net of accumulated depreciation invested in buildings, improvements, machinery and equipment, and infrastructure. Of this total, \$21,052,455 was related to governmental activities and \$27,502,196 to the business-type activities. The following table shows 2013 and 2012 balances:

	Governmental Activities		Increase (Decrease)
	2013	2012	
Land	\$1,987,027	\$1,697,863	\$289,164
Buildings	6,379,702	6,363,202	16,500
Improvements	2,701,980	2,236,620	465,360
Machinery and Equipment	9,730,899	9,632,013	98,886
Infrastructure	29,710,907	29,405,666	305,241
Less: Accumulated Depreciation	<u>(29,458,060)</u>	<u>(28,177,747)</u>	<u>(1,280,313)</u>
Totals	<u>\$21,052,455</u>	<u>\$21,157,617</u>	<u>(\$105,162)</u>

The increase in land was for a storm water retention pond. The increases in improvements and infrastructure were for paving projects. These increases were offset by depreciation expense.

CITY OF PORTSMOUTH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2013**

Unaudited

	Business-Type Activities		Increase (Decrease)
	2013	2012	
Land	\$63,504	\$63,504	\$0
Construction in Progress	1,120,560	1,084,182	36,378
Buildings	6,505,589	6,499,589	6,000
Improvements other than Buildings	30,160,739	29,822,556	338,183
Machinery and Equipment	14,000,768	13,875,435	125,333
Less: Accumulated Depreciation	(24,348,964)	(22,886,864)	(1,462,100)
Totals	<u>\$27,502,196</u>	<u>\$28,458,402</u>	<u>(\$956,206)</u>

Business type capital assets decreased by \$956,206. Depreciation expense was partially offset by additional acquisitions. The major additions were the completion of a variable frequency drive pump for the Water Department. The wastewater treatment plant improvement is a continuing construction project. Additional information on the City's capital assets can be found in Note 9.

Debt

At December 31, 2013, the City had \$1,450,000 in General Obligation Bonds outstanding, \$75,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2013 and 2012:

	2013	2012
Governmental Activities:		
General Obligation Bond	\$1,450,000	\$1,520,000
Compensated Absences	590,569	558,522
Capital Leases	662,384	840,435
Total Governmental Activities	<u>\$2,702,953</u>	<u>\$2,918,957</u>
Business-Type Activities:		
Ohio Public Works Commission Loan	\$1,208,549	\$1,306,049
Water Refunding Revenue Bond	1,090,000	1,605,000
Ohio Water Development Authority Loan	6,974,518	6,944,097
Compensated Absences	83,118	73,134
Capital Leases	3,786,817	4,424,232
Total Business-Type Activities	<u>13,143,002</u>	<u>14,352,512</u>
Totals	<u>\$15,845,955</u>	<u>\$17,271,469</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, 2013, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 12.

ECONOMIC FACTORS

The local economy continues to stabilize and General fund revenues are on the rise. This resulted primarily from the first full years' increase in income tax collections as well as additional revenue generated through Court fines as a result of enhanced public safety personnel through a Federal grant. The Auditor of State declared the City to be in Fiscal Watch on April 9, 2013. Also, on August 26, 2013, the City Council authorized the Mayor to approve and sign an Administrative Order on Consent (AOC) which has been negotiated with the U.S. Environmental Protection Agency (USEPA) Region V. The AOC includes construction of a number of improvements to the City's sewer system. The estimated cost of the project is \$4.3 million.

REQUESTS FOR INFORMATION

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

CITY OF PORTSMOUTH, OHIO

**Statement of Net Position
December 31, 2013**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 4,177,541	\$ 1,071,473	\$ 5,249,014
Receivables:			
Taxes	3,610,740	0	3,610,740
Accounts	420,036	2,292,368	2,712,404
Intergovernmental	1,973,331	0	1,973,331
Loans	15,114	0	15,114
Internal Balances	143,906	(143,906)	0
Inventory of Supplies at Cost	35,758	123,569	159,327
Prepaid Items	36,850	21,346	58,196
Restricted Assets:			
Cash and Cash Equivalents	158,948	1,290,677	1,449,625
Capital Assets:			
Capital Assets Not Being Depreciated	1,987,027	1,184,064	3,171,091
Capital Assets Being Depreciated, Net of Accumulated Depreciation	19,065,428	26,318,132	45,383,560
Total Assets	31,624,679	32,157,723	63,782,402
Liabilities:			
Accounts Payable	151,996	76,133	228,129
Accrued Wages and Benefits	14,799	8,214	23,013
Intergovernmental Payable	409,151	168,714	577,865
Claims Payable	26,636	0	26,636
Refundable Deposits	0	326,799	326,799
Accrued Interest Payable	26,293	11,309	37,602
Long-term Liabilities:			
Due within one year	322,514	1,797,001	2,119,515
Due in more than one year	2,380,439	11,346,001	13,726,440
Total Liabilities	3,331,828	13,734,171	17,065,999
Deferred Inflows of Resources:			
Property Tax	1,795,000	0	1,795,000

CITY OF PORTSMOUTH, OHIO

	Governmental Activities	Business-Type Activities	Total
Net Position:			
Net Investment in Capital Assets	20,650,606	15,122,072	35,772,678
Restricted For:			
Streets and Highways	550,709	0	550,709
Community Development	1,092,500	0	1,092,500
Security of Persons and Property	1,941,078	0	1,941,078
Public Health and Welfare	502,357	0	502,357
Capital Projects	1,576,846	0	1,576,846
Debt Service	126,087	963,878	1,089,965
Perpetual Care:			
Expendable	132,105	0	132,105
Nonexpendable	26,843	0	26,843
Unrestricted (Deficit)	(101,280)	2,337,602	2,236,322
Total Net Position	\$ 26,497,851	\$ 18,423,552	\$ 44,921,403

See accompanying notes to the basic financial statements

CITY OF PORTSMOUTH, OHIO

**Statement of Activities
For the Year Ended December 31, 2013**

		Program Revenues	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities:			
Security of Persons and Property	\$ 8,888,183	\$ 1,179,840	\$ 552,246
Public Health and Welfare Services	2,893,736	407,318	1,925,158
Leisure Time Activities	83,400	79,158	2,012
Community Environment	616,289	76,568	950,467
Transportation	1,872,986	34,715	798,470
General Government	3,890,219	442,522	113,199
Interest and Fiscal Charges	111,808	0	0
Total Governmental Activities	18,356,621	2,220,121	4,341,552
Business-Type Activities:			
Water	5,841,561	6,348,951	0
Sewer	3,097,309	3,289,947	0
Sanitation	1,532,213	1,385,365	0
Primary Care	92,388	92,110	0
Total Business-Type Activities	10,563,471	11,116,373	0
Totals	\$ 28,920,092	\$ 13,336,494	\$ 4,341,552

General Revenues

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

Total General Revenues

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF PORTSMOUTH, OHIO

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (7,156,097)	\$ 0	\$ (7,156,097)
(561,260)	0	(561,260)
(2,230)	0	(2,230)
410,746	0	410,746
(1,039,801)	0	(1,039,801)
(3,334,498)	0	(3,334,498)
(111,808)	0	(111,808)
<u>(11,794,948)</u>	<u>0</u>	<u>(11,794,948)</u>
0	507,390	507,390
0	192,638	192,638
0	(146,848)	(146,848)
0	(278)	(278)
<u>0</u>	<u>552,902</u>	<u>552,902</u>
<u>(11,794,948)</u>	<u>552,902</u>	<u>(11,242,046)</u>
1,455,262	0	1,455,262
289,880	0	289,880
145,693	0	145,693
10,253,546	0	10,253,546
318,840	0	318,840
1,285,909	0	1,285,909
1,641	0	1,641
311,346	0	311,346
<u>14,062,117</u>	<u>0</u>	<u>14,062,117</u>
2,267,169	552,902	2,820,071
<u>24,230,682</u>	<u>17,870,650</u>	<u>42,101,332</u>
<u>\$ 26,497,851</u>	<u>\$ 18,423,552</u>	<u>\$ 44,921,403</u>

CITY OF PORTSMOUTH, OHIO

**Balance Sheet
Governmental Funds
December 31, 2013**

	General	General Obligation Bond Retirement	Capital Improvement
Assets:			
Cash and Cash Equivalents	\$ 0	\$ 97,815	\$ 1,450,326
Receivables:			
Taxes	2,793,361	181,432	265,592
Accounts	284,142	0	0
Intergovernmental	487,998	11,133	0
Loans	0	0	0
Due from Other Funds	488,612	0	0
Interfund Loans Receivables	0	0	0
Inventory of Supplies, at Cost	13,218	0	0
Prepaid Items	23,018	0	1,036
Restricted Assets:			
Cash and Cash Equivalents	0	0	0
Total Assets	\$ 4,090,349	\$ 290,380	\$ 1,716,954
Liabilities:			
Accounts Payable	\$ 44,724	\$ 0	\$ 75,906
Accrued Wages and Benefits Payable	14,686	0	0
Intergovernmental Payable	306,909	0	0
Due to Other Funds	350,501	0	64,202
Interfund Loans Payable	0	0	0
Total Liabilities	716,820	0	140,108
Deferred Inflows of Resources:			
Property Tax	1,388,000	138,000	0
Unavailable Revenue	1,011,593	54,565	26,203
Total Deferred Inflows of Resources	2,399,593	192,565	26,203
Fund Balances:			
Nonspendable	36,236	0	1,036
Restricted	0	97,815	1,549,607
Committed	0	0	0
Unassigned	937,700	0	0
Total Fund Balances	973,936	97,815	1,550,643
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,090,349	\$ 290,380	\$ 1,716,954

See accompanying notes to the basic financial statements

CITY OF PORTSMOUTH, OHIO

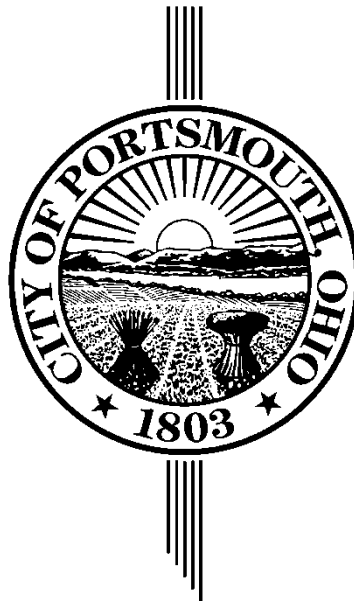
Other Governmental Funds	Total Governmental Funds
\$ 2,629,400	\$ 4,177,541
370,355	3,610,740
135,894	420,036
1,474,200	1,973,331
15,114	15,114
186,312	674,924
53,333	53,333
22,540	35,758
12,796	36,850
<u>158,948</u>	<u>158,948</u>
<u>\$ 5,058,892</u>	<u>\$ 11,156,575</u>
\$ 31,366	\$ 151,996
113	14,799
102,242	409,151
144,530	559,233
53,333	53,333
<u>331,584</u>	<u>1,188,512</u>
269,000	1,795,000
<u>1,246,201</u>	<u>2,338,562</u>
<u>1,515,201</u>	<u>4,133,562</u>
62,179	99,451
3,088,489	4,735,911
104,261	104,261
(42,822)	894,878
<u>3,212,107</u>	<u>5,834,501</u>
<u>\$ 5,058,892</u>	<u>\$ 11,156,575</u>

CITY OF PORTSMOUTH, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2013***

Total Governmental Fund Balances		\$	5,834,501
<i>Amounts reported for governmental activities in the statement of net position are different because</i>			
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.			21,052,455
Other long-term assets are not available to pay for current- period expenditures and therefore are reported as unavailable revenue in the funds.			2,338,562
Internal Service Funds are used by management to charge the costs of insurance and use of supplies to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			1,579
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General Obligation Bonds Payable	(1,450,000)		
Capital Leases Payable	(662,384)		
Compensated Absences Payable	(590,569)		
Accrued Interest Payable	(26,293)		
			<u>(2,729,246)</u>
<i>Net Position of Governmental Activities</i>		\$	<u>26,497,851</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, 2013**

	General	General Obligation Bond Retirement	Capital Improvement
Revenues:			
Taxes	\$ 10,422,295	\$ 147,448	\$ 1,541,965
Intergovernmental Revenues	1,284,742	22,264	143,067
Charges for Services	232,984	0	0
Licenses and Permits	184,007	0	0
Investment Earnings	0	0	0
Fines and Forfeitures	753,176	0	0
All Other Revenue	273,548	0	0
Total Revenue	13,150,752	169,712	1,685,032
Expenditures:			
Current:			
Security of Persons and Property	7,568,261	0	0
Public Health and Welfare Services	550,971	0	0
Leisure Time Activities	0	0	0
Community Environment	192,554	0	0
Transportation	209,203	0	0
General Government	2,863,298	0	0
Capital Outlay	0	0	1,696,298
Debt Service:			
Principal Retirement	0	70,000	178,051
Interest and Fiscal Charges	0	82,450	30,548
Total Expenditures	11,384,287	152,450	1,904,897
Excess (Deficiency) of Revenues Over Expenditures	1,766,465	17,262	(219,865)
Other Financing Sources (Uses):			
Transfers In	0	0	0
Transfers Out	(18,000)	0	0
Total Other Financing Sources (Uses)	(18,000)	0	0
Net Change in Fund Balances	1,748,465	17,262	(219,865)
Fund Balances at Beginning of Year	(762,231)	80,553	1,770,508
Increase (Decrease) in Inventory	(12,298)	0	0
Fund Balances End of Year	\$ 973,936	\$ 97,815	\$ 1,550,643

See accompanying notes to the basic financial statements

CITY OF PORTSMOUTH, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 385,885	\$ 12,497,593
3,713,552	5,163,625
160,412	393,396
89,894	273,901
1,641	1,641
827,833	1,581,009
95,927	369,475
<u>5,275,144</u>	<u>20,280,640</u>
966,906	8,535,167
2,304,769	2,855,740
70,920	70,920
359,195	551,749
805,793	1,014,996
510,442	3,373,740
0	1,696,298
0	248,051
<u>0</u>	<u>112,998</u>
<u>5,018,025</u>	<u>18,459,659</u>
257,119	1,820,981
18,000	18,000
<u>0</u>	<u>(18,000)</u>
<u>18,000</u>	<u>0</u>
275,119	1,820,981
2,933,684	4,022,514
3,304	(8,994)
<u>\$ 3,212,107</u>	<u>\$ 5,834,501</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, 2013***

Net Change in Fund Balances - Total Governmental Funds \$ 1,820,981

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

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

Capital Outlay	1,490,491	
Depreciation Expense	(1,570,266)	(79,775)

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

The statement of activities reports losses arising from the disposal of capital assets. However, in the governmental funds, proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold.		(25,387)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		343,150
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The issuance of long-term debt (e.g. notes, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

General Obligation Bonds Payable	70,000	
Capital Leases Payable	178,051	248,051

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		1,190
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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	(32,047)	
Change in Inventory	(8,994)	(41,041)

<i>Change in Net Position of Governmental Activities</i>		<u>\$ 2,267,169</u>
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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, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 9,875,000	\$ 10,402,000	\$ 10,404,505	\$ 2,505
Intergovernmental Revenue	1,119,500	1,451,500	1,453,122	1,622
Charges for Services	330,100	233,100	232,416	(684)
Licenses and Permits	189,400	182,400	184,007	1,607
Fines and Forfeitures	692,000	721,000	720,400	(600)
All Other Revenues	114,000	280,000	277,076	(2,924)
Total Revenues	<u>12,320,000</u>	<u>13,270,000</u>	<u>13,271,526</u>	<u>1,526</u>
Expenditures:				
Current:				
Security of Persons and Property	7,338,385	7,671,292	7,724,533	(53,241)
Public Health and Welfare Services	567,844	565,058	566,811	(1,753)
Community Environment	200,622	185,425	194,636	(9,211)
Transportation	120,677	186,143	236,300	(50,157)
General Government	3,131,751	2,964,756	2,927,041	37,715
Total Expenditures	<u>11,359,279</u>	<u>11,572,674</u>	<u>11,649,321</u>	<u>(76,647)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	960,721	1,697,326	1,622,205	(75,121)
Other Financing Sources (Uses):				
Transfers Out	(18,000)	(292,609)	(18,000)	274,609
Total Other Financing Sources (Uses):	<u>(18,000)</u>	<u>(292,609)</u>	<u>(18,000)</u>	<u>274,609</u>
Net Change in Fund Balance	942,721	1,404,717	1,604,205	199,488
Fund Balance at Beginning of Year	<u>(1,168,296)</u>	<u>(1,168,296)</u>	<u>(1,168,296)</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (225,575)</u>	<u>\$ 236,421</u>	<u>\$ 435,909</u>	<u>\$ 199,488</u>

See accompanying notes to the basic financial statements

CITY OF PORTSMOUTH, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2013**

	Business-Type Activities		
	Enterprise Funds		
	Major		
	Water	Sewer	Sanitation
ASSETS			
Current assets:			
Cash and Cash Equivalents	\$ 944,709	\$ 100,052	\$ 19,074
Accounts receivable (net of allowance for uncollectibles)	1,272,477	701,422	318,469
Due from Other Funds	39,751	462,176	0
Inventory of Supplies at Cost	114,063	0	0
Prepaid Items	6,909	3,781	10,082
Total current assets	<u>2,377,909</u>	<u>1,267,431</u>	<u>347,625</u>
Noncurrent assets:			
Restricted Assets:			
Cash and Cash Equivalents	1,290,677	0	0
Capital assets:			
Capital Assets Not Being Depreciated	65,593	1,118,471	0
Capital Assets Being Depreciated, net of accumulated depreciation	<u>17,554,060</u>	<u>8,182,628</u>	<u>581,444</u>
Total capital assets	<u>17,619,653</u>	<u>9,301,099</u>	<u>581,444</u>
Total noncurrent assets	<u>18,910,330</u>	<u>9,301,099</u>	<u>581,444</u>
Total assets	<u>21,288,239</u>	<u>10,568,530</u>	<u>929,069</u>
LIABILITIES			
Current liabilities:			
Accounts Payable	27,700	46,103	2,330
Accrued Wages and Benefits	2,490	5,724	0
Intergovernmental Payable	89,196	48,197	29,236
Claims Payable	0	0	0
Refundable Deposits	326,799	0	0
Due to Other Funds	501,213	65,513	76,453
Accrued Interest Payable	11,309	0	0
Capital Leases Payable - Current	636,551	167,218	0
Revenue Bond Payable - Current	535,000	0	0
OWDA Loans Payable - Current	242,634	102,288	0
OPWC Loans Payable - Current	0	100,000	0
Compensated Absences Payable - Current	7,221	5,165	924
Total Current Liabilities	<u>2,380,113</u>	<u>540,208</u>	<u>108,943</u>

CITY OF PORTSMOUTH, OHIO

<u>Nonmajor</u> <u>Primary Care</u>	<u>Total</u>	Governmental Activities Internal Service <u>Fund</u>
\$ 7,638	\$ 1,071,473	\$ 0
0	2,292,368	0
0	501,927	607,754
9,506	123,569	0
574	21,346	0
<u>17,718</u>	<u>4,010,683</u>	<u>607,754</u>
0	1,290,677	0
0	1,184,064	0
<u>0</u>	<u>26,318,132</u>	<u>0</u>
<u>0</u>	<u>27,502,196</u>	<u>0</u>
<u>0</u>	<u>28,792,873</u>	<u>0</u>
<u>17,718</u>	<u>32,803,556</u>	<u>607,754</u>
0	76,133	0
0	8,214	0
2,085	168,714	0
0	0	26,636
0	326,799	0
1,075	644,254	581,118
0	11,309	0
0	803,769	0
0	535,000	0
0	344,922	0
0	100,000	0
0	13,310	0
<u>3,160</u>	<u>3,032,424</u>	<u>607,754</u>

(Continued)

CITY OF PORTSMOUTH, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2013**

	Business-Type Activities		
	Enterprise Funds		
	Major		
	Water	Sewer	Sanitation
Noncurrent Liabilities:			
Capital Leases Payable	2,371,507	611,541	0
Revenue Bonds Payable	555,000	0	0
OWDA Loans Payable	4,213,904	2,415,692	0
OPWC Loans Payable	0	1,108,549	0
Compensated Absences Payable	52,708	16,703	397
Total noncurrent liabilities	7,193,119	4,152,485	397
Total Liabilities	9,573,232	4,692,693	109,340
NET POSITION			
Net Investment in Capital Assets	9,065,057	5,475,571	581,444
Restricted for Debt Service	963,878	0	0
Unrestricted	1,686,072	400,266	238,285
Total Net Position	\$ 11,715,007	\$ 5,875,837	\$ 819,729

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

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

See accompanying notes to the basic financial statements

CITY OF PORTSMOUTH, OHIO

<u>Nonmajor</u>		Governmental Activities
<u>Primary Care</u>	<u>Total</u>	Internal Service <u>Fund</u>
0	2,983,048	0
0	555,000	0
0	6,629,596	0
0	1,108,549	0
0	69,808	0
<u>0</u>	<u>11,346,001</u>	<u>0</u>
3,160	14,378,425	607,754
0	15,122,072	0
0	963,878	0
14,558	2,339,181	0
<u>\$ 14,558</u>	<u>\$ 18,425,131</u>	<u>\$ 0</u>

(1,579)
\$ 18,423,552

CITY OF PORTSMOUTH, OHIO

**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2013**

	Business-Type Activities		
	Enterprise Funds		
	Major		
	Water	Sewer	Sanitation
Operating Revenues:			
Charges for Services	\$ 6,262,018	\$ 3,258,446	\$ 1,376,313
Other Operating Revenues	86,823	31,501	9,052
Total Operating Revenues	6,348,841	3,289,947	1,385,365
Operating Expenses:			
Personal Services	2,824,354	1,682,190	941,623
Contractual Services	799,107	754,484	360,593
Materials and Supplies	738,252	246,572	154,808
Depreciation	1,168,208	308,731	75,189
Total Operating Expenses	5,529,921	2,991,977	1,532,213
Operating Income (Loss)	818,920	297,970	(146,848)
Non-Operating Revenue (Expenses):			
Interest Income	110	0	0
Interest and Fiscal Charges	(311,640)	(105,332)	0
Total Non-Operating Revenues (Expenses)	(311,530)	(105,332)	0
Change in Net Position	507,390	192,638	(146,848)
Net Position Beginning of Year	11,207,617	5,683,199	966,577
Net Position End of Year	\$ 11,715,007	\$ 5,875,837	\$ 819,729

See accompanying notes to the basic financial statements

CITY OF PORTSMOUTH, OHIO

Nonmajor Primary Care	Total	Governmental Activities Internal Service Fund
\$ 84,455	\$ 10,981,232	\$ 286,342
7,655	135,031	0
<u>92,110</u>	<u>11,116,263</u>	<u>286,342</u>
46,774	5,494,941	286,342
1,810	1,915,994	0
43,804	1,183,436	0
0	1,552,128	0
<u>92,388</u>	<u>10,146,499</u>	<u>286,342</u>
(278)	969,764	0
0	110	0
<u>0</u>	<u>(416,972)</u>	<u>0</u>
<u>0</u>	<u>(416,862)</u>	<u>0</u>
(278)	552,902	0
<u>14,836</u>	<u>17,872,229</u>	<u>0</u>
<u>\$ 14,558</u>	<u>\$ 18,425,131</u>	<u>\$ 0</u>

CITY OF PORTSMOUTH, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2013**

	Business-Type Activities		
	Enterprise Funds		
	Major		
	Water	Sewer	Sanitation
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$6,358,551	\$3,260,185	\$1,366,703
Cash Payments for Goods and Services	(1,588,291)	(940,958)	(534,771)
Cash Payments to Employees	(2,866,424)	(1,686,899)	(948,792)
Customer Deposits Received	111,350	0	0
Customer Deposits Refunded	(106,050)	0	0
Net Cash Provided (Used) by Operating Activities	1,909,136	632,328	(116,860)
<u>Cash Flows from Noncapital Financing Activities:</u>			
Loan from Other Funds	0	0	39,751
Receipt of Loan Payment from Other Funds	76,624	47,910	0
Loan to Other Funds	(39,751)	0	0
Repayment of Loan to Other Funds	(41,682)	(76,624)	0
Principal Paid on Ohio Public Works Commission Loan	0	(45,000)	0
Net Cash Provided (Used) by Noncapital Financing Activities	(4,809)	(73,714)	39,751
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Proceeds from Ohio Water Development Authority Loan	45,625	292,456	0
Acquisition and Construction of Assets	(402,715)	(359,921)	0
Principal Paid on Mortgage Revenue Bond	(515,000)	0	0
Principal Paid on Ohio Public Works Commission Loan	0	(52,500)	0
Principal Paid on Ohio Water Development Authority Loan	(234,955)	(72,705)	0
Capital Lease Payment	(618,763)	(160,560)	0
Interest Paid on All Debt	(316,983)	(105,332)	0
Net Cash Used by Capital and Related Financing Activities	(2,042,791)	(458,562)	0
<u>Cash Flows from Investing Activities:</u>			
Receipt of Interest	110	0	0
Net Cash Provided by Investing Activities	110	0	0
Net Increase (Decrease) in Cash and Cash Equivalents	(138,354)	100,052	(77,109)
Cash and Cash Equivalents at Beginning of Year	2,373,740	0	96,183
Cash and Cash Equivalents at End of Year	\$2,235,386	\$100,052	\$19,074
<u>Reconciliation of Cash and Cash Equivalent per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$944,709	\$100,052	\$19,074
Restricted Cash and Cash Equivalents	1,290,677	0	0
Cash and Cash Equivalents at End of Year	\$2,235,386	\$100,052	\$19,074

CITY OF PORTSMOUTH, OHIO

Nonmajor		Governmental Activities Internal Service Fund
Primary Care	Total	Fund
\$92,110	\$11,077,549	\$595,890
(52,843)	(3,116,863)	(290,809)
(44,545)	(5,546,660)	0
0	111,350	0
0	(106,050)	0
(5,278)	2,419,326	305,081
0	39,751	581,118
0	124,534	0
0	(39,751)	0
0	(118,306)	(886,199)
0	(45,000)	0
0	(38,772)	(305,081)
0	338,081	0
0	(762,636)	0
0	(515,000)	0
0	(52,500)	0
0	(307,660)	0
0	(779,323)	0
0	(422,315)	0
0	(2,501,353)	0
0	110	0
0	110	0
(5,278)	(120,689)	0
12,916	2,482,839	0
\$7,638	\$2,362,150	\$0
\$7,638	\$1,071,473	\$0
0	1,290,677	0
\$7,638	\$2,362,150	\$0

(Continued)

CITY OF PORTSMOUTH, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2013**

	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)	\$818,920	\$297,970	(\$146,848)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	1,168,208	308,731	75,189
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	9,710	(29,762)	(18,662)
Decrease in Due from Other Funds	0	0	0
(Increase) Decrease in Inventory	(67,773)	18,771	363
(Increase) Decrease in Prepaid Items	930	1,260	0
Increase (Decrease) in Accounts Payable	15,911	40,067	(19,733)
Increase in Intergovernmental Payable	4,952	1,368	5,686
Increase (Decrease) in Accrued Wages and Benefits	(2,181)	3,554	(387)
Decrease in Claims Payable	0	0	0
Increase in Customer Deposits	5,300	0	0
Increase (Decrease) in Due to Other Funds	(47,965)	(15,610)	(13,349)
Increase in Compensated Absences	3,124	5,979	881
Total Adjustments	<u>1,090,216</u>	<u>334,358</u>	<u>29,988</u>
Net Cash Provided (Used) by Operating Activities	<u>\$1,909,136</u>	<u>\$632,328</u>	<u>(\$116,860)</u>

Schedule of Noncash Investing, Capital and Financing Activities:

During 2013, the Water Fund entered into capital lease obligation for \$141,908.

See accompanying notes to the basic financial statements

CITY OF PORTSMOUTH, OHIO

Nonmajor		Governmental Activities Internal Service Fund
Primary Care	Total	
(\$278)	\$969,764	\$0
0	1,552,128	0
0	(38,714)	0
0	0	309,548
(6,931)	(55,570)	0
(298)	1,892	0
0	36,245	0
1,572	13,578	0
0	986	0
0	0	(4,467)
0	5,300	0
657	(76,267)	0
0	9,984	0
(5,000)	1,449,562	305,081
(\$5,278)	\$2,419,326	\$305,081

CITY OF PORTSMOUTH, OHIO

**Statement of Net Position
Fiduciary Funds
December 31, 2013**

	<u>Private Purpose Trust</u>	
	<u>Private Purpose</u>	<u>Agency</u>
Assets:		
Cash and Cash Equivalents	\$ 105,871	\$ 0
Receivables:		
Accounts	0	530,926
Restricted Assets:		
Cash and Cash Equivalents	0	86,295
Total Assets	<u>105,871</u>	<u>617,221</u>
Liabilities:		
Intergovernmental Payable	0	36,550
Claims Payable	93,792	0
Due to Others	0	580,671
Total Liabilities	<u>93,792</u>	<u>617,221</u>
Unrestricted	<u>12,079</u>	<u>0</u>
Total Net Position	<u>\$ 12,079</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

CITY OF PORTSMOUTH, OHIO

***Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended December 31, 2013***

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

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

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, 2013 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 accounting principles general accepted in the United States of America in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

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

B. Basis of Presentation - Fund Accounting

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

Governmental Funds

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

Proprietary Funds

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

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

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

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

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

The following enterprise fund is nonmajor:

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

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

C. Basis of Presentation – Financial Statements

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

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

D. Basis of Accounting

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

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

E. Budgetary Process

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

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

1. Tax Budget

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

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

On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement as final budget reflect the amounts in the final amended official certificate of estimated resources issued during 2013.

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 2013. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. Encumbrances

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Lapsing of Appropriations

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

6. Budgetary Basis of Accounting

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

	Net Change in Fund Balance
	General Fund
GAAP Basis (as reported)	\$1,748,465
Increase (Decrease):	
Accrued Revenues at December 31, 2013 received during 2014	(1,210,111)
Accrued Revenues at December 31, 2012 received during 2013	1,330,885
Accrued Expenditures at December 31, 2013 paid during 2014	716,820
Accrued Expenditures at December 31, 2012 paid during 2013	(958,490)
2012 Prepays for 2013	8,154
2013 Prepays for 2014	(23,018)
Outstanding Encumbrances	(8,500)
Budget Basis	<u>\$1,604,205</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

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 4, "Cash, Cash Equivalents and Investments."

G. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental 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, 2013, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Capital Assets and Depreciation

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

1. Property, Plant and Equipment - Governmental Activities

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation (Continued)

2. Property, Plant and Equipment – Business Type Activities

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Infrastructure is included in Improvements other than Buildings in Note 9 B. Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Position and in the respective funds.

3. Depreciation

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

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

J. Long-Term Obligations

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences

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

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

L. Net Position

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

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

M. Pensions

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

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 passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance) it employed previously to commit those amounts.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balances (Continued)

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

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

P. Restricted Assets

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

Q. Operating Revenues and Expenses

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

R. Deferred Outflows/Inflows of Resources

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

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

CITY OF PORTSMOUTH, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 2 – 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	\$23,018	\$0	\$1,036	\$12,796	\$36,850
Supplies Inventory	13,218	0	0	22,540	35,758
Endowment	0	0	0	26,843	26,843
Total Nonspendable	<u>36,236</u>	<u>0</u>	<u>1,036</u>	<u>62,179</u>	<u>99,451</u>
Restricted:					
Transportation Projects	0	0	0	342,254	342,254
Court Projects	0	0	0	478,259	478,259
Public Safety	0	0	0	1,225,620	1,225,620
Health	0	0	0	247,687	247,687
Cemetery	0	0	0	132,105	132,105
Community Development	0	0	0	650,590	650,590
Debt Retirement	0	97,815	0	0	97,815
Capital Improvements	0	0	1,549,607	0	1,549,607
Parks and Recreation	0	0	0	11,974	11,974
Total Restricted	<u>0</u>	<u>97,815</u>	<u>1,549,607</u>	<u>3,088,489</u>	<u>4,735,911</u>
Committed:					
Parks and Recreation	0	0	0	51,147	51,147
Health	0	0	0	53,114	53,114
Total Committed	<u>0</u>	<u>0</u>	<u>0</u>	<u>104,261</u>	<u>104,261</u>
Unassigned:					
Total Fund Balances	<u>\$973,936</u>	<u>\$97,815</u>	<u>\$1,550,643</u>	<u>\$3,212,107</u>	<u>\$5,834,501</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficit

The fund deficit of \$6,721 in the Municipal Court Grants Fund (special revenue fund) 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 \$9,064 in the Rural Law Enforcement Assistance Grant Fund, and \$24,644 in the Rural AIDS State Grant Fund (special revenue funds) arose from cash overdrafts in those funds.

B. Cash Deficit

The several funds had negative cash balances contrary to Ohio Revised Code Section 5705.10(I).

C. 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.

D. Not Maintaining Supporting Documentation

The City transferred approximately \$307,387 to the Insurance Account "B" Fund from the following funds: General Fund, Municipal Court Grants Fund, Street Maintenance Fund, Water Fund, Sewer Fund and Sanitation Fund. However, there was no documentation maintained to support how the City calculated this amount contrary to Ohio Rev. Code § 149.351(A).

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

- 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.

At year end the carrying amount of the City’s deposits was \$5,926,927 and the bank balance was \$6,868,511. Federal depository insurance covered \$445,343 of the bank balance and \$6,423,168 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>\$6,423,168</u>
Total Balance	<u><u>\$6,423,168</u></u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

B. Investments

The City's investments at December 31, 2013 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities In Years less than 1</u>
First American Treasury Obligation	\$963,878	AAAm	\$963,878
Total Investments	<u>\$963,878</u>		<u>\$963,878</u>

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

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

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

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

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Financial Statements	\$6,890,805	\$0
First American Treasury Obligation	<u>(963,878)</u>	<u>963,878</u>
Per GASB Statement No. 3	<u>\$5,926,927</u>	<u>\$963,878</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 5 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes collected during 2013 were levied after October 1, 2012 on assessed values as of January 1, 2012, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. Public utility tangible personal property is currently assessed at varying percentages of its true value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2010. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder payable by June 20.

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

The full tax rate for all City operations for the year ended December 31, 2013 was \$10.35 per \$1,000 of assessed value. The assessed value upon which the 2013 tax collections were based was \$213,252,580. This amount constituted \$200,023,300 in real property assessed value and \$13,229,280 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 2.0% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

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

NOTE 6 - RECEIVABLES

Receivables at December 31, 2013 consisted of taxes, intergovernmental, accounts receivable, and loans. All receivables except the loan receivable are expected to be collected with the next year. The long-term loan receivable of \$15,114 is for the community development block grant program.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivables and payables balances at December 31, 2013 are as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$488,612	\$350,501
Capital Improvement	0	64,202
Other Governmental Funds	186,312	144,530
Total Governmental Funds	<u>674,924</u>	<u>559,233</u>
Water Fund	39,751	501,213
Sewer Fund	462,176	65,513
Sanitation Fund	0	76,453
Primary Care Fund	0	1,075
Total Enterprise Funds	<u>501,927</u>	<u>644,254</u>
Internal Service Fund	607,754	581,118
	<u>\$1,784,605</u>	<u>\$1,784,605</u>
	Interfund Loan Receivable	Interfund Loan Payable
Other Governmental Funds	\$53,333	\$53,333

On the Statement of Net Position, the Business-Type Activities reported an internal balance at December 31, 2013 of \$143,906, which was offset in the Governmental Activities by the same amount. The Due from Other Funds in the General Fund, and Water Fund is for overdrafts in the Sanitation Fund and the Internal Service Fund. The Due from Other Funds in the Other Governmental Funds is for reimbursement of expenditures made by the Community Development Fund for the General Fund and for overdrafts in Special Revenue Funds. The Due from Other Funds in the Internal Service Fund is for interfund charges. The Interfund Loan Receivable is for an advance to cover expenditures prior to receiving grant money. All interfund receivables are expected to be collected within the next year.

NOTE 8 - TRANSFERS

Following is a summary of Transfers in and out for all funds for 2013:

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; or to return money to the fund from which it was originally provided once a project is completed.

CITY OF PORTSMOUTH, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 9 - CAPITAL ASSETS

A. Governmental Capital Assets

Summary by category of changes in Governmental Capital Assets:

Historical Cost:

Class	December 31, 2012	Additions	Deletions	December 31, 2013
<i>Capital assets not being depreciated:</i>				
Land	\$1,697,863	\$289,164	\$0	\$1,987,027
Subtotal	1,697,863	289,164	0	1,987,027
<i>Capital assets being depreciated:</i>				
Buildings	6,363,202	16,500	0	6,379,702
Improvements	2,236,620	465,360	0	2,701,980
Machinery and Equipment	9,632,013	235,075	(136,189)	9,730,899
Infrastructure	29,405,666	484,392	(179,151)	29,710,907
Subtotal	47,637,501	1,201,327	(315,340)	48,523,488
Total Cost	\$49,335,364	\$1,490,491	(\$315,340)	\$50,510,515

Accumulated Depreciation:

Class	December 31, 2012	Additions	Deletions	December 31, 2013
Buildings	(\$2,192,290)	(\$135,515)	\$0	(\$2,327,805)
Improvements	(1,133,129)	(91,518)	0	(1,224,647)
Machinery and Equipment	(6,989,165)	(523,698)	136,189	(7,376,674)
Infrastructure	(17,863,163)	(819,535)	153,764	(18,528,934)
Total Depreciation	(\$28,177,747)	(\$1,570,266) *	\$289,953	(\$29,458,060)
<i>Net Value:</i>	\$21,157,617			\$21,052,455

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$328,558
Public Health & Welfare Services	40,571
Leisure Time Activities	12,480
Community Environment	65,258
Transportation	855,412
General Government	267,987
Total Depreciation Expense	\$1,570,266

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 9 - CAPITAL ASSETS (Continued)

B. Business Type Capital Assets

Summary by Category at December 31, 2013:

Historical Cost:

Class	December 31, 2012	Additions	Deletions	December 31, 2013
Capital assets not being depreciated:				
Land	\$63,504	\$0	\$0	\$63,504
Construction in Progress	1,084,182	307,396	(271,018)	1,120,560
Subtotal	1,147,686	307,396	(271,018)	1,184,064
Capital assets being depreciated:				
Buildings	6,499,589	6,000	0	6,505,589
Improvements other than Buildings	29,822,556	338,183	0	30,160,739
Machinery and Equipment	13,875,435	215,361	(90,028)	14,000,768
Subtotal	50,197,580	559,544	(90,028)	50,667,096
Total Cost	\$51,345,266	\$866,940	(\$361,046)	\$51,851,160

Accumulated Depreciation:

Class	December 31, 2012	Additions	Deletions	December 31, 2013
Buildings	(\$650,252)	(\$149,302)	\$0	(\$799,554)
Improvements other than Buildings	(16,734,718)	(530,443)	0	(17,265,161)
Machinery and Equipment	(5,501,894)	(872,383)	90,028	(6,284,249)
Total Depreciation	(\$22,886,864)	(\$1,552,128)	\$90,028	(\$24,348,964)

Net Value:

\$28,458,402	\$27,502,196
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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 10 – DEFINED BENEFIT PENSION PLANS

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

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

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

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

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

The ORC provides statutory authority for employee and employer contributions. For 2013, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2013 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 and Combined Plans was 13.0% for calendar year 2013. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City’s contributions for pension obligations to OPERS for the years ending December 31, 2013, 2012, and 2011 were \$880,654, \$674,089 and \$672,785, respectively, which were equal to the required contributions for each year. Contributions to the member-directed plan for 2013 were \$4,238 made by the City and \$3,027 made by the plan members.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 10 – 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, by calling (614) 228-2975, or by visiting www.op-f.org.

From January 1, 2013 through July 1, 2013, plan members were required to contribute 10.0% of their annual covered salary. From July 2, 2013 through December 31, 2013, plan members were required to contribute 10.75% of their annual covered salary. Throughout 2013, employers were 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. The portion of employer contributions used to fund pension obligations from January 1, 2013 through May 31, 2013 was 14.81% for police officers and 19.31% for firefighters. The portion of employer contributions used to fund pension obligations from June 1, 2013 through December 31, 2013 was 16.65% for police officers and 21.15% for firefighters. The City's contributions for pension obligations to the OP&F Fund for the years ending December 31, 2013, 2012, and 2011 were \$330,641, \$227,172 and \$246,199 for police officers and \$388,349, \$337,839 and \$323,685 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 11 - 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, 2013***

NOTE 11 - 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 visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, 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 and Combined Plans was 1.0% for calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2% for both plans, as recommended by the OPERS actuary. 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, 2013, 2012, and 2011 were \$67,743, \$269,636 and \$269,114, respectively, which were equal to the required contributions for each year.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 11 - 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. That report is also available on OP&F’s website at www.op-f.org.

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.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

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 2013, the portion of employer contributions allocated to health care was 4.69% of covered payroll from January 1, 2013 through May 31, 2013 and 2.85% of covered payroll from June 1, 2013 through December 31, 2013 for both police officers and firefighters. 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.

CITY OF PORTSMOUTH, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

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

The City's contributions for health care to the OP&F for the years ending December 31, 2013, 2012, and 2011 were \$74,143, \$120,268 and \$130,341 for police and \$69,095, \$132,198 and \$126,659 for firefighters, respectively, which were equal to the required contributions for each year.

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

Long-term debt and other long-term obligations of the City at December 31, 2013 were as follows:

				Balance			Balance	Amount due
				December 31,	Additions	(Deletions)	December 31,	Within
				2012			2013	One Year
Business-Type Activities Long-Term Debt:								
Ohio Public Works Commission Loans:								
2000	0.0%	Wastewater Improvement	2021	\$270,000	\$0	(\$45,000)	\$225,000	\$30,000
2008	0.0%	Wastewater-Sludge Digester	2029	595,000	0	(52,500)	542,500	35,000
2011	0.0%	Wastewater-Primary Clarifier	2028	441,049	0	0	441,049	35,000
Total Ohio Public Works Commission Loans				1,306,049	0	(97,500)	1,208,549	100,000
Refunding Revenue Bond:								
2003	1.6-4.15%	Waterworks Improvement	2015	1,605,000	0	(515,000)	1,090,000	535,000
Ohio Water Development Authority Loans:								
2007	3.25%	Water MIEX Installation	2028	3,013,500	0	(158,770)	2,854,730	163,971
2008	4.11%	Wastewater-Sludge Digester	2038	458,938	0	(10,459)	448,479	10,894
2009	3.43%	Wastewater-Lawson Run	2031	1,584,810	0	(62,246)	1,522,564	70,003
2010	0.00%	Water-High Service Pumps	2029	37,153	0	(2,252)	34,901	2,251
2010	4.39%	Wastewater-Collection System	2016	254,481	292,456	0	546,937	21,391
2012	2.00%	Water-Filtration Filter Rebuild	2032	1,595,215	45,625	(73,933)	1,566,907	76,412
Total Ohio Water Development Authority Loans				6,944,097	338,081	(307,660)	6,974,518	344,922
Compensated Absences				73,134	237,174	(227,190)	83,118	13,310
Capital Lease - Enterprise Funds				4,424,232	141,908	(779,323)	3,786,817	803,769
Total Business-Type Long-Term Debt				\$14,352,512	\$717,163	(\$1,926,673)	\$13,143,002	\$1,797,001
Governmental Activities Long-Term Debt:								
General Obligation Bond								
2001	3.6-5.5%	Police and Fireman's Disability and Pension	2027	\$1,520,000	\$0	(\$70,000)	\$1,450,000	\$75,000
Compensated Absences				558,522	721,034	(688,987)	590,569	62,183
Capital Lease Payable				840,435	0	(178,051)	662,384	185,331
Total Governmental Activities				\$2,918,957	\$721,034	(\$937,038)	\$2,702,953	\$322,514

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

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

				<u>Original Issue</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
0.00%	Wastewater-Primary Clarifier	2011-2028		441,049
	Total OPWC Loans			<u>\$1,741,049</u>
Refunding Revenue Bond:				
1.6- 4.15%	Waterworks Improvement	2003-2015		\$5,500,000
	Total Refunding Revenue Bonds			<u>\$5,500,000</u>
Ohio Water Development Authority Loans (OWDA):				
3.25%	Water MIEX Installation	2007-2028		\$3,734,915
4.11%	Wastewater-Sludge Digester	2008-2038		501,078
3.43%	Wastewater-Lawson Run	2009-2031		1,711,234
0.00%	Water-High Service Pumps	2010-2029		45,034
4.39%	Wasterwater-Collection System	2010-2016		546,937 *
2.00%	Water Filtration Filter Rebuild	2012-2032		1,713,316 *
	Total OWDA Loans			<u>\$8,252,514</u>
* Amount Disbursed as of December 31, 2013				
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 \$1,522,564 at December 31, 2013.

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 \$746,979 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 \$546,937 at December 31, 2013.

In 2012, the City entered into an agreement with the OWDA, as administrator for the U.S. Environmental Protection Agency (EPA), for the City to receive a loan in the amount of \$1,762,725 for water filtration filter rebuild. The amount is subject to change and has not been finalized. The interest rate on the loan is 4.39% per annum. An estimate of future financing requirements has been made based on the remaining loan balance of \$1,566,907 at December 31, 2013.

CITY OF PORTSMOUTH, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

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

A. Principal and Interest Requirements

A summary of the City's future long-term debt funding requirements including principal and interest payments as of December 31, 2013 follows:

Business-Type Activities:

Years	Mortgage Revenue Bond		OPWC Loans		OWDA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$535,000	\$34,134	\$100,000	\$0	\$344,922	\$207,206
2015	555,000	11,516	100,000	0	355,295	196,834
2016	0	0	100,000	0	365,993	186,136
2017	0	0	100,000	0	377,028	175,101
2018	0	0	100,000	0	388,409	163,720
2019-2023	0	0	425,000	0	2,125,723	634,922
2024-2028	0	0	266,049	0	2,211,729	293,487
2029-2033	0	0	17,500	0	686,501	61,393
2034-2038	0	0	0	0	118,918	12,550
Totals	<u>\$1,090,000</u>	<u>\$45,650</u>	<u>\$1,208,549</u>	<u>\$0</u>	<u>\$6,974,518</u>	<u>\$1,931,349</u>

Governmental Activities:

Years	General Obligation Bonds	
	Principal	Interest
2014	\$70,000	\$78,880
2015	75,000	75,240
2016	80,000	71,265
2017	85,000	67,025
2018	90,000	62,520
2019-2023	520,000	234,850
2024-2027	530,000	75,075
Totals	<u>\$1,450,000</u>	<u>\$664,855</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 13 - CAPITALIZED LEASES

The City leases water meters, utility and dump trucks and a sludge digester, classified as machinery and equipment and vehicles under capital leases. The cost of the equipment and vehicles obtained under capital leases is \$5,815,490 in the Water Fund and \$663,900 in the Sewer Fund. The related liability is included in the Water and Sewer Funds. In addition the City leases a fire truck, 5 police vehicles, and window replacements with an original cost of \$879,593. The original cost of the equipment and the related liability are reported on the Government – wide Statement of Net Position.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2013.

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
2014	\$945,546	\$208,599
2015	945,546	178,721
2016	945,546	178,721
2017	945,546	105,646
2018	<u>366,892</u>	<u>44,019</u>
Minimum Lease Payments	4,149,076	715,706
Less amount representing interest at the City's incremental borrowing rate of interest	(362,259)	(53,322)
Present value of minimum lease payments	<u>\$3,786,817</u>	<u>\$662,384</u>

NOTE 14 - CONTINGENCIES

A. Litigation

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

B. Federal and State Grants

For the period January 1, 2013 to December 31, 2013, the City received Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. However, amounts are undeterminable at this time.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 15 - INSURANCE AND RISK MANAGEMENT

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

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

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

The liability for unpaid claims costs of \$26,636 reported in the fund at December 31, 2013 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>
2012	\$53,885	\$318,414	(\$341,196)	\$31,103
2013	\$31,103	\$286,342	(\$290,809)	\$26,636

CITY OF PORTSMOUTH, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 16 – SUBSEQUENT EVENTS

In January 2014, the City’s form of government changed from a City Council/Elected Mayor form of government to the City Council/Appointed City Manager form of government.

NOTE 17 – SIGNIFICANT COMMITMENTS

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

Governmental Funds:	
General Fund	\$8,500
Capital Improvement Fund	1,450,326
Other Governmental Funds	<u>68,553</u>
Total Governmental Funds	1,527,379
Enterprise Funds:	
Water Fund	46,441
Sewer Fund	<u>94,827</u>
Total Enterprise Funds	<u>141,268</u>
Total	<u>\$1,668,647</u>

NOTE 18 – FINANCIAL CONDITION

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

*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.

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

D.A.R.E. State Grant Fund

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

Police Donation Fund

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

Justice Assistance Grant (JAG) Grants Fund

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

Community Oriented Policing Services (COPS) Fast Grant Fund

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

Indigent Drivers Alcohol Treatment Fund

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

Enforcement and Education Fund

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

Mandatory Fines Fund

To account for mandatory fines for drug offenses.

Law Enforcement Fund

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

Federal Forfeitures Fund

To account for monies from the United States Marshall allocated to the City based upon the City's participation in the confiscation of contraband

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.

Drug Free Communities Grant Fund

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

Family Planning Fund

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

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

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

Regional HIV Prevention Fund

To account for federal grant funds to be used to educate the public about HIV. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

(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.

Rental Licensing Program Fund

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

Council Trust for Recreation Fund

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

Playground Trust Fund

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

Permanent Funds

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, 2013**

	Nonmajor Special Revenue Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 2,629,400	\$ 0	\$ 2,629,400
Receivables (net of allowance for doubtful accounts):			
Taxes	370,355	0	370,355
Accounts	135,894	0	135,894
Intergovernmental	1,474,200	0	1,474,200
Loans	15,114	0	15,114
Due from Other Funds	186,312	0	186,312
Interfund Loans Receivables	53,333	0	53,333
Inventory of Supplies, at Cost	22,540	0	22,540
Prepaid Items	12,796	0	12,796
Restricted Assets:			
Cash and Cash Equivalents	0	158,948	158,948
Total Assets	\$ 4,899,944	\$ 158,948	\$ 5,058,892
Liabilities:			
Accounts Payable	\$ 31,366	\$ 0	\$ 31,366
Accrued Wages and Benefits Payable	113	0	113
Intergovernmental Payable	102,242	0	102,242
Due to Other Funds	144,530	0	144,530
Interfund Loans Payable	53,333	0	53,333
Total Liabilities	331,584	0	331,584
Deferred Inflows of Resources			
Property Tax	269,000	0	269,000
Unavailable Revenue	1,246,201	0	1,246,201
Total Deferred Inflows of Resources	1,515,201	0	1,515,201
Fund Balances:			
Nonspendable	35,336	26,843	62,179
Restricted	2,956,384	132,105	3,088,489
Committed	104,261	0	104,261
Unassigned	(42,822)	0	(42,822)
Total Fund Balances	3,053,159	158,948	3,212,107
Total Liabilities, Deferred Inflows of Resources, and Funds Balances	\$ 4,899,944	\$ 158,948	\$ 5,058,892

CITY OF PORTSMOUTH, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2013***

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$ 385,885	\$ 0	\$ 385,885
Intergovernmental Revenues	3,713,552	0	3,713,552
Charges for Services	154,412	6,000	160,412
Licenses and Permits	89,894	0	89,894
Investment Earnings	1,641	0	1,641
Fines and Forfeitures	827,833	0	827,833
All Other Revenue	95,927	0	95,927
Total Revenue	5,269,144	6,000	5,275,144
Expenditures:			
Current:			
Security of Persons and Property	966,906	0	966,906
Public Health and Welfare Services	2,283,654	21,115	2,304,769
Leisure Time Activities	70,920	0	70,920
Community Environment	359,195	0	359,195
Transportation	805,793	0	805,793
General Government	510,442	0	510,442
Total Expenditures	4,996,910	21,115	5,018,025
Excess (Deficiency) of Revenues Over Expenditures	272,234	(15,115)	257,119
Other Financing Sources (Uses):			
Transfers In	18,000	0	18,000
Total Other Financing Sources (Uses)	18,000	0	18,000
Net Change in Fund Balances	290,234	(15,115)	275,119
Fund Balances at Beginning of Year	2,759,621	174,063	2,933,684
Increase in Inventory	3,304	0	3,304
Fund Balances End of Year	\$ 3,053,159	\$ 158,948	\$ 3,212,107

CITY OF PORTSMOUTH, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2013**

	Municipal Court Grants	Municipal Court Special Project	Municipal Court Probation Services	Municipal Court Programs	Municipal Court Computer
Assets:					
Cash and Cash Equivalents	\$ 1,179	\$ 270,751	\$ 76,548	\$ 14,304	\$ 17,627
Receivables (net of allowance for doubtful accounts):					
Taxes	0	0	0	0	0
Accounts	0	57,790	51,972	4,942	11,224
Intergovernmental	0	0	0	0	0
Loans	0	0	0	0	0
Due from Other Funds	0	0	0	0	0
Interfund Loans Receivables	0	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0	0
Prepaid Items	0	3,821	0	0	1,222
Total Assets	\$ 1,179	\$ 332,362	\$ 128,520	\$ 19,246	\$ 30,073
Liabilities:					
Accounts Payable	\$ 166	\$ 612	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0	0
Intergovernmental Payable	4,722	2,285	4,537	1,773	161
Due to Other Funds	3,012	0	0	0	0
Interfund Loans Payable	0	0	0	0	0
Total Liabilities	7,900	2,897	4,537	1,773	161
Deferred Inflows of Resources:					
Property Tax	0	0	0	0	0
Unavailable Revenue	0	39,985	35,959	3,419	7,766
Total Deferred Inflows of Resources	0	39,985	35,959	3,419	7,766
Fund Balances:					
Nonspendable	0	3,821	0	0	1,222
Restricted	0	285,659	88,024	14,054	20,924
Committed	0	0	0	0	0
Unassigned	(6,721)	0	0	0	0
Total Fund Balances	(6,721)	289,480	88,024	14,054	22,146
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,179	\$ 332,362	\$ 128,520	\$ 19,246	\$ 30,073

CITY OF PORTSMOUTH, OHIO

Fire Donation	Fire Pension	Police Pension	D.A.R.E. State Grant	Police Donation	JAG Grants	COPS Fast Grant
\$ 3,031	\$ 0	\$ 0	\$ 25,283	\$ 10,749	\$ 3,595	\$ 159,675
0	68,287	68,287	0	0	0	0
0	0	0	0	0	0	0
0	4,175	4,175	22,994	0	11,723	40,000
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>\$ 3,031</u>	<u>\$ 72,462</u>	<u>\$ 72,462</u>	<u>\$ 48,277</u>	<u>\$ 10,749</u>	<u>\$ 15,318</u>	<u>\$ 199,675</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	53,333
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>53,333</u>
0	52,000	52,000	0	0	0	0
0	20,462	20,462	22,994	0	11,723	0
<u>0</u>	<u>72,462</u>	<u>72,462</u>	<u>22,994</u>	<u>0</u>	<u>11,723</u>	<u>0</u>
0	0	0	0	0	0	0
3,031	0	0	25,283	10,749	3,595	146,342
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>3,031</u>	<u>0</u>	<u>0</u>	<u>25,283</u>	<u>10,749</u>	<u>3,595</u>	<u>146,342</u>
<u>\$ 3,031</u>	<u>\$ 72,462</u>	<u>\$ 72,462</u>	<u>\$ 48,277</u>	<u>\$ 10,749</u>	<u>\$ 15,318</u>	<u>\$ 199,675</u>

(Continued)

CITY OF PORTSMOUTH, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2013**

	Indigent Drivers Alcohol Treatment	Enforcement and Education	Mandatory Fines	Law Enforcement	Federal Forfeitures
Assets:					
Cash and Cash Equivalents	\$ 56,418	\$ 3,889	\$ 6,387	\$ 97,357	\$ 181,554
Receivables (net of allowance for doubtful accounts):					
Taxes	0	0	0	0	0
Accounts	8,918	120	472	0	0
Intergovernmental	0	0	20	0	0
Loans	0	0	0	0	0
Due from Other Funds	0	0	0	0	0
Interfund Loans Receivables	0	0	0	53,333	0
Inventory of Supplies, at Cost	0	0	0	0	0
Prepaid Items	0	0	0	0	0
Total Assets	\$ 65,336	\$ 4,009	\$ 6,879	\$ 150,690	\$ 181,554
Liabilities:					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0	0
Intergovernmental Payable	0	46	0	0	0
Due to Other Funds	0	0	0	0	0
Interfund Loans Payable	0	0	0	0	0
Total Liabilities	0	46	0	0	0
Deferred Inflows of Resources:					
Property Tax	0	0	0	0	0
Unavailable Revenue	6,170	83	327	0	0
Total Deferred Inflows of Resources	6,170	83	327	0	0
Fund Balances:					
Nonspendable	0	0	0	0	0
Restricted	59,166	3,880	6,552	150,690	181,554
Committed	0	0	0	0	0
Unassigned	0	0	0	0	0
Total Fund Balances	59,166	3,880	6,552	150,690	181,554
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 65,336	\$ 4,009	\$ 6,879	\$ 150,690	\$ 181,554

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
\$ 12,393	\$ 0	\$ 176,340	\$ 96,498	\$ 84,974	\$ 521,453	\$ 14,452
0	0	0	0	0	0	18,532
0	0	0	0	0	0	0
0	62,409	379,411	27,263	237,323	500,322	0
0	0	0	0	0	15,114	0
0	0	0	0	0	24,453	0
0	0	0	0	0	0	0
0	0	15,602	0	1,045	0	0
0	0	3,781	0	882	0	0
<u>\$ 12,393</u>	<u>\$ 62,409</u>	<u>\$ 575,134</u>	<u>\$ 123,761</u>	<u>\$ 324,224</u>	<u>\$ 1,061,342</u>	<u>\$ 32,984</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,800	\$ 0
0	0	113	0	0	0	0
0	9,064	24,530	0	15,767	0	0
0	62,409	28,615	0	18,129	0	0
0	0	0	0	0	0	0
0	71,473	53,258	0	33,896	13,800	0
0	0	0	0	0	0	0
0	0	265,000	19,000	156,271	429,936	0
0	0	265,000	19,000	156,271	429,936	0
0	0	19,383	0	1,927	0	0
12,393	0	237,493	104,761	132,130	617,606	32,984
0	0	0	0	0	0	0
0	(9,064)	0	0	0	0	0
<u>12,393</u>	<u>(9,064)</u>	<u>256,876</u>	<u>104,761</u>	<u>134,057</u>	<u>617,606</u>	<u>32,984</u>
<u>\$ 12,393</u>	<u>\$ 62,409</u>	<u>\$ 575,134</u>	<u>\$ 123,761</u>	<u>\$ 324,224</u>	<u>\$ 1,061,342</u>	<u>\$ 32,984</u>

(Continued)

CITY OF PORTSMOUTH, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2013**

	State Grant Health	Rural AIDS State Grant	Drug Free Communities Grant	Family Planning	F.E.M.A. Grant
Assets:					
Cash and Cash Equivalents	\$ 45,882	\$ 0	\$ 0	\$ 0	\$ 94,809
Receivables (net of allowance for doubtful accounts):					
Taxes	0	0	0	0	0
Accounts	0	456	0	0	0
Intergovernmental	6,769	140,941	5,664	18,454	0
Loans	0	0	0	0	0
Due from Other Funds	0	0	0	0	0
Interfund Loans Receivables	0	0	0	0	0
Inventory of Supplies, at Cost	3,323	1,285	0	1,285	0
Prepaid Items	0	1,108	148	1,339	0
Total Assets	\$ 55,974	\$ 143,790	\$ 5,812	\$ 21,078	\$ 94,809
Liabilities:					
Accounts Payable	\$ 28	\$ 833	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0	0
Intergovernmental Payable	7,110	11,267	4,332	3,450	0
Due to Other Funds	6,100	15,393	1,205	2,937	0
Interfund Loans Payable	0	0	0	0	0
Total Liabilities	13,238	27,493	5,537	6,387	0
Deferred Inflows of Resources:					
Property Tax	0	0	0	0	0
Unavailable Revenue	0	140,941	0	2,897	0
Total Deferred Inflows of Resources	0	140,941	0	2,897	0
Fund Balances:					
Nonspendable	3,323	2,393	148	2,624	0
Restricted	39,413	0	127	9,170	94,809
Committed	0	0	0	0	0
Unassigned	0	(27,037)	0	0	0
Total Fund Balances	42,736	(24,644)	275	11,794	94,809
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 55,974	\$ 143,790	\$ 5,812	\$ 21,078	\$ 94,809

CITY OF PORTSMOUTH, OHIO

Ryan White Title III	Flood Defense	Land Reutilization	Rental Licensing Program	Council Trust for Recreation	Playground Trust	Total Nonmajor Special Revenue Funds
\$ 68,174	\$ 454,018	\$ 8,052	\$ 59,936	\$ 51,891	\$ 12,181	\$ 2,629,400
0	215,249	0	0	0	0	370,355
0	0	0	0	0	0	135,894
0	12,557	0	0	0	0	1,474,200
0	0	0	0	0	0	15,114
0	161,859	0	0	0	0	186,312
0	0	0	0	0	0	53,333
0	0	0	0	0	0	22,540
369	0	0	0	126	0	12,796
<u>\$ 68,543</u>	<u>\$ 843,683</u>	<u>\$ 8,052</u>	<u>\$ 59,936</u>	<u>\$ 52,017</u>	<u>\$ 12,181</u>	<u>\$ 4,899,944</u>
\$ 278	\$ 15,649	\$ 0	\$ 0	\$ 0	\$ 0	\$ 31,366
0	0	0	0	0	0	113
6,159	3,054	278	2,756	744	207	102,242
2,062	0	602	4,066	0	0	144,530
0	0	0	0	0	0	53,333
<u>8,499</u>	<u>18,703</u>	<u>880</u>	<u>6,822</u>	<u>744</u>	<u>207</u>	<u>331,584</u>
0	165,000	0	0	0	0	269,000
0	62,806	0	0	0	0	1,246,201
0	227,806	0	0	0	0	1,515,201
369	0	0	0	126	0	35,336
59,675	597,174	7,172	0	0	11,974	2,956,384
0	0	0	53,114	51,147	0	104,261
0	0	0	0	0	0	(42,822)
<u>60,044</u>	<u>597,174</u>	<u>7,172</u>	<u>53,114</u>	<u>51,273</u>	<u>11,974</u>	<u>3,053,159</u>
<u>\$ 68,543</u>	<u>\$ 843,683</u>	<u>\$ 8,052</u>	<u>\$ 59,936</u>	<u>\$ 52,017</u>	<u>\$ 12,181</u>	<u>\$ 4,899,944</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, 2013**

	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	113,199	0	0	0	0
Charges for Services	0	0	0	0	0
Licenses and Permits	0	0	0	0	0
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	0	206,004	117,306	71,876	44,403
All Other Revenue	0	500	0	0	0
Total Revenue	113,199	206,504	117,306	71,876	44,403
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	108,378	141,712	138,356	75,701	36,097
Total Expenditures	108,378	141,712	138,356	75,701	36,097
Excess (Deficiency) of Revenues Over Expenditures	4,821	64,792	(21,050)	(3,825)	8,306
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	4,821	64,792	(21,050)	(3,825)	8,306
Fund Balances at Beginning of Year	(11,542)	224,688	109,074	17,879	13,840
Increase (Decrease) in Inventory Reserve	0	0	0	0	0
Fund Balances End of Year	\$ (6,721)	\$ 289,480	\$ 88,024	\$ 14,054	\$ 22,146

CITY OF PORTSMOUTH, OHIO

<u>Fire Donation</u>	<u>Fire Pension</u>	<u>Police Pension</u>	<u>D.A.R.E. State Grant</u>	<u>Police Donation</u>	<u>JAG Grants</u>	<u>COPS Fast Grant</u>
\$ 0	\$ 57,051	\$ 57,052	\$ 0	\$ 0	\$ 0	\$ 0
0	8,349	8,349	22,994	0	1,301	70,000
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	13,500	0	0
<u>0</u>	<u>65,400</u>	<u>65,401</u>	<u>22,994</u>	<u>13,500</u>	<u>1,301</u>	<u>70,000</u>
1,047	43,670	43,671	7,322	29,771	33,393	50,389
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>1,047</u>	<u>43,670</u>	<u>43,671</u>	<u>7,322</u>	<u>29,771</u>	<u>33,393</u>	<u>50,389</u>
(1,047)	21,730	21,730	15,672	(16,271)	(32,092)	19,611
<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>
(1,047)	21,730	21,730	15,672	(16,271)	(32,092)	19,611
4,078	(21,730)	(21,730)	9,611	27,020	35,687	126,731
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 3,031</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 25,283</u>	<u>\$ 10,749</u>	<u>\$ 3,595</u>	<u>\$ 146,342</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, 2013**

	Indigent Drivers Alcohol Treatment	Enforcement and Education	Mandatory Fines	Law Enforcement	Federal Forfeitures
Revenues:					
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	0	0	0	0
Charges for Services	0	0	0	0	0
Licenses and Permits	0	0	0	0	0
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	36,688	909	724	89,685	260,238
All Other Revenue	0	0	0	8,813	0
Total Revenue	36,688	909	724	98,498	260,238
Expenditures:					
Current:					
Security of Persons and Property	0	0	0	51,010	78,684
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	8,408	1,790	0	0	0
Total Expenditures	8,408	1,790	0	51,010	78,684
Excess (Deficiency) of Revenues Over Expenditures	28,280	(881)	724	47,488	181,554
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	28,280	(881)	724	47,488	181,554
Fund Balances at Beginning of Year	30,886	4,761	5,828	103,202	0
Increase (Decrease) in Inventory Reserve	0	0	0	0	0
Fund Balances End of Year	\$ 59,166	\$ 3,880	\$ 6,552	\$ 150,690	\$ 181,554

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	\$ 92,500
0	407,370	747,241	54,229	464,580	392,578	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	1,641	0
0	0	0	0	0	0	0
3,064	0	2,720	0	7,500	31,147	0
3,064	407,370	749,961	54,229	472,080	425,366	92,500
0	464,223	0	0	0	0	0
0	0	0	0	557,008	0	0
0	0	0	0	0	0	0
0	0	0	0	0	281,432	77,763
0	0	758,430	47,363	0	0	0
0	0	0	0	0	0	0
0	464,223	758,430	47,363	557,008	281,432	77,763
3,064	(56,853)	(8,469)	6,866	(84,928)	143,934	14,737
0	0	0	0	18,000	0	0
0	0	0	0	18,000	0	0
3,064	(56,853)	(8,469)	6,866	(66,928)	143,934	14,737
9,329	47,789	265,847	97,895	201,645	473,672	18,247
0	0	(502)	0	(660)	0	0
\$ 12,393	\$ (9,064)	\$ 256,876	\$ 104,761	\$ 134,057	\$ 617,606	\$ 32,984

(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, 2013**

	State Grant Health	Rural AIDS State Grant	Drug Free Communities Grant	Family Planning	F.E.M.A. Grant
Revenues:					
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	189,689	502,598	133,515	73,031	10,854
Charges for Services	33,324	0	0	63,693	0
Licenses and Permits	0	0	0	0	0
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0
All Other Revenue	0	9,345	0	1,069	0
Total Revenue	223,013	511,943	133,515	137,793	10,854
Expenditures:					
Current:					
Security of Persons and Property	0	0	0	0	0
Public Health and Welfare Services	274,804	493,896	135,725	158,488	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	0	0	0	0
Total Expenditures	274,804	493,896	135,725	158,488	0
Excess (Deficiency) of Revenues Over Expenditures	(51,791)	18,047	(2,210)	(20,695)	10,854
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	(51,791)	18,047	(2,210)	(20,695)	10,854
Fund Balances at Beginning of Year	91,204	(42,549)	2,485	31,204	83,955
Increase (Decrease) in Inventory Reserve	3,323	(142)	0	1,285	0
Fund Balances End of Year	\$ 42,736	\$ (24,644)	\$ 275	\$ 11,794	\$ 94,809

CITY OF PORTSMOUTH, OHIO

<u>Regional HIV Prevention</u>	<u>Ryan White Title III</u>	<u>Flood Defense</u>	<u>Land Reutilization</u>	<u>Rental Licensing Program</u>	<u>Council Trust for Recreation</u>	<u>Playground Trust</u>
\$ 0	\$ 0	\$ 179,282	\$ 0	\$ 0	\$ 0	\$ 0
239,346	249,219	25,110	0	0	0	0
0	1,415	0	0	0	55,980	0
0	0	0	0	89,894	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	524	1,594	13,600	0	539	2,012
<u>239,346</u>	<u>251,158</u>	<u>205,986</u>	<u>13,600</u>	<u>89,894</u>	<u>56,519</u>	<u>2,012</u>
0	0	163,726	0	0	0	0
264,825	263,341	0	22,900	112,667	0	0
0	0	0	0	0	62,346	8,574
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>264,825</u>	<u>263,341</u>	<u>163,726</u>	<u>22,900</u>	<u>112,667</u>	<u>62,346</u>	<u>8,574</u>
(25,479)	(12,183)	42,260	(9,300)	(22,773)	(5,827)	(6,562)
<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>
(25,479)	(12,183)	42,260	(9,300)	(22,773)	(5,827)	(6,562)
25,479	72,227	554,914	16,472	75,887	57,100	18,536
<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>\$ 60,044</u>	<u>\$ 597,174</u>	<u>\$ 7,172</u>	<u>\$ 53,114</u>	<u>\$ 51,273</u>	<u>\$ 11,974</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, 2013***

	Total Nonmajor Special Revenue Funds
Revenues:	
Taxes	\$ 385,885
Intergovernmental Revenues	3,713,552
Charges for Services	154,412
Licenses and Permits	89,894
Investment Earnings	1,641
Fines and Forfeitures	827,833
All Other Revenue	95,927
Total Revenue	<u>5,269,144</u>
Expenditures:	
Current:	
Security of Persons and Property	966,906
Public Health and Welfare Services	2,283,654
Leisure Time Activities	70,920
Community Environment	359,195
Transportation	805,793
General Government	510,442
Total Expenditures	<u>4,996,910</u>
Excess (Deficiency) of Revenues Over Expenditures	272,234
Other Financing Sources (Uses):	
Transfers In	18,000
Total Other Financing Sources (Uses)	<u>18,000</u>
Net Change in Fund Balances	290,234
Fund Balances at Beginning of Year	2,759,621
Increase (Decrease) in Inventory Reserve	3,304
Fund Balances End of Year	<u>\$ 3,053,159</u>

CITY OF PORTSMOUTH, OHIO

***Combining Balance Sheet
Nonmajor Permanent Funds
December 31, 2013***

	<u>Cemetery Trust</u>	<u>Mausoleum Trust</u>	<u>Total Nonmajor Permanent Funds</u>
Assets:			
Restricted Assets:			
Cash and Cash Equivalents	154,096	4,852	158,948
Total Assets	<u>\$ 154,096</u>	<u>\$ 4,852</u>	<u>\$ 158,948</u>
Liabilities:			
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:			
Nonspendable	22,339	4,504	26,843
Restricted	131,757	348	132,105
Total Fund Balances	<u>154,096</u>	<u>4,852</u>	<u>158,948</u>
Total Liabilities and Fund Balances	<u>\$ 154,096</u>	<u>\$ 4,852</u>	<u>\$ 158,948</u>

CITY OF PORTSMOUTH, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Permanent Funds
For the Year Ended December 31, 2013**

	<u>Cemetery Trust</u>	<u>Mausoleum Trust</u>	<u>Total Nonmajor Permanent Funds</u>
Revenues:			
Charges for Services	\$ 6,000	\$ 0	\$ 6,000
Total Revenue	<u>6,000</u>	<u>0</u>	<u>6,000</u>
Expenditures:			
Current:			
Public Health and Welfare Services	<u>21,115</u>	<u>0</u>	<u>21,115</u>
Total Expenditures	<u>21,115</u>	<u>0</u>	<u>21,115</u>
Excess (Deficiency) of Revenues Over Expenditures	(15,115)	0	(15,115)
Fund Balances at Beginning of Year	<u>169,211</u>	<u>4,852</u>	<u>174,063</u>
Fund Balances End of Year	<u>\$ 154,096</u>	<u>\$ 4,852</u>	<u>\$ 158,948</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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 9,875,000	\$ 10,402,000	\$ 10,404,505	\$ 2,505
Intergovernmental Revenues	1,119,500	1,451,500	1,453,122	1,622
Charges for Services	330,100	233,100	232,416	(684)
Licenses and Permits	189,400	182,400	184,007	1,607
Fines and Forfeitures	692,000	721,000	720,400	(600)
All Other Revenues	114,000	280,000	277,076	(2,924)
Total Revenues	<u>12,320,000</u>	<u>13,270,000</u>	<u>13,271,526</u>	<u>1,526</u>
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	3,176,524	3,258,563	3,277,862	(19,299)
Materials and Supplies	19,000	121,000	119,552	1,448
Contractual Services	127,300	112,168	106,333	5,835
Capital Outlay	1,000	1,000	195	805
Total Police	<u>3,323,824</u>	<u>3,492,731</u>	<u>3,503,942</u>	<u>(11,211)</u>
Fire:				
Personal Services	3,707,741	3,833,858	3,881,114	(47,256)
Materials and Supplies	6,000	24,975	23,758	1,217
Contractual Services	60,320	56,228	52,727	3,501
Total Fire	<u>3,774,061</u>	<u>3,915,061</u>	<u>3,957,599</u>	<u>(42,538)</u>
Street Lighting:				
Materials and Supplies	500	500	53	447
Contractual Services	240,000	263,000	262,939	61
Total Street Lighting	<u>240,500</u>	<u>263,500</u>	<u>262,992</u>	<u>508</u>
Total Security of Persons and Property	<u>7,338,385</u>	<u>7,671,292</u>	<u>7,724,533</u>	<u>(53,241)</u>
Public Health and Welfare Services:				
Health:				
Personal Services	461,490	458,834	462,636	(3,802)
Materials and Supplies	1,444	2,600	2,231	369
Contractual Services	104,910	103,624	101,944	1,680
Total Health	<u>567,844</u>	<u>565,058</u>	<u>566,811</u>	<u>(1,753)</u>
Total Public Health and Welfare Services	<u>567,844</u>	<u>565,058</u>	<u>566,811</u>	<u>(1,753)</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, 2013***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Community Environment:				
Building Inspection:				
Personal Services	57,162	42,162	52,313	(10,151)
Materials and Supplies	1,000	3,200	2,199	1,001
Contractual Services	76,600	64,400	62,908	1,492
Total Building Inspection	134,762	109,762	117,420	(7,658)
Administration:				
Personal Services	60,540	66,545	68,477	(1,932)
Materials and Supplies	1,500	4,878	4,869	9
Contractual Services	3,820	4,240	3,870	370
Total Administration	65,860	75,663	77,216	(1,553)
Total Community Environment	200,622	185,425	194,636	(9,211)
Transportation:				
Traffic Lights:				
Personal Services	77,626	87,526	115,303	(27,777)
Materials and Supplies	4,200	2,812	2,389	423
Contractual Services	21,554	22,854	22,331	523
Capital Outlay	250	438	438	0
Total Traffic Lights	103,630	113,630	140,461	(26,831)
Cemetery Grounds:				
Personal Services	17,047	37,264	60,034	(22,770)
Contractual Services	0	16,535	16,535	0
Total Cemetery Grounds	17,047	53,799	76,569	(22,770)
Recreational Grounds:				
Personal Services	0	18,514	19,070	(556)
Contractual Services	0	200	200	0
Total Recreational Grounds	0	18,714	19,270	(556)
Total Transportation	120,677	186,143	236,300	(50,157)

(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, 2013***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
General Government:				
City Council:				
Personal Services	102,260	96,260	96,102	158
Materials and Supplies	650	650	434	216
Contractual Services	<u>1,180</u>	<u>24,680</u>	<u>22,921</u>	<u>1,759</u>
Total City Council	104,090	121,590	119,457	2,133
Executive:				
Personal Services	72,849	59,849	66,435	(6,586)
Materials and Supplies	1,000	1,400	1,193	207
Contractual Services	<u>5,900</u>	<u>5,500</u>	<u>4,831</u>	<u>669</u>
Total Executive	79,749	66,749	72,459	(5,710)
Legal:				
Personal Services	274,446	273,446	247,456	25,990
Materials and Supplies	1,000	3,500	2,576	924
Contractual Services	<u>16,775</u>	<u>7,275</u>	<u>2,865</u>	<u>4,410</u>
Total Legal	292,221	284,221	252,897	31,324
Finance:				
Personal Services	210,935	208,035	212,575	(4,540)
Materials and Supplies	3,000	3,000	2,667	333
Contractual Services	40,600	37,100	35,217	1,883
Capital Outlay	<u>500</u>	<u>900</u>	<u>722</u>	<u>178</u>
Total Finance	255,035	249,035	251,181	(2,146)
Civil Service:				
Personal Services	7,135	7,135	3,861	3,274
Materials and Supplies	0	100	17	83
Contractual Services	<u>10,000</u>	<u>4,900</u>	<u>3,771</u>	<u>1,129</u>
Total Civil Service	17,135	12,135	7,649	4,486
Court Security:				
Personal Services	104,542	111,542	109,402	2,140
Contractual Services	<u>0</u>	<u>665</u>	<u>0</u>	<u>665</u>
Total Court Security	104,542	112,207	109,402	2,805

(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, 2013***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Municipal Court:				
Personal Services	877,911	875,911	907,120	(31,209)
Materials and Supplies	3,100	1,100	939	161
Contractual Services	<u>42,250</u>	<u>35,250</u>	<u>33,043</u>	<u>2,207</u>
Total Municipal Court	923,261	912,261	941,102	(28,841)
Income Tax:				
Personal Services	127,360	126,300	127,016	(716)
Materials and Supplies	1,700	1,600	1,173	427
Contractual Services	17,650	20,700	20,219	481
Capital Outlay	<u>0</u>	<u>450</u>	<u>410</u>	<u>40</u>
Total Income Tax	146,710	149,050	148,818	232
Engineering:				
Personal Services	54,659	54,959	51,504	3,455
Materials and Supplies	1,000	1,000	338	662
Contractual Services	<u>28,300</u>	<u>17,000</u>	<u>13,572</u>	<u>3,428</u>
Total Engineering	83,959	72,959	65,414	7,545
Public Service:				
Personal Services	39,231	37,631	41,782	(4,151)
Materials and Supplies	720	1,053	957	96
Contractual Services	<u>48,930</u>	<u>49,197</u>	<u>48,853</u>	<u>344</u>
Total Public Service	88,881	87,881	91,592	(3,711)
City Building:				
Personal Services	54,928	55,328	47,301	8,027
Materials and Supplies	5,200	2,600	1,965	635
Contractual Services	<u>85,200</u>	<u>87,400</u>	<u>87,141</u>	<u>259</u>
Total City Building	145,328	145,328	136,407	8,921
Garage:				
Personal Services	91,095	92,695	78,677	14,018
Materials and Supplies	158,675	58,555	56,316	2,239
Contractual Services	<u>19,070</u>	<u>16,590</u>	<u>16,228</u>	<u>362</u>
Total Garage	268,840	167,840	151,221	16,619

(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, 2013***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Non-Departmental:				
Personal Services	38,000	7,000	6,593	407
Contractual Services	<u>584,000</u>	<u>576,500</u>	<u>572,849</u>	<u>3,651</u>
Total Non-Departmental	<u>622,000</u>	<u>583,500</u>	<u>579,442</u>	<u>4,058</u>
Total General Government	<u>3,131,751</u>	<u>2,964,756</u>	<u>2,927,041</u>	<u>37,715</u>
Total Expenditures	<u>11,359,279</u>	<u>11,572,674</u>	<u>11,649,321</u>	<u>(76,647)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	960,721	1,697,326	1,622,205	(75,121)
Other Financing Sources (Uses):				
Transfers Out	<u>(18,000)</u>	<u>(292,609)</u>	<u>(18,000)</u>	<u>274,609</u>
Total Other Financing Sources (Uses)	<u>(18,000)</u>	<u>(292,609)</u>	<u>(18,000)</u>	<u>274,609</u>
Net Change in Fund Balance	942,721	1,404,717	1,604,205	199,488
Fund Balance at Beginning of Year	<u>(1,168,296)</u>	<u>(1,168,296)</u>	<u>(1,168,296)</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (225,575)</u>	<u>\$ 236,421</u>	<u>\$ 435,909</u>	<u>\$ 199,488</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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 125,000	\$ 125,000	\$ 147,448	\$ 22,448
Intergovernmental Revenues	25,000	25,000	22,264	(2,736)
All Other Revenues	<u>10,000</u>	<u>20,000</u>	<u>0</u>	<u>(20,000)</u>
Total Revenues	<u>160,000</u>	<u>170,000</u>	<u>169,712</u>	<u>(288)</u>
Expenditures:				
Debt Service:				
Principal Retirement	0	70,000	70,000	0
Interest and Fiscal Charges	<u>152,000</u>	<u>82,450</u>	<u>82,450</u>	<u>0</u>
Total Expenditures	<u>152,000</u>	<u>152,450</u>	<u>152,450</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,000	17,550	17,262	(288)
Fund Balance at Beginning of Year	<u>80,553</u>	<u>80,553</u>	<u>80,553</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 88,553</u>	<u>\$ 98,103</u>	<u>\$ 97,815</u>	<u>\$ (288)</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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,300,000	\$ 1,837,000	\$ 1,536,290	\$ (300,710)
Intergovernmental Revenues	<u>0</u>	<u>0</u>	<u>143,067</u>	<u>143,064</u>
Total Revenues	<u>1,300,000</u>	<u>1,837,000</u>	<u>1,679,357</u>	<u>(157,646)</u>
Expenditures:				
Capital Outlay	1,172,376	3,074,510	3,074,507	3
Debt Service:				
Principal Retirement	0	183,202	183,202	0
Interest and Fiscal Charges	<u>0</u>	<u>31,625</u>	<u>31,625</u>	<u>0</u>
Total Expenditures	<u>1,172,376</u>	<u>3,289,337</u>	<u>3,289,334</u>	<u>3</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	127,624	(1,452,337)	(1,609,977)	(157,643)
Fund Balance at Beginning of Year	437,599	437,599	437,599	0
Prior Year Encumbrances	<u>1,172,378</u>	<u>1,172,378</u>	<u>1,172,378</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,737,601</u>	<u>\$ 157,640</u>	<u>\$ 0</u>	<u>\$ (157,643)</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, 2013***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 50,000</u>	<u>\$ 137,000</u>	<u>\$ 137,030</u>	<u>\$ 30</u>
Total Revenues	<u>50,000</u>	<u>137,000</u>	<u>137,030</u>	<u>30</u>
Expenditures:				
General Government:				
Personal Services	106,500	111,073	111,073	0
Materials and Supplies	13,500	500	493	7
Contractual Services	<u>0</u>	<u>500</u>	<u>455</u>	<u>45</u>
Total Expenditures	<u>120,000</u>	<u>112,073</u>	<u>112,021</u>	<u>52</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(70,000)	24,927	25,009	82
Fund Balance at Beginning of Year	<u>(23,830)</u>	<u>(23,830)</u>	<u>(23,830)</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (93,830)</u>	<u>\$ 1,097</u>	<u>\$ 1,179</u>	<u>\$ 82</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, 2013***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 150,000	\$ 212,000	\$ 211,853	\$ (147)
All Other Revenues	<u>0</u>	<u>0</u>	<u>500</u>	<u>500</u>
Total Revenues	<u>150,000</u>	<u>212,000</u>	<u>212,353</u>	<u>353</u>
Expenditures:				
General Government:				
Personal Services	131,000	63,000	61,557	1,443
Materials and Supplies	69,000	48,000	47,728	272
Contractual Services	0	38,000	37,979	21
Capital Outlay	<u>0</u>	<u>2,000</u>	<u>1,951</u>	<u>49</u>
Total Expenditures	<u>200,000</u>	<u>151,000</u>	<u>149,215</u>	<u>1,785</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,000)	61,000	63,138	2,138
Fund Balance at Beginning of Year	<u>197,462</u>	<u>197,462</u>	<u>197,462</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 147,462</u>	<u>\$ 258,462</u>	<u>\$ 260,600</u>	<u>\$ 2,138</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, 2013***

	<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>\$ 120,000</u>	<u>\$ 119,668</u>	<u>\$ (332)</u>
Total Revenues	<u>100,000</u>	<u>120,000</u>	<u>119,668</u>	<u>(332)</u>
Expenditures:				
General Government:				
Personal Services	<u>100,000</u>	<u>140,000</u>	<u>138,610</u>	<u>1,390</u>
Total Expenditures	<u>100,000</u>	<u>140,000</u>	<u>138,610</u>	<u>1,390</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(20,000)	(18,942)	1,058
Fund Balance at Beginning of Year	<u>88,042</u>	<u>88,042</u>	<u>88,042</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 88,042</u>	<u>\$ 68,042</u>	<u>\$ 69,100</u>	<u>\$ 1,058</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, 2013**

	<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>\$ 73,000</u>	<u>\$ 73,078</u>	<u>\$ 78</u>
Total Revenues	<u>100,000</u>	<u>73,000</u>	<u>73,078</u>	<u>78</u>
Expenditures:				
General Government:				
Personal Services	<u>52,000</u>	<u>52,000</u>	<u>49,634</u>	<u>2,366</u>
Contractual Services	<u>23,000</u>	<u>34,000</u>	<u>33,319</u>	<u>681</u>
Total Expenditures	<u>75,000</u>	<u>86,000</u>	<u>82,953</u>	<u>3,047</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>25,000</u>	<u>(13,000)</u>	<u>(9,875)</u>	<u>3,125</u>
Fund Balance at Beginning of Year	<u>23,519</u>	<u>23,519</u>	<u>23,519</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 48,519</u>	<u>\$ 10,519</u>	<u>\$ 13,644</u>	<u>\$ 3,125</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, 2013***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 40,000	\$ 45,000	\$ 45,588	\$ 588
Total Revenues	<u>40,000</u>	<u>45,000</u>	<u>45,588</u>	<u>588</u>
Expenditures:				
General Government:				
Personal Services	6,400	4,400	3,742	658
Materials and Supplies	8,000	33,100	32,479	621
Contractual Services	<u>25,600</u>	<u>6,500</u>	<u>5,994</u>	<u>506</u>
Total Expenditures	<u>40,000</u>	<u>44,000</u>	<u>42,215</u>	<u>1,785</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	1,000	3,373	2,373
Fund Balance at Beginning of Year	<u>11,505</u>	<u>11,505</u>	<u>11,505</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 11,505</u>	<u>\$ 12,505</u>	<u>\$ 14,878</u>	<u>\$ 2,373</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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	<u>\$ 5,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Revenues	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	<u>4,000</u>	<u>2,000</u>	<u>1,047</u>	<u>953</u>
Total Expenditures	<u>4,000</u>	<u>2,000</u>	<u>1,047</u>	<u>953</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,000	(2,000)	(1,047)	953
Fund Balance at Beginning of Year	<u>4,078</u>	<u>4,078</u>	<u>4,078</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5,078</u>	<u>\$ 2,078</u>	<u>\$ 3,031</u>	<u>\$ 953</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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 60,000	\$ 56,000	\$ 57,051	\$ 1,051
Intergovernmental Revenues	0	9,000	8,349	(651)
Total Revenues	<u>60,000</u>	<u>65,000</u>	<u>65,400</u>	<u>400</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	<u>70,000</u>	<u>65,400</u>	<u>65,400</u>	<u>0</u>
Total Expenditures	<u>70,000</u>	<u>65,400</u>	<u>65,400</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,000)	(400)	0	400
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (10,000)</u>	<u>\$ (400)</u>	<u>\$ 0</u>	<u>\$ 400</u>

CITY OF PORTSMOUTH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 60,000	\$ 56,000	\$ 57,052	\$ 1,052
Intergovernmental Revenues	<u>0</u>	<u>9,000</u>	<u>8,349</u>	<u>(651)</u>
Total Revenues	<u>60,000</u>	<u>65,000</u>	<u>65,401</u>	<u>401</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	<u>70,000</u>	<u>65,401</u>	<u>65,401</u>	<u>0</u>
Total Expenditures	<u>70,000</u>	<u>65,401</u>	<u>65,401</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,000)	(401)	0	401
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (10,000)</u>	<u>\$ (401)</u>	<u>\$ 0</u>	<u>\$ 401</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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 15,000</u>	<u>\$ 23,000</u>	<u>\$ 22,994</u>	<u>\$ (6)</u>
Total Revenues	<u>15,000</u>	<u>23,000</u>	<u>22,994</u>	<u>(6)</u>
Expenditures:				
Security of Persons and Property:				
Materials and Supplies	<u>0</u>	<u>7,322</u>	<u>7,322</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>7,322</u>	<u>7,322</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,000	15,678	15,672	(6)
Fund Balance at Beginning of Year	<u>9,611</u>	<u>9,611</u>	<u>9,611</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 24,611</u>	<u>\$ 25,289</u>	<u>\$ 25,283</u>	<u>\$ (6)</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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	<u>\$ 5,000</u>	<u>\$ 13,000</u>	<u>\$ 13,500</u>	<u>\$ 500</u>
Total Revenues	<u>5,000</u>	<u>13,000</u>	<u>13,500</u>	<u>500</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	<u>60,000</u>	<u>29,771</u>	<u>29,771</u>	<u>0</u>
Total Expenditures	<u>60,000</u>	<u>29,771</u>	<u>29,771</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(55,000)	(16,771)	(16,271)	500
Fund Balance at Beginning of Year	<u>27,020</u>	<u>27,020</u>	<u>27,020</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (27,980)</u>	<u>\$ 10,249</u>	<u>\$ 10,749</u>	<u>\$ 500</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, 2013**

	<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>\$ 28,000</u>	<u>\$ 28,208</u>	<u>\$ 208</u>
Total Revenues	<u>100,000</u>	<u>28,000</u>	<u>28,208</u>	<u>208</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	10,000	17,531	17,531	0
Capital Outlay	<u>0</u>	<u>15,862</u>	<u>15,862</u>	<u>0</u>
Total Expenditures	<u>10,000</u>	<u>33,393</u>	<u>33,393</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	90,000	(5,393)	(5,185)	208
Fund Balance at Beginning of Year	<u>8,780</u>	<u>8,780</u>	<u>8,780</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 98,780</u>	<u>\$ 3,387</u>	<u>\$ 3,595</u>	<u>\$ 208</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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 30,000	\$ 30,000	\$ 0
Total Revenues	<u>0</u>	<u>30,000</u>	<u>30,000</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	50,000	0	0	0
Materials and Supplies	150,000	0	0	0
Contractual Services	0	316	316	0
Capital Outlay	<u>0</u>	<u>53,333</u>	<u>50,073</u>	<u>3,260</u>
Total Expenditures	<u>200,000</u>	<u>53,649</u>	<u>50,389</u>	<u>3,260</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(200,000)	(23,649)	(20,389)	3,260
Other Financing Sources (Uses):				
Transfers In	25,000	0	0	0
Advances In	<u>0</u>	<u>53,000</u>	<u>53,333</u>	<u>333</u>
Total Other Financing Sources (Uses)	<u>25,000</u>	<u>53,000</u>	<u>53,333</u>	<u>333</u>
Net Change in Fund Balance	(175,000)	29,351	32,944	3,593
Fund Balance at Beginning of Year	<u>126,731</u>	<u>126,731</u>	<u>126,731</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (48,269)</u>	<u>\$ 156,082</u>	<u>\$ 159,675</u>	<u>\$ 3,593</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, 2013***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	<u>\$ 25,000</u>	<u>\$ 37,000</u>	<u>\$ 37,324</u>	<u>\$ 324</u>
Total Revenues	<u>25,000</u>	<u>37,000</u>	<u>37,324</u>	<u>324</u>
Expenditures:				
General Government:				
Contractual Services	<u>50,000</u>	<u>50,000</u>	<u>9,708</u>	<u>40,292</u>
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>9,708</u>	<u>40,292</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,000)	(13,000)	27,616	40,616
Fund Balance at Beginning of Year	<u>27,611</u>	<u>27,611</u>	<u>27,611</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,611</u>	<u>\$ 14,611</u>	<u>\$ 55,227</u>	<u>\$ 40,616</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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	<u>\$ 2,000</u>	<u>\$ 0</u>	<u>\$ 903</u>	<u>\$ 903</u>
Total Revenues	<u>2,000</u>	<u>0</u>	<u>903</u>	<u>903</u>
Expenditures:				
General Government:				
Personal Services	<u>0</u>	<u>1,465</u>	<u>1,465</u>	<u>0</u>
Contractual Services	<u>5,000</u>	<u>295</u>	<u>295</u>	<u>0</u>
Total Expenditures	<u>5,000</u>	<u>1,760</u>	<u>1,760</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,000)</u>	<u>(1,760)</u>	<u>(857)</u>	<u>903</u>
Fund Balance at Beginning of Year	<u>4,730</u>	<u>4,730</u>	<u>4,730</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,730</u>	<u>\$ 2,970</u>	<u>\$ 3,873</u>	<u>\$ 903</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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	<u>\$ 5,000</u>	<u>\$ 0</u>	<u>\$ 563</u>	<u>\$ 563</u>
Total Revenues	<u>5,000</u>	<u>0</u>	<u>563</u>	<u>563</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	0	0	563	563
Fund Balance at Beginning of Year	<u>5,761</u>	<u>5,761</u>	<u>5,761</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5,761</u>	<u>\$ 5,761</u>	<u>\$ 6,324</u>	<u>\$ 563</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, 2013***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 30,000	\$ 90,000	\$ 89,685	\$ (315)
All Other Revenues	<u>45,000</u>	<u>8,000</u>	<u>8,813</u>	<u>813</u>
Total Revenues	<u>75,000</u>	<u>98,000</u>	<u>98,498</u>	<u>498</u>
Expenditures:				
Security of Persons and Property:				
Materials and Supplies	<u>100,000</u>	<u>51,010</u>	<u>51,010</u>	<u>0</u>
Total Expenditures	<u>100,000</u>	<u>51,010</u>	<u>51,010</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,000)	46,990	47,488	498
Other Financing Sources (Uses):				
Advances Out	<u>0</u>	<u>(53,333)</u>	<u>(53,333)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(53,333)</u>	<u>(53,333)</u>	<u>0</u>
Net Change in Fund Balance	(25,000)	(6,343)	(5,845)	498
Fund Balance at Beginning of Year	<u>103,202</u>	<u>103,202</u>	<u>103,202</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 78,202</u>	<u>\$ 96,859</u>	<u>\$ 97,357</u>	<u>\$ 498</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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	<u>\$ 10,000</u>	<u>\$ 260,000</u>	<u>\$ 260,238</u>	<u>\$ 238</u>
Total Revenues	<u>10,000</u>	<u>260,000</u>	<u>260,238</u>	<u>238</u>
Expenditures:				
Security of Persons and Property:				
Materials and Supplies	<u>0</u>	<u>96,573</u>	<u>96,573</u>	<u>0</u>
Contractual Services	<u>0</u>	<u>30,077</u>	<u>30,077</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>126,650</u>	<u>126,650</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>10,000</u>	<u>133,350</u>	<u>133,588</u>	<u>238</u>
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 10,000</u>	<u>\$ 133,350</u>	<u>\$ 133,588</u>	<u>\$ 238</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, 2013***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 0</u>	<u>\$ 79,000</u>	<u>\$ 79,264</u>	<u>\$ 264</u>
Total Revenues	<u>0</u>	<u>79,000</u>	<u>79,264</u>	<u>264</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	<u>0</u>	<u>2,412</u>	<u>2,412</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>2,412</u>	<u>2,412</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	76,588	76,852	264
Fund Balance at Beginning of Year	<u>(64,459)</u>	<u>(64,459)</u>	<u>(64,459)</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (64,459)</u>	<u>\$ 12,129</u>	<u>\$ 12,393</u>	<u>\$ 264</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, 2013***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 0</u>	<u>\$ 345,000</u>	<u>\$ 344,961</u>	<u>\$ (39)</u>
Total Revenues	<u>0</u>	<u>345,000</u>	<u>344,961</u>	<u>(39)</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	0	341,420	341,420	0
Materials and Supplies	0	8,000	8,000	0
Contractual Services	20,000	72,975	72,975	0
Capital Outlay	<u>0</u>	<u>32,764</u>	<u>32,764</u>	<u>0</u>
Total Expenditures	<u>20,000</u>	<u>455,159</u>	<u>455,159</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,000)	(110,159)	(110,198)	(39)
Fund Balance at Beginning of Year	<u>47,789</u>	<u>47,789</u>	<u>47,789</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 27,789</u>	<u>\$ (62,370)</u>	<u>\$ (62,409)</u>	<u>\$ (39)</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, 2013**

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 900,000	\$ 761,000	\$ 760,604	\$ (396)
All Other Revenues	0	3,000	2,720	(280)
Total Revenues	<u>900,000</u>	<u>764,000</u>	<u>763,324</u>	<u>(676)</u>
Expenditures:				
Transportation:				
Personal Services	824,884	813,084	683,046	130,038
Materials and Supplies	53,920	59,420	57,532	1,888
Contractual Services	45,060	35,360	34,166	1,194
Capital Outlay	800	800	0	800
Total Expenditures	<u>924,664</u>	<u>908,664</u>	<u>774,744</u>	<u>133,920</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,664)	(144,664)	(11,420)	133,244
Other Financing Sources (Uses):				
Transfers In	0	167,000	0	(167,000)
Total Other Financing Sources (Uses)	<u>0</u>	<u>167,000</u>	<u>0</u>	<u>(167,000)</u>
Net Change in Fund Balance	(24,664)	22,336	(11,420)	(33,756)
Fund Balance at Beginning of Year	<u>187,760</u>	<u>187,760</u>	<u>187,760</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 163,096</u>	<u>\$ 210,096</u>	<u>\$ 176,340</u>	<u>\$ (33,756)</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, 2013***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 65,000</u>	<u>\$ 55,000</u>	<u>\$ 55,281</u>	<u>\$ 281</u>
Total Revenues	<u>65,000</u>	<u>55,000</u>	<u>55,281</u>	<u>281</u>
Expenditures:				
Transportation:				
Materials and Supplies	<u>117,900</u>	<u>47,363</u>	<u>47,363</u>	<u>0</u>
Total Expenditures	<u>117,900</u>	<u>47,363</u>	<u>47,363</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(52,900)	7,637	7,918	281
Fund Balance at Beginning of Year	20,680	20,680	20,680	0
Prior Year Encumbrances	<u>67,900</u>	<u>67,900</u>	<u>67,900</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 35,680</u>	<u>\$ 96,217</u>	<u>\$ 96,498</u>	<u>\$ 281</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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
ENVIRONMENTAL STATE GRANTS FUND				
Revenues:				
Intergovernmental Revenues	\$ 597,000	\$ 429,000	\$ 428,969	\$ (31)
All Other Revenues	<u>10,000</u>	<u>7,000</u>	<u>7,500</u>	<u>500</u>
Total Revenues	<u>607,000</u>	<u>436,000</u>	<u>436,469</u>	<u>469</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	508,855	512,255	509,868	2,387
Materials and Supplies	18,531	13,531	11,123	2,408
Contractual Services	<u>69,250</u>	<u>51,850</u>	<u>47,685</u>	<u>4,165</u>
Total Expenditures	<u>596,636</u>	<u>577,636</u>	<u>568,676</u>	<u>8,960</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,364	(141,636)	(132,207)	9,429
Other Financing Sources (Uses):				
Transfers In	<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>18,000</u>	<u>18,000</u>	<u>0</u>
Net Change in Fund Balance	28,364	(123,636)	(114,207)	9,429
Fund Balance at Beginning of Year	<u>199,181</u>	<u>199,181</u>	<u>199,181</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 227,545</u>	<u>\$ 75,545</u>	<u>\$ 84,974</u>	<u>\$ 9,429</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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 330,000	\$ 339,239	\$ 9,239
Investment Earnings	0	0	1,641	1,641
All Other Revenues	<u>300,000</u>	<u>30,000</u>	<u>31,147</u>	<u>1,147</u>
Total Revenues	<u>300,000</u>	<u>360,000</u>	<u>372,027</u>	<u>12,027</u>
Expenditures:				
Community Environment:				
Personal Services	6,300	0	0	0
Materials and Supplies	0	13,141	13,141	0
Contractual Services	<u>0</u>	<u>254,822</u>	<u>254,822</u>	<u>0</u>
Total Expenditures	<u>6,300</u>	<u>267,963</u>	<u>267,963</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	293,700	92,037	104,064	12,027
Fund Balance at Beginning of Year	<u>417,389</u>	<u>417,389</u>	<u>417,389</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 711,089</u>	<u>\$ 509,426</u>	<u>\$ 521,453</u>	<u>\$ 12,027</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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	<u>\$ 60,000</u>	<u>\$ 76,000</u>	<u>\$ 75,914</u>	<u>\$ (86)</u>
Total Revenues	<u>60,000</u>	<u>76,000</u>	<u>75,914</u>	<u>(86)</u>
Expenditures:				
Community Environment:				
Contractual Services	<u>80,000</u>	<u>77,763</u>	<u>77,763</u>	<u>0</u>
Total Expenditures	<u>80,000</u>	<u>77,763</u>	<u>77,763</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,000)	(1,763)	(1,849)	(86)
Fund Balance at Beginning of Year	<u>16,301</u>	<u>16,301</u>	<u>16,301</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (3,699)</u>	<u>\$ 14,538</u>	<u>\$ 14,452</u>	<u>\$ (86)</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, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
STATE GRANT HEALTH FUND				
Revenues:				
Intergovernmental Revenues	\$ 217,000	\$ 195,000	\$ 195,351	\$ 351
Charges for Services	83,000	33,000	33,324	324
All Other Revenues	25,000	0	0	0
Total Revenues	<u>325,000</u>	<u>228,000</u>	<u>228,675</u>	<u>675</u>
Expenditures:				
Public Health and Welfare Services:				
Prevention:				
Personal Services	59,091	60,391	59,143	1,248
Materials and Supplies	250	450	388	62
Contractual Services	14,087	17,587	17,090	497
Total Prevention	<u>73,428</u>	<u>78,428</u>	<u>76,621</u>	<u>1,807</u>
Tobacco Cessation Intervention:				
Personal Services	31,214	10,614	9,138	1,476
Materials and Supplies	3,121	21	0	21
Total Tobacco Cessation Intervention	<u>34,335</u>	<u>10,635</u>	<u>9,138</u>	<u>1,497</u>
State Grant - Safety Grant:				
Personal Services	77,802	51,802	50,025	1,777
Materials and Supplies	3,500	3,500	2,081	1,419
Contractual Services	1,240	1,240	298	942
Total State Grant - Safety Grant	<u>82,542</u>	<u>56,542</u>	<u>52,404</u>	<u>4,138</u>
Bioterrorism Grant:				
Personal Services	79,079	84,279	82,998	1,281
Materials and Supplies	3,365	3,365	2,704	661
Contractual Services	48,206	48,406	46,753	1,653
Capital Outlay	0	4,000	4,000	0
Total Bioterrorism Grant	<u>130,650</u>	<u>140,050</u>	<u>136,455</u>	<u>3,595</u>
Total Expenditures	<u>320,955</u>	<u>285,655</u>	<u>274,618</u>	<u>11,037</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,045	(57,655)	(45,943)	11,712
Fund Balance at Beginning of Year	<u>91,825</u>	<u>91,825</u>	<u>91,825</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 95,870</u>	<u>\$ 34,170</u>	<u>\$ 45,882</u>	<u>\$ 11,712</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, 2013***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 300,000	\$ 502,000	\$ 502,598	\$ 598
All Other Revenues	<u>0</u>	<u>9,000</u>	<u>8,889</u>	<u>(111)</u>
Total Revenues	<u>300,000</u>	<u>511,000</u>	<u>511,487</u>	<u>487</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	359,600	345,750	342,046	3,704
Materials and Supplies	11,944	55,944	52,466	3,478
Contractual Services	133,400	139,550	135,667	3,883
Capital Outlay	<u>100</u>	<u>1,300</u>	<u>1,200</u>	<u>100</u>
Total Expenditures	<u>505,044</u>	<u>542,544</u>	<u>531,379</u>	<u>11,165</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(205,044)	(31,544)	(19,892)	11,652
Fund Balance at Beginning of Year	<u>15,623</u>	<u>15,623</u>	<u>15,623</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (189,421)</u>	<u>\$ (15,921)</u>	<u>\$ (4,269)</u>	<u>\$ 11,652</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, 2013***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 0</u>	<u>\$ 152,000</u>	<u>\$ 152,840</u>	<u>\$ 840</u>
Total Revenues	<u>0</u>	<u>152,000</u>	<u>152,840</u>	<u>840</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	94,205	98,555	98,064	491
Materials and Supplies	11,361	18,611	18,120	491
Contractual Services	<u>19,434</u>	<u>17,734</u>	<u>17,178</u>	<u>556</u>
Total Expenditures	<u>125,000</u>	<u>134,900</u>	<u>133,362</u>	<u>1,538</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(125,000)	17,100	19,478	2,378
Fund Balance at Beginning of Year	<u>(20,683)</u>	<u>(20,683)</u>	<u>(20,683)</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (145,683)</u>	<u>\$ (3,583)</u>	<u>\$ (1,205)</u>	<u>\$ 2,378</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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 115,000	\$ 96,000	\$ 96,009	\$ 9
Charges for Services	30,000	65,000	63,693	(1,307)
All Other Revenues	<u>5,000</u>	<u>0</u>	<u>1,069</u>	<u>1,069</u>
Total Revenues	<u>150,000</u>	<u>161,000</u>	<u>160,771</u>	<u>(229)</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	107,095	95,895	95,273	622
Materials and Supplies	5,115	59,215	58,100	1,115
Contractual Services	<u>3,740</u>	<u>7,940</u>	<u>6,907</u>	<u>1,033</u>
Total Expenditures	<u>115,950</u>	<u>163,050</u>	<u>160,280</u>	<u>2,770</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	34,050	(2,050)	491	2,541
Fund Balance at Beginning of Year	<u>(1,961)</u>	<u>(1,961)</u>	<u>(1,961)</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 32,089</u>	<u>\$ (4,011)</u>	<u>\$ (1,470)</u>	<u>\$ 2,541</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, 2013***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 0</u>	<u>\$ 10,000</u>	<u>\$ 10,854</u>	<u>\$ 854</u>
Total Revenues	<u>0</u>	<u>10,000</u>	<u>10,854</u>	<u>854</u>
Expenditures:				
Public Health and Welfare Services:				
Contractual Services	<u>75,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>75,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(75,000)	10,000	10,854	854
Fund Balance at Beginning of Year	<u>83,955</u>	<u>83,955</u>	<u>83,955</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 8,955</u>	<u>\$ 93,955</u>	<u>\$ 94,809</u>	<u>\$ 854</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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 300,000</u>	<u>\$ 239,000</u>	<u>\$ 239,346</u>	<u>\$ 346</u>
Total Revenues	<u>300,000</u>	<u>239,000</u>	<u>239,346</u>	<u>346</u>
Expenditures:				
Public Health and Welfare Services:				
Contractual Services	<u>353,200</u>	<u>349,349</u>	<u>349,349</u>	<u>0</u>
Total Expenditures	<u>353,200</u>	<u>349,349</u>	<u>349,349</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(53,200)	(110,349)	(110,003)	346
Fund Balance at Beginning of Year	<u>110,003</u>	<u>110,003</u>	<u>110,003</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 56,803</u>	<u>\$ (346)</u>	<u>\$ 0</u>	<u>\$ 346</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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 250,000	\$ 259,000	\$ 249,219	\$ (9,781)
Charges for Services	0	20,000	1,415	(18,585)
All Other Revenues	<u>0</u>	<u>0</u>	<u>524</u>	<u>524</u>
Total Revenues	<u>250,000</u>	<u>279,000</u>	<u>251,158</u>	<u>(27,842)</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	202,900	162,400	161,833	567
Materials and Supplies	14,936	56,436	55,345	1,091
Contractual Services	<u>49,500</u>	<u>53,200</u>	<u>51,760</u>	<u>1,440</u>
Total Expenditures	<u>267,336</u>	<u>272,036</u>	<u>268,938</u>	<u>3,098</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,336)	6,964	(17,780)	(24,744)
Fund Balance at Beginning of Year	<u>85,954</u>	<u>85,954</u>	<u>85,954</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 68,618</u>	<u>\$ 92,918</u>	<u>\$ 68,174</u>	<u>\$ (24,744)</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, 2013***

	FLOOD DEFENSE FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 171,000	\$ 179,000	\$ 179,282	\$ 282
Intergovernmental Revenues	20,000	25,000	25,110	110
All Other Revenues	<u>0</u>	<u>0</u>	<u>1,594</u>	<u>1,594</u>
Total Revenues	<u>191,000</u>	<u>204,000</u>	<u>205,986</u>	<u>1,986</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	91,000	94,000	20,041	73,959
Materials and Supplies	11,000	17,000	16,505	495
Contractual Services	240,750	39,750	37,007	2,743
Capital Outlay	<u>138,900</u>	<u>89,900</u>	<u>89,290</u>	<u>610</u>
Total Expenditures	<u>481,650</u>	<u>240,650</u>	<u>162,843</u>	<u>77,807</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(290,650)	(36,650)	43,143	79,793
Other Financing Sources (Uses):				
Transfers In	<u>0</u>	<u>75,000</u>	<u>0</u>	<u>(75,000)</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>75,000</u>	<u>0</u>	<u>(75,000)</u>
Net Change in Fund Balance	(290,650)	38,350	43,143	4,793
Fund Balance at Beginning of Year	415,284	415,284	415,284	0
Prior Year Encumbrances	<u>142,450</u>	<u>142,450</u>	<u>142,450</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 267,084</u>	<u>\$ 596,084</u>	<u>\$ 600,877</u>	<u>\$ 4,793</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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	<u>\$ 20,000</u>	<u>\$ 13,000</u>	<u>\$ 13,600</u>	<u>\$ 600</u>
Total Revenues	<u>20,000</u>	<u>13,000</u>	<u>13,600</u>	<u>600</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	60,059	17,059	14,264	2,795
Contractual Services	<u>74,941</u>	<u>8,941</u>	<u>7,925</u>	<u>1,016</u>
Total Expenditures	<u>135,000</u>	<u>26,000</u>	<u>22,189</u>	<u>3,811</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(115,000)	(13,000)	(8,589)	4,411
Fund Balance at Beginning of Year	<u>16,641</u>	<u>16,641</u>	<u>16,641</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (98,359)</u>	<u>\$ 3,641</u>	<u>\$ 8,052</u>	<u>\$ 4,411</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, 2013***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Licenses and Permits	<u>\$ 0</u>	<u>\$ 90,000</u>	<u>\$ 89,894</u>	<u>\$ (106)</u>
Total Revenues	<u>0</u>	<u>90,000</u>	<u>89,894</u>	<u>(106)</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	132,700	96,700	94,902	1,798
Materials and Supplies	2,000	1,000	242	758
Contractual Services	11,500	2,500	2,487	13
Capital Outlay	<u>33,800</u>	<u>8,800</u>	<u>8,214</u>	<u>586</u>
Total Expenditures	<u>180,000</u>	<u>109,000</u>	<u>105,845</u>	<u>3,155</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(180,000)	(19,000)	(15,951)	3,049
Fund Balance at Beginning of Year	<u>75,887</u>	<u>75,887</u>	<u>75,887</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (104,113)</u>	<u>\$ 56,887</u>	<u>\$ 59,936</u>	<u>\$ 3,049</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, 2013**

COUNCIL TRUST FOR RECREATION FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 50,000	\$ 56,000	\$ 55,980	\$ (20)
All Other Revenues	<u>0</u>	<u>0</u>	<u>539</u>	<u>539</u>
Total Revenues	<u>50,000</u>	<u>56,000</u>	<u>56,519</u>	<u>519</u>
Expenditures:				
Leisure Time Activities:				
Personal Services	41,477	33,577	32,570	1,007
Materials and Supplies	5,475	9,875	9,616	259
Contractual Services	<u>22,212</u>	<u>27,312</u>	<u>25,940</u>	<u>1,372</u>
Total Expenditures	<u>69,164</u>	<u>70,764</u>	<u>68,126</u>	<u>2,638</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,164)	(14,764)	(11,607)	3,157
Fund Balance at Beginning of Year	52,324	52,324	52,324	0
Prior Year Encumbrances	<u>5,587</u>	<u>5,587</u>	<u>5,587</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 38,747</u>	<u>\$ 43,147</u>	<u>\$ 46,304</u>	<u>\$ 3,157</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, 2013**

PLAYGROUND TRUST FUND

	<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>\$ 2,000</u>	<u>\$ 2,012</u>	<u>\$ 12</u>
Total Revenues	<u>0</u>	<u>2,000</u>	<u>2,012</u>	<u>12</u>
Expenditures:				
Leisure Time Activity:				
Contractual Services	<u>2,000</u>	<u>8,367</u>	<u>8,367</u>	<u>0</u>
Total Expenditures	<u>2,000</u>	<u>8,367</u>	<u>8,367</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,000)	(6,367)	(6,355)	12
Fund Balance at Beginning of Year	<u>18,536</u>	<u>18,536</u>	<u>18,536</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 16,536</u>	<u>\$ 12,169</u>	<u>\$ 12,181</u>	<u>\$ 12</u>

CITY OF PORTSMOUTH, OHIO

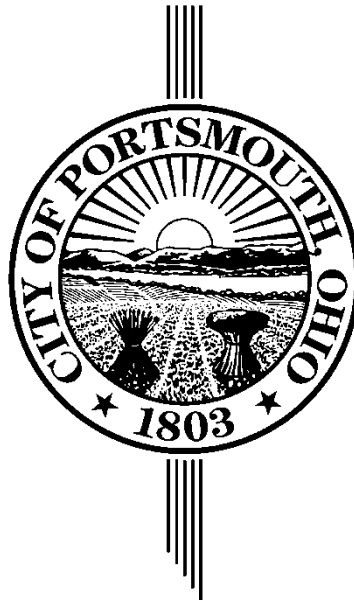
**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Fund
For the Year Ended December 31, 2013**

	<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>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 0</u>
Total Revenues	<u>10,000</u>	<u>6,000</u>	<u>6,000</u>	<u>0</u>
Expenditures:				
Public Health and Welfare Services:				
Materials and Supplies	4,900	5,687	4,752	935
Contractual Services	16,390	16,803	14,682	2,121
Capital Outlay	<u>3,710</u>	<u>2,510</u>	<u>1,681</u>	<u>829</u>
Total Expenditures	<u>25,000</u>	<u>25,000</u>	<u>21,115</u>	<u>3,885</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,000)	(19,000)	(15,115)	3,885
Fund Balance at Beginning of Year	<u>169,211</u>	<u>169,211</u>	<u>169,211</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 154,211</u>	<u>\$ 150,211</u>	<u>\$ 154,096</u>	<u>\$ 3,885</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, 2013***

	<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:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>4,852</u>	<u>4,852</u>	<u>4,852</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,852</u>	<u>\$ 4,852</u>	<u>\$ 4,852</u>	<u>\$ 0</u>



Fiduciary Funds

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, 2013**

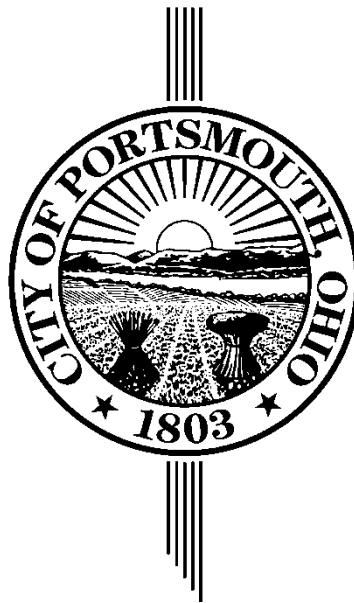
	Balance December 31, 2012	Additions	Deductions	Balance December 31, 2013
Performance Bonds Fund				
Restricted Assets:				
Cash and Cash Equivalents	\$39,061	\$20,729	(\$41,880)	\$17,910
Total Assets	<u>\$39,061</u>	<u>\$20,729</u>	<u>(\$41,880)</u>	<u>\$17,910</u>
Liabilities:				
Due to Others	\$39,061	\$20,729	(\$41,880)	\$17,910
Total Liabilities	<u>\$39,061</u>	<u>\$20,729</u>	<u>(\$41,880)</u>	<u>\$17,910</u>
Law Library Fund				
Assets:				
Accounts Receivable	\$25,712	\$18,352	(\$25,712)	\$18,352
Restricted Assets:				
Cash and Cash Equivalents	3,326	41,098	(41,973)	2,451
Total Assets	<u>\$29,038</u>	<u>\$59,450</u>	<u>(\$67,685)</u>	<u>\$20,803</u>
Liabilities:				
Due to Others	\$29,038	\$59,450	(\$67,685)	\$20,803
Total Liabilities	<u>\$29,038</u>	<u>\$59,450</u>	<u>(\$67,685)</u>	<u>\$20,803</u>
Ohio Board of Building Standards Fund				
Restricted Assets:				
Cash and Cash Equivalents	\$2,203	\$1,978	(\$4,047)	\$134
Total Assets	<u>\$2,203</u>	<u>\$1,978</u>	<u>(\$4,047)</u>	<u>\$134</u>
Liabilities:				
Due to Others	\$2,203	\$1,978	(\$4,047)	\$134
Total Liabilities	<u>\$2,203</u>	<u>\$1,978</u>	<u>(\$4,047)</u>	<u>\$134</u>
Municipal Court Fund				
Assets:				
Accounts Receivable	\$433,397	\$512,574	(\$433,397)	\$512,574
Restricted Assets:				
Cash and Cash Equivalents	66,603	2,690,985	(2,691,788)	65,800
Total Assets	<u>\$500,000</u>	<u>\$3,203,559</u>	<u>(\$3,125,185)</u>	<u>\$578,374</u>
Liabilities:				
Intergovernmental Payables	\$40,050	\$782,954	(\$786,454)	\$36,550
Due to Others	459,950	2,420,605	(2,338,731)	541,824
Total Liabilities	<u>\$500,000</u>	<u>\$3,203,559</u>	<u>(\$3,125,185)</u>	<u>\$578,374</u>

(Continued)

CITY OF PORTSMOUTH, OHIO

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2013**

	Balance December 31, 2012	Additions	Deductions	Balance December 31, 2013
Totals - All Agency Funds				
Assets:				
Accounts Receivable	\$459,109	\$530,926	(\$459,109)	\$530,926
Restricted Assets:				
Cash and Cash Equivalents	111,193	2,754,790	(2,779,688)	86,295
Total Assets	<u>\$570,302</u>	<u>\$3,285,716</u>	<u>(\$3,238,797)</u>	<u>\$617,221</u>
Liabilities:				
Intergovernmental Payables	\$40,050	\$782,954	(\$786,454)	\$36,550
Due to Others	530,252	2,502,762	(2,452,343)	580,671
Total Liabilities	<u>\$570,302</u>	<u>\$3,285,716</u>	<u>(\$3,238,797)</u>	<u>\$617,221</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.	

City of Portsmouth

*Net Position by Component
Last Ten Years
(accrual basis of accounting)*

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental Activities:				
Net Investment in Capital Assets	\$8,487,318	\$8,574,886	\$20,148,126	\$19,314,512
Restricted	4,957,419	4,497,189	4,810,459	5,064,839
Unrestricted	(478,200)	922,719	566,578	274,557
Total Governmental Activities Net Position	<u>\$12,966,537</u>	<u>\$13,994,794</u>	<u>\$25,525,163</u>	<u>\$24,653,908</u>
Business-type Activities:				
Net Investment in Capital Assets	\$8,634,184	\$9,498,779	\$9,654,908	\$9,373,296
Restricted	1,960,378	1,956,563	935,246	783,278
Unrestricted	478,282	636,429	2,610,303	3,074,363
Total Business-type Activities Net Position	<u>\$11,072,844</u>	<u>\$12,091,771</u>	<u>\$13,200,457</u>	<u>\$13,230,937</u>
Primary Government:				
Net Investment in Capital Assets	\$17,121,502	\$18,073,665	\$29,803,034	\$28,687,808
Restricted	6,917,797	6,453,752	5,745,705	5,848,117
Unrestricted	82	1,559,148	3,176,881	3,348,920
Total Primary Government Net Position	<u>\$24,039,381</u>	<u>\$26,086,565</u>	<u>\$38,725,620</u>	<u>\$37,884,845</u>

Source: City Auditor's Office

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

City of Portsmouth

2008	2009	2010	2011	2012	2013
	(1)		(1)		
\$18,230,304	\$17,772,546	\$17,777,202	\$20,921,788	\$20,630,492	\$20,650,606
5,412,572	6,422,601	6,165,793	6,931,652	5,446,225	5,948,525
(445,016)	(568,870)	(1,189,432)	(2,855,991)	(1,846,035)	(101,280)
<u>\$23,197,860</u>	<u>\$23,626,277</u>	<u>\$22,753,563</u>	<u>\$24,997,449</u>	<u>\$24,230,682</u>	<u>\$26,497,851</u>
\$9,820,832	\$10,048,483	\$13,226,718	\$14,001,292	\$14,995,902	\$15,122,072
755,780	873,786	930,461	942,914	953,034	963,878
2,750,796	1,772,923	1,998,260	2,030,176	1,921,714	2,337,602
<u>\$13,327,408</u>	<u>\$12,695,192</u>	<u>\$16,155,439</u>	<u>\$16,974,382</u>	<u>\$17,870,650</u>	<u>\$18,423,552</u>
\$28,051,136	\$27,821,029	\$31,003,920	\$34,923,080	\$35,626,394	\$35,772,678
6,168,352	7,296,387	7,096,254	7,874,566	6,399,259	6,912,403
2,305,780	1,204,053	808,828	(825,815)	75,679	2,236,322
<u>\$36,525,268</u>	<u>\$36,321,469</u>	<u>\$38,909,002</u>	<u>\$41,971,831</u>	<u>\$42,101,332</u>	<u>\$44,921,403</u>

City of Portsmouth

Changes in Net Position Last Ten Years (accrual basis of accounting)

	2004	2005	2006	2007
Expenses				
Governmental Activities:				
Security of Persons and Property	\$6,630,365	\$6,509,505	\$7,122,782	\$7,625,070
Public Health and Welfare Services	2,641,865	2,861,518	3,018,275	2,861,477
Leisure Time Activities	80,252	118,705	107,307	26,055
Community Environment	760,350	515,633	635,785	454,715
Transportation	1,210,575	1,166,630	2,192,216	2,534,541
General Government	4,172,082	3,732,579	3,694,527	4,122,079
Interest and Fiscal Charges	150,077	75,124	101,815	138,677
<i>Total Governmental Activities Expenses</i>	<u>15,645,566</u>	<u>14,979,694</u>	<u>16,872,707</u>	<u>17,762,614</u>
Business-type Activities:				
Water	4,710,690	4,786,196	4,692,859	5,659,269
Sewer	2,012,912	2,205,402	2,533,086	2,690,618
Sanitation	1,212,221	1,066,267	1,100,988	1,295,143
Primary Care	0	0	1,147	160,583
<i>Total Business-type Activities Expenses</i>	<u>7,935,823</u>	<u>8,057,865</u>	<u>8,328,080</u>	<u>9,805,613</u>
<i>Total Primary Government Expenses</i>	<u>\$23,581,389</u>	<u>\$23,037,559</u>	<u>\$25,200,787</u>	<u>\$27,568,227</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$972,970	\$992,341	\$952,245	\$1,064,597
Public Health and Welfare Services	378,409	335,412	343,817	427,938
Leisure Time Activities	71,325	65,987	65,966	81,513
Community Environment	289,795	157,818	144,084	204,896
Transportation	35,534	53,201	54,013	59,246
General Government	383,009	374,925	412,112	377,847
Operating Grants and Contributions	3,317,742	3,428,998	3,676,237	3,388,057
Capital Grants and Contributions	465	0	781	0
<i>Total Governmental Activities Program Revenues</i>	<u>5,449,249</u>	<u>5,408,682</u>	<u>5,649,255</u>	<u>5,604,094</u>

City of Portsmouth

2008	2009 (1)	2010	2011 (1)	2012	2013
\$7,842,183	\$8,048,728	\$7,783,737	\$8,579,519	\$8,608,663	\$8,888,183
2,986,843	3,044,217	3,148,969	2,621,773	2,840,139	2,893,736
38,446	67,947	68,553	79,666	126,749	83,400
585,826	750,295	547,482	693,688	822,320	616,289
2,532,238	2,471,165	2,394,638	1,632,106	2,119,056	1,872,986
4,271,908	4,099,865	3,655,472	4,197,318	3,960,999	3,890,219
158,664	158,928	126,256	121,302	113,254	111,808
<u>18,416,108</u>	<u>18,641,145</u>	<u>17,725,107</u>	<u>17,925,372</u>	<u>18,591,180</u>	<u>18,356,621</u>
5,491,584	6,383,345	6,683,628	5,786,341	6,032,711	5,841,561
2,920,998	2,634,267	2,575,805	2,896,984	2,894,710	3,097,309
1,463,080	1,396,175	1,438,197	1,314,807	1,431,274	1,532,213
190,251	82,577	13,571	44,432	50,045	92,388
<u>10,065,913</u>	<u>10,496,364</u>	<u>10,711,201</u>	<u>10,042,564</u>	<u>10,408,740</u>	<u>10,563,471</u>
<u>\$28,482,021</u>	<u>\$29,137,509</u>	<u>\$28,436,308</u>	<u>\$27,967,936</u>	<u>\$28,999,920</u>	<u>\$28,920,092</u>
\$917,498	\$1,058,701	\$782,236	\$758,640	\$862,367	\$1,179,840
405,343	374,135	367,324	336,951	414,378	407,318
73,823	75,800	76,784	68,158	86,633	79,158
194,868	88,559	114,273	95,092	89,638	76,568
40,901	36,450	37,253	41,584	36,224	34,715
423,422	402,007	432,183	349,822	435,442	442,522
3,350,201	5,066,400	4,186,589	2,727,791	2,926,892	4,341,552
0	0	0	0	0	0
<u>5,406,056</u>	<u>7,102,052</u>	<u>5,996,642</u>	<u>4,378,038</u>	<u>4,851,574</u>	<u>6,561,673</u>

(continued)

City of Portsmouth

Changes in Net Position Last Ten Years (accrual basis of accounting)

	2004	2005	2006	2007
Business-type Activities:				
Charges for Services				
Water	4,739,065	5,144,913	5,559,506	5,641,577
Sewer	2,545,913	2,666,107	2,532,099	2,639,583
Sanitation	1,076,271	1,265,772	1,334,647	1,322,894
Primary Care	0	0	10,514	82,039
Capital Grants and Contributions	0	0	0	0
<i>Total Business-type Activities Program Revenues</i>	8,361,249	9,076,792	9,436,766	9,686,093
<i>Total Primary Government Program Revenues</i>	13,810,498	14,485,474	15,086,021	15,290,187
Net (Expense)/Revenue				
Governmental Activities	(10,196,317)	(9,571,012)	(11,223,452)	(12,158,520)
Business-type Activities	425,426	1,018,927	1,108,686	(119,520)
<i>Total Primary Government Net (Expense)/Revenue</i>	(\$9,770,891)	(\$8,552,085)	(\$10,114,766)	(\$12,278,040)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	\$1,504,051	\$1,653,097	\$1,581,990	\$1,742,823
Special Purposes	270,803	288,402	278,976	344,718
Debt Service	497,443	105,023	93,208	150,919
Income Taxes	5,662,745	6,062,431	6,012,029	6,349,696
Other Local Taxes	242,771	253,264	259,561	266,330
Grants and Entitlements not Restricted to Specific Programs	2,368,891	1,708,788	1,646,207	2,037,424
Investment Earnings	41,254	144,644	343,205	341,030
Miscellaneous	92,511	383,620	175,372	204,325
Transfers	0	0	0	(150,000)
<i>Total Governmental Activities</i>	10,680,469	10,599,269	10,390,548	11,287,265
Business-type Activities:				
Transfers	0	0	0	150,000
<i>Total Business-type Activities</i>	0	0	0	150,000
<i>Total Primary Government</i>	\$10,680,469	\$10,599,269	\$10,390,548	\$11,437,265
Change in Net Position				
Governmental Activities	\$484,152	\$1,028,257	(\$832,904)	(\$871,255)
Business-type Activities	425,426	1,018,927	1,108,686	30,480
<i>Total Primary Government Change in Net Position</i>	\$909,578	\$2,047,184	\$275,782	(\$840,775)

Source: City Auditor's Office

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

City of Portsmouth

2008	2009 (1)	2010	2011 (1)	2012	2013
5,689,761	5,497,291	6,264,595	6,008,911	6,332,121	6,348,951
2,645,697	2,620,549	2,915,708	2,943,096	3,178,003	3,289,947
1,332,278	1,417,370	1,375,636	1,369,124	1,341,395	1,385,365
126,946	61,011	36,409	40,166	45,259	92,110
231,602	0	2,761,124	500,210	408,230	0
<u>10,026,284</u>	<u>9,596,221</u>	<u>13,353,472</u>	<u>10,861,507</u>	<u>11,305,008</u>	<u>11,116,373</u>
15,432,340	16,698,273	19,350,114	15,239,545	16,156,582	17,678,046
(13,010,052)	(11,539,093)	(11,728,465)	(13,547,334)	(13,739,606)	(11,794,948)
(39,629)	(900,143)	2,642,271	818,943	896,268	552,902
<u>(\$13,049,681)</u>	<u>(\$12,439,236)</u>	<u>(\$9,086,194)</u>	<u>(\$12,728,391)</u>	<u>(\$12,843,338)</u>	<u>(\$11,242,046)</u>
\$1,681,199	\$1,774,175	\$1,735,968	\$1,596,316	\$1,465,856	\$1,455,262
320,395	336,757	331,289	326,443	300,613	289,880
233,466	755,347	638,636	154,074	147,508	145,693
6,686,131	6,573,256	6,705,817	6,684,933	9,620,121	10,253,546
288,923	343,294	279,059	296,427	330,303	318,840
2,183,479	1,815,651	1,707,566	2,536,309	806,287	1,285,909
119,544	2,347	686	44	40	1,641
176,967	635,052	274,706	251,205	302,111	311,346
(136,100)	(62,500)	(817,976)	0	0	0
<u>11,554,004</u>	<u>12,173,379</u>	<u>10,855,751</u>	<u>11,845,751</u>	<u>12,972,839</u>	<u>14,062,117</u>
136,100	62,500	817,976	0	0	0
<u>136,100</u>	<u>62,500</u>	<u>817,976</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$11,690,104</u>	<u>\$12,235,879</u>	<u>\$11,673,727</u>	<u>\$11,845,751</u>	<u>\$12,972,839</u>	<u>\$14,062,117</u>
(\$1,456,048)	\$634,286	(\$872,714)	(\$1,701,583)	(\$766,767)	\$2,267,169
96,471	(837,643)	3,460,247	818,943	896,268	552,902
<u>(\$1,359,577)</u>	<u>(\$203,357)</u>	<u>\$2,587,533</u>	<u>(\$882,640)</u>	<u>\$129,501</u>	<u>\$2,820,071</u>

City of Portsmouth

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

	2004	2005	2006	2007
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Unassigned	0	0	0	0
Reserved	97,635	98,476	82,472	129,318
Unreserved	1,170,835	864,105	619,184	669,976
<i>Total General Fund</i>	<u>1,268,470</u>	<u>962,581</u>	<u>701,656</u>	<u>799,294</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	347,033	416,408	535,621	399,443
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	2,274,291	2,770,689	2,519,419	2,578,171
Capital Projects Funds	649,230	780,868	969,910	1,409,916
Permanent Fund	173,511	168,324	174,297	161,071
<i>Total All Other Governmental Funds</i>	<u>3,444,065</u>	<u>4,136,289</u>	<u>4,199,247</u>	<u>4,548,601</u>
<i>Total Governmental Funds</i>	<u><u>\$4,712,535</u></u>	<u><u>\$5,098,870</u></u>	<u><u>\$4,900,903</u></u>	<u><u>\$5,347,895</u></u>

Source: City Auditor's Office

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

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

City of Portsmouth

2008	2009	2010	2011	2012	2013
	(1)				
\$0	\$0	\$0	\$46,310	\$33,670	\$36,236
0	0	0	(1,704,694)	(795,901)	937,700
68,808	72,684	19,498	0	0	0
194,845	(217,359)	(549,541)	0	0	0
263,653	(144,675)	(530,043)	(1,658,384)	(762,231)	973,936
\$0	\$0	\$0	\$57,896	\$55,253	\$63,215
0	0	0	4,927,522	4,699,200	4,735,911
0	0	0	55,800	132,861	104,261
0	0	0	(227,741)	(102,569)	(42,822)
1,748,111	572,079	485,976	0	0	0
2,575,725	3,013,959	2,373,901	0	0	0
(133,202)	671,599	1,099,276	0	0	0
159,392	159,635	157,531	0	0	0
4,350,026	4,417,272	4,116,684	4,813,477	4,784,745	4,860,565
\$4,613,679	\$4,272,597	\$3,586,641	\$3,155,093	\$4,022,514	\$5,834,501

City of Portsmouth

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

	2004	2005	2006	2007
Revenues:				
Taxes	\$8,380,980	\$8,250,795	\$8,310,392	\$8,705,227
Intergovernmental Revenues	5,484,792	5,123,524	5,068,076	5,442,279
Charges for Services	669,104	498,169	526,403	628,968
Licenses and Permits	286,046	189,102	174,978	255,533
Investment Earnings	41,254	144,644	343,205	341,030
Special Assessments	465	0	781	0
Fines and Forfeitures	1,013,920	1,138,755	1,181,478	1,251,120
All Other Revenue	308,498	517,542	302,800	308,225
Total Revenue	16,185,059	15,862,531	15,908,113	16,932,382
Expenditures:				
Current:				
Security of Persons and Property	6,349,582	6,532,111	6,868,634	7,264,770
Public Health and Welfare Services	2,539,607	2,851,886	2,957,064	2,806,647
Leisure Time Activities	72,782	111,168	99,621	19,116
Community Environment	677,336	404,492	562,329	587,307
Transportation	1,110,311	1,117,116	1,168,987	1,484,907
General Government	3,203,359	3,277,687	3,303,143	3,133,796
Capital Outlay	1,275,007	985,797	1,418,055	1,601,796
Debt Service:				
Principal Retirement	114,002	98,607	153,071	179,200
Interest and Fiscal Charges	115,616	110,808	102,436	139,489
Total Expenditures	15,457,602	15,489,672	16,633,340	17,217,028
Excess (Deficiency) of Revenues Over Expenditures	727,457	372,859	(725,227)	(284,646)
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	8,312	5,584	32,001	22,637
Other Financing Sources - Capital Leases	0	0	497,862	852,153
General Obligation Bonds Issued	65,000	0	0	0
Transfers In	545,860	101,396	18,000	18,000
Transfers Out	(545,860)	(101,396)	(18,000)	(168,000)
Total Other Financing Sources (Uses)	73,312	5,584	529,863	724,790
Net Change in Fund Balance	\$800,769	\$378,443	(\$195,364)	\$440,144
Debt Service as a Percentage of Noncapital Expenditures	1.54%	1.41%	1.66%	2.00%

Source: City Auditor's Office

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

City of Portsmouth

2008	2009	2010	2011	2012	2013
	(1)				
\$9,100,353	\$9,699,794	\$9,701,137	\$9,061,432	\$11,758,657	\$12,497,593
5,421,898	5,784,432	5,386,662	5,973,637	5,189,942	5,163,625
565,075	568,133	516,537	448,864	472,811	393,396
232,738	199,195	226,215	200,268	273,045	273,901
119,544	2,347	686	44	40	1,641
0	0	0	0	0	0
1,180,816	1,248,024	1,095,018	974,985	1,115,368	1,581,009
491,256	199,061	319,215	267,930	413,568	369,475
<u>17,111,680</u>	<u>17,700,986</u>	<u>17,245,470</u>	<u>16,927,160</u>	<u>19,223,431</u>	<u>20,280,640</u>
7,444,324	7,782,726	7,447,624	8,359,182	8,200,417	8,535,167
2,910,053	2,991,954	3,104,530	2,585,053	2,782,053	2,855,740
25,986	52,655	53,261	64,374	65,033	70,920
527,297	685,755	486,232	668,983	809,263	551,749
1,463,599	1,421,995	1,330,947	1,306,133	1,291,458	1,014,996
3,430,535	3,257,913	3,380,820	3,462,550	3,376,636	3,373,740
1,677,173	1,933,349	1,069,168	699,867	1,830,744	1,696,298
195,134	248,519	242,748	161,881	286,885	248,051
159,480	159,771	127,206	122,282	114,338	112,998
<u>17,833,581</u>	<u>18,534,637</u>	<u>17,242,536</u>	<u>17,430,305</u>	<u>18,756,827</u>	<u>18,459,659</u>
(721,901)	(833,651)	2,934	(503,145)	466,604	1,820,981
0	474,793	45,369	33,034	27,030	0
0	0	129,610	0	389,116	0
0	0	0	0	0	0
20,000	716,242	711,600	18,000	40,862	18,000
<u>(20,000)</u>	<u>(716,242)</u>	<u>(1,529,576)</u>	<u>(18,000)</u>	<u>(40,862)</u>	<u>(18,000)</u>
<u>0</u>	<u>474,793</u>	<u>(642,997)</u>	<u>33,034</u>	<u>416,146</u>	<u>0</u>
<u>(\$721,901)</u>	<u>(\$358,858)</u>	<u>(\$640,063)</u>	<u>(\$470,111)</u>	<u>\$882,750</u>	<u>\$1,820,981</u>
2.12%	2.37%	2.30%	1.65%	2.35%	2.13%

City of Portsmouth

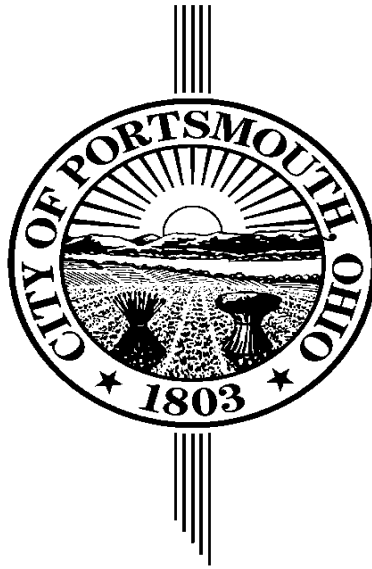
Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Income Tax Rate	1.40%	1.40%	1.40%	1.40%
Estimated Personal Income (in thousands)	\$477,896	\$484,566	\$499,328	\$534,476
Total Tax Collected	\$5,853,487	\$6,275,016	\$6,036,828	\$6,178,521
Income Tax Receipts				
Withholding	5,126,945	5,429,215	5,211,420	5,323,577
Percentage	87.59%	86.52%	86.33%	86.16%
Corporate	503,000	614,148	564,472	629,463
Percentage	8.59%	9.79%	9.35%	10.19%
Individuals	223,542	231,653	260,936	225,481
Percentage	3.82%	3.69%	4.32%	3.65%

Source: City Income Tax Department

City of Portsmouth

2008	2009	2010	2011	2012	2013
1.40%	1.40%	1.40%	1.40%	2.00%	2.00%
\$576,273	\$570,628	\$565,377	\$584,289	\$615,922	\$615,922
\$7,057,662	\$6,624,731	\$6,687,883	\$6,717,776	\$9,272,190	\$10,223,100
6,202,595	5,775,601	5,810,503	5,900,172	8,296,325	8,846,473
87.89%	87.18%	86.89%	87.83%	89.48%	86.53%
613,663	603,317	653,048	565,908	678,619	1,006,435
8.69%	9.11%	9.76%	8.42%	7.32%	9.84%
241,404	245,813	224,332	251,696	297,246	370,192
3.42%	3.71%	3.35%	3.75%	3.20%	3.63%



City of Portsmouth

Income Tax Collections Current Year and Nine Years Ago

Calendar Year 2013

<u>Income Tax Filers</u>	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Taxable Income</u>	<u>Percent of Income</u>	<u>Income Tax Collections</u>	<u>Percent of Income</u>
Top Ten	10	0.10%	\$230,322,450	45.06%	\$4,606,449	45.06%
All Others	10,197	99.90%	280,832,550	54.94%	5,616,651	54.94%
Total	<u>10,207</u>	<u>100.00%</u>	<u>\$511,155,000</u>	<u>100.00%</u>	<u>\$10,223,100</u>	<u>100.00%</u>

Calendar Year 2004

<u>Income Tax Filers</u>	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Taxable Income</u>	<u>Percent of Income</u>	<u>Income Tax Collections</u>	<u>Percent of Income</u>
Top Ten	10	100.00%	\$156,397,786	37.41%	\$2,189,569	37.41%
All Others	N/A	0.00%	261,708,429	62.59%	3,663,918	62.59%
Total	<u>10</u>	<u>100.00%</u>	<u>\$418,106,215</u>	<u>100.00%</u>	<u>\$5,853,487</u>	<u>100.00%</u>

Source: City Income Tax Department

N/A - Not available

City of Portsmouth

Ratio of Outstanding Debt By Type Last Ten Years

	2004	2005	2006	2007
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$1,960,000	\$1,915,000	\$1,865,000	\$1,815,000
Bond Anticipation Notes Payable	65,000	44,132	22,475	0
Capital Leases	32,739	0	416,448	1,161,876
Business-type Activities ⁽¹⁾				
OWDA Loan Payable	\$0	\$0	\$0	\$1,732,784
OPWC Loan Payable	495,000	465,000	435,000	405,000
Water Refunding Revenue Bonds Payable	4,900,285	4,540,237	4,170,189	3,790,141
Capital Leases	571,921	456,278	305,421	7,855,343
Total Primary Government	<u>\$8,024,945</u>	<u>\$7,420,647</u>	<u>\$7,214,533</u>	<u>\$16,760,144</u>
Population ⁽²⁾				
City of Portsmouth	20,909	20,909	20,909	20,909
Outstanding Debt Per Capita	\$384	\$355	\$345	\$802
Income ⁽³⁾				
Personal (in thousands)	477,896	484,566	499,328	534,476
Percentage of Personal Income	1.68%	1.53%	1.44%	3.14%

Sources:

(1) City Auditor's Office

(2) US Bureau of Census, Population Division

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

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

Note: OPWC Loan Payable was restated in 2011 for a prior period adjustment.

City of Portsmouth

2008	2009	2010	2011	2012	2013
\$1,760,000	\$1,705,000	\$1,645,000	\$1,585,000	\$1,520,000	\$1,450,000
0	0	0	0	0	0
1,021,742	828,223	775,085	673,204	840,435	662,384
\$4,094,027	\$3,968,134	\$4,881,242	\$5,237,048	\$6,944,097	\$6,974,518
913,377	1,060,000	995,000	1,299,069	1,306,049	1,208,549
3,400,093	2,995,045	2,575,000	2,100,000	1,605,000	1,090,000
7,661,637	6,901,831	6,109,916	5,284,523	4,424,232	3,786,817
<u>\$18,850,876</u>	<u>\$17,458,233</u>	<u>\$16,981,243</u>	<u>\$16,178,844</u>	<u>\$16,639,813</u>	<u>\$15,172,268</u>
20,909	20,909	20,226	20,226	20,226	20,226
\$902	\$835	\$840	\$800	\$823	\$750
576,273	570,628	565,377	584,289	615,922	615,922
3.27%	3.06%	3.00%	2.77%	2.70%	2.46%

City of Portsmouth

Ratios of General Bonded Debt Outstanding Last Ten Years

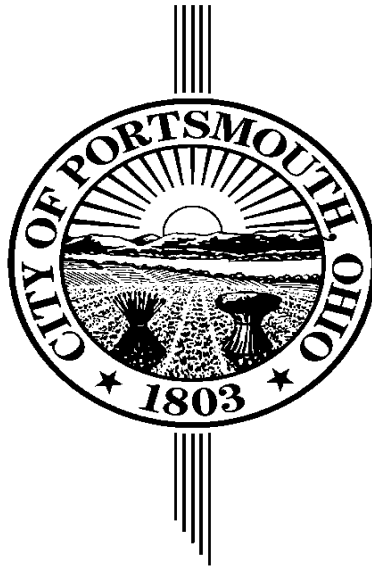
Year	2004	2005	2006	2007
Population (1)	20,909	20,909	20,909	20,909
Assessed Value (2)	\$219,358,780	\$223,629,450	\$220,033,280	\$228,185,580
General Bonded Debt (3)				
General Obligation Bonds-Governmental	\$1,960,000	\$1,915,000	\$1,865,000	\$1,815,000
Resources Available to Pay Principal (4)	\$98,936	\$65,248	\$25,419	\$31,275
Net General Bonded Debt	\$1,861,064	\$1,849,752	\$1,839,581	\$1,783,725
Ratio of Net Bonded Debt to Assessed Value	0.85%	0.83%	0.84%	0.78%
Net Bonded Debt per Capita	\$89.01	\$88.47	\$87.98	\$85.31

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

2008	2009	2010	2011	2012	2013
20,909	20,909	20,226	20,226	20,226	20,226
\$221,748,980	\$214,886,500	\$217,525,430	\$217,525,430	\$215,298,860	\$213,252,580
\$1,760,000	\$1,705,000	\$1,645,000	\$1,585,000	\$1,520,000	\$1,450,000
\$32,394	\$11,191	\$40,553	\$65,065	\$80,553	\$97,815
\$1,727,606	\$1,693,809	\$1,604,447	\$1,519,935	\$1,439,447	\$1,352,185
0.78%	0.79%	0.74%	0.70%	0.67%	0.63%
\$82.62	\$81.01	\$79.33	\$75.15	\$71.17	\$66.85



City of Portsmouth

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2013*

<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	\$2,112,384	100.00%	\$2,112,384
Overlapping:			
Scioto County	9,877,023	21.64%	2,137,388
Portsmouth City School District	13,270,504	92.29%	<u>12,247,348</u>
		Subtotal	<u>14,384,736</u>
		Total	<u><u>\$16,497,120</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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Total Debt				
Net Assessed Valuation	\$219,358,780	\$223,629,450	\$220,033,280	\$228,185,580
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	23,032,672	23,481,092	23,103,494	23,959,486
City Debt Outstanding (2)	2,025,000	1,959,132	1,887,475	1,815,000
Less: Applicable Debt Service Fund Amounts	<u>(98,936)</u>	<u>(65,248)</u>	<u>(25,419)</u>	<u>(31,275)</u>
Net Indebtedness Subject to Limitation	<u>1,926,064</u>	<u>1,893,884</u>	<u>1,862,056</u>	<u>1,783,725</u>
Overall Legal Debt Margin	<u><u>\$21,106,608</u></u>	<u><u>\$21,587,208</u></u>	<u><u>\$21,241,438</u></u>	<u><u>\$22,175,761</u></u>
Unvoted Debt				
Net Assessed Valuation	\$219,358,780	\$223,629,450	\$220,033,280	\$228,185,580
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	12,064,733	12,299,620	12,101,830	12,550,207
City Debt Outstanding (2)	2,025,000	1,959,132	1,887,475	1,815,000
Less: Applicable Debt Service Fund Amounts	<u>(98,936)</u>	<u>(65,248)</u>	<u>(25,419)</u>	<u>(31,275)</u>
Net Indebtedness Subject to Limitation	<u>1,926,064</u>	<u>1,893,884</u>	<u>1,862,056</u>	<u>1,783,725</u>
Overall Legal Debt Margin	<u><u>\$10,138,669</u></u>	<u><u>\$10,405,736</u></u>	<u><u>\$10,239,774</u></u>	<u><u>\$10,766,482</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

2008	2009	2010	2011	2012	2013
\$221,748,980	\$214,886,500	\$217,525,430	\$217,525,430	\$215,298,860	\$213,252,580
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
23,283,643	22,563,083	22,840,170	22,840,170	22,606,380	22,391,521
2,440,000	2,385,000	1,645,000	1,585,000	1,520,000	1,450,000
(32,394)	(11,191)	(40,553)	(65,065)	(80,553)	(97,815)
<u>2,407,606</u>	<u>2,373,809</u>	<u>1,604,447</u>	<u>1,519,935</u>	<u>1,439,447</u>	<u>1,352,185</u>
<u>\$20,876,037</u>	<u>\$20,189,274</u>	<u>\$21,235,723</u>	<u>\$21,320,235</u>	<u>\$21,166,933</u>	<u>\$21,039,336</u>
\$221,748,980	\$214,886,500	\$217,525,430	\$217,525,430	\$215,298,860	\$213,252,580
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
12,196,194	11,818,758	11,963,899	11,963,899	11,841,437	11,728,892
2,440,000	2,385,000	1,645,000	1,585,000	1,520,000	1,450,000
(32,394)	(11,191)	(40,553)	(65,065)	(80,553)	(97,815)
<u>2,407,606</u>	<u>2,373,809</u>	<u>1,604,447</u>	<u>1,519,935</u>	<u>1,439,447</u>	<u>1,352,185</u>
<u>\$9,788,588</u>	<u>\$9,444,949</u>	<u>\$10,359,452</u>	<u>\$10,443,964</u>	<u>\$10,401,990</u>	<u>\$10,376,707</u>

City of Portsmouth

Pledged Revenue Coverage Last Ten Years

	2004	2005	2006	2007
Water Mortgage Bonds (1)				
Gross Revenues (2)	\$4,739,065	\$5,144,913	\$5,559,506	\$5,641,577
Direct Operating Expenses (3)	4,083,172	4,245,597	4,092,557	4,882,428
Net Revenue Available for Debt Service	655,893	899,316	1,466,949	759,149
Annual Debt Service Requirement	575,525	573,456	574,443	573,155
Coverage	1.14	1.57	2.55	1.32
Special Assessment Bonds (4)				
Special Assessment Collections	\$465	\$0	\$0	\$0
Debt Service				
Principal	0	0	0	0
Interest	0	0	0	0
Coverage	N/A	N/A	N/A	N/A

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

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

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

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

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

Source: City Auditor's Office

City of Portsmouth

2008	2009	2010	2011	2012	2013
	(5)				
\$5,689,761	\$5,497,291	\$6,264,595	\$6,008,911	\$6,332,121	\$6,348,951
4,385,597	4,982,718	5,145,890	4,330,730	4,484,572	4,361,713
1,304,164	514,573	1,118,705	1,678,181	1,847,549	1,987,238
570,024	570,418	569,186	571,155	571,631	570,921
2.29	0.90	1.97	2.94	3.23	3.48
\$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	2004	2005	2006	2007	2008
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)	477,896	484,566	499,328	534,476	576,273
Per Capita	22,856	23,175	23,881	25,562	27,561
Unemployment Rate ⁽³⁾					
Federal	6.0%	5.5%	4.6%	4.6%	5.8%
State	6.1%	6.0%	5.5%	5.6%	6.5%
Scioto County	9.0%	8.8%	7.6%	7.4%	8.3%
Civilian Work Force Estimates ⁽³⁾					
State	5,875,300	5,900,400	5,934,000	5,976,500	5,971,900
Scioto County	32,900	32,300	31,300	32,200	32,800

Sources:

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2012.

For the presentation of 2013 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

2009	2010	2011	2012	2013
20,909	20,226	20,226	20,226	20,226
79,195	79,499	79,277	78,477	78,477
570,628	565,377	584,289	615,922	615,922
27,291	27,953	28,888	30,452	30,452
9.3%	9.6%	8.3%	8.1%	7.4%
10.2%	10.1%	7.6%	7.2%	7.4%
12.3%	12.8%	11.6%	10.7%	11.5%
5,970,200	5,897,600	5,762,000	5,747,900	5,765,700
33,100	33,000	31,900	31,900	31,200



City of Portsmouth

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2013	
		Number of Employees	Rank
Southern Ohio Medical Center	Health Care Services	2,567	1
Shawnee State University	Education	1,577	2
Scioto County Offices	Government	694	3
Portsmouth City Schools	Education	419	4
City of Portsmouth	Government	419	5
State of Ohio	Government	312	6
Norfolk and Southern Railway	Railroad	301	7
OSCO Industries	Manufacturing	263	8
Portsmouth Hospital Corporation	Health Care Services	179	9
SOMC Medical Care Foundation	Medical	95	10
Total		<u>6,826</u>	

Employer	Nature of Business	2004	
		Number of Employees	Rank
Southern Ohio Medical Center	Health Care Services	2,024	1
Shawnee State University	Education	1,499	2
Scioto County Offices	Government	694	3
State of Ohio	Government	350	4
Oscos Industries	Manufacturing	292	5
City of Portsmouth	Government	290	6
Portsmouth City Schools	Education	272	7
Ohio Troopers Coalition	Marketing	212	8
Community Action Organization	Government / Social Services	200	9
Kroger	Retail Grocery	177	10
Total		<u>6,010</u>	

Sources: City Auditor's Office

Total employment within the City is not available.

City of Portsmouth

Full Time Equivalent Employees by Function Last Nine Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities				
Security of Persons and Property				
Police	46.0	47.0	46.0	48.0
Fire	39.0	38.0	43.0	39.0
Public Health and Welfare Services				
Health	33.0	34.0	35.0	33.0
General Government				
Legislative	7.0	7.0	7.0	7.0
Mayor	3.0	3.0	3.0	3.0
Finance	5.0	5.0	5.0	5.0
Legal	5.0	5.0	5.0	5.0
Court	28.0	28.0	24.0	23.0
Income Tax	3.0	3.0	3.0	3.0
Engineering	3.0	3.0	4.0	4.0
Administration	3.0	3.0	8.0	8.0
Garage	5.0	5.0	5.0	4.0
Transportation				
Streets	10.0	10.0	14.0	14.0
Cemetery Grounds	4.0	4.0	4.0	3.0
Recreational Grounds	3.0	3.0	6.0	6.0
Community Environment				
Building Inspection	3.0	3.0	3.0	3.0
Community Development	2.0	2.0	2.0	2.0
Business-Type Activities				
Utilities				
Water	34.0	33.0	37.0	39.0
Sewer	32.0	30.0	30.0	30.0
Sanitation	16.0	17.0	18.0	13.0
<i>Total Employees</i>	<u>284.0</u>	<u>283.0</u>	<u>302.0</u>	<u>292.0</u>

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

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

City of Portsmouth

2009	2010	2011	2012	2013
52.0	52.0	50.0	44.0	47.0
36.0	39.0	36.0	37.0	36.0
33.0	30.0	25.5	28.0	28.5
7.0	6.0	7.0	7.0	7.0
3.0	2.5	3.0	3.0	2.0
5.0	4.0	5.0	5.0	5.0
5.0	5.0	5.0	5.0	5.0
24.0	24.5	24.5	25.0	25.0
3.0	3.0	2.0	2.0	2.0
4.0	3.0	3.0	2.0	4.0
7.0	5.5	3.0	3.0	3.0
5.0	6.0	3.0	3.0	3.0
14.0	15.0	12.0	14.0	13.0
3.0	3.0	3.0	3.0	2.0
2.0	2.0	2.0	2.0	0.0
3.0	2.0	1.0	1.0	1.0
2.0	1.0	1.0	1.0	1.0
38.0	36.0	38.0	38.0	38.0
23.0	22.0	24.0	24.0	22.0
13.0	10.5	12.0	13.0	15.0
<u>282.0</u>	<u>272.0</u>	<u>260.0</u>	<u>260.0</u>	<u>259.5</u>

City of Portsmouth

Operating Indicators by Function Last Ten Years

	2004	2005	2006	2007
Governmental Activities				
General Government				
Licenses and Permits				
Number of Building Permits	412	326	336	166
Security of Persons and Property				
Police				
Number of Patrol Units	30	27	27	27
Criminal/Juvenile Citations and Charges	1,946	2,346	2,202	1,912
Traffice Citations Issued	1,579	2,955	1,392	2,052
Parking Tickets Written	654	614	946	616
Fire				
Number of Calls Answered	699	683	717	747
Number of Fire Inspections	125	131	154	121
Number of Investigations	10	50	30	20
Business-Type Activities				
Water				
Number of Service Connections	14,136	14,140	13,963	13,963
Average Daily Consumption (thousands of gallons)	7M	7M	7M	6M
Maximum Daily Capacity (thousands of gallons)	12M	12M	12M	12M
Sewer				
Number of Service Connections	8,580	8,580	8,318	8,362
Average Daily Sewage Treatment (thousands of gallons)	5	5	5	5
Maximum Daily Plant Capacity (thousands of gallons)	10	10	10	10
Solid Waste				
Number of Customers Served	7,700	7,700	7,327	7,597

Source: City Auditor's Office

City of Portsmouth

2008	2009	2010	2011	2012	2013
305	612	508	325	352	516
27	27	27	27	27	29
1,668	1,327	1,991	1,686	1,332	1,482
1,441	1,267	1,966	1,604	738	3,537
385	487	347	549	495	233
782	785	810	789	861	792
126	99	115	79	79	84
22	32	21	46	83	86
13,900	13,900	13,900	13,600	13,600	13,493
6M	6M	6M	6M	6M	6M
12M	12M	12M	12M	12M	12M
8,353	8,360	8,360	8,200	8,200	8,119
5	5	5	5	5	5
10	10	10	10	10	10
7,600	7,600	7,600	7,600	7,600	7,440

City of Portsmouth

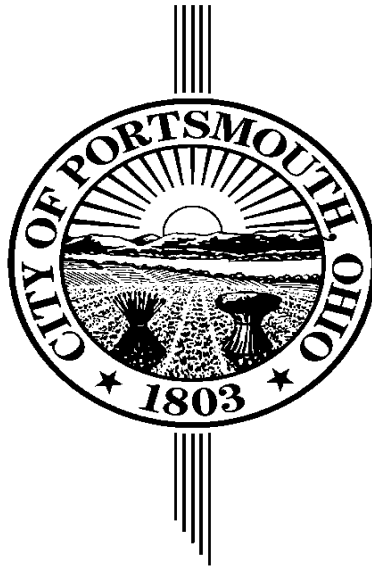
Capital Asset Statistics by Function Last Ten Years

	2004	2005	2006	2007
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	30	27	27	27
Fire				
Stations	3	3	3	3
Vehicles	10	10	10	10
Transportation				
Street				
Streets (lane miles)	220	220	220	220
Street Lights	1,475	1,475	1,475	1,475
Leisure Time Activities				
Recreation/Seniors				
Land (acres)	223	223	223	223
Parks	17	17	17	17
Number of Ball Fields (Lighted)	6	7	7	7
Number of Ball Fields (Unlighted)	5	4	4	4
Number of Tennis Courts (Lighted)	4	4	4	4
Number of Tennis Courts (Unlighted)	8	8	8	8
Public Health and Welfare				
Cemeteries				
Cemeteries	1	1	1	1
Land (acres)	40	40	40	40
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

2008	2009	2010	2011	2012	2013
7,680	7,680	7,680	7,680	7,680	7,680
1	1	1	1	1	1
27	27	27	27	27	29
3	3	3	3	3	3
14	17	17	17	17	17
220	220	220	220	220	220
1,476	1,476	1,476	1,476	1,476	1,476
223	223	223	223	223	223
17	17	17	17	17	17
7	7	7	7	7	7
4	4	4	4	4	4
4	0	0	0	0	0
8	11	11	11	11	11
1	1	1	1	1	1
40	40	40	40	40	40
1	1	1	1	1	1
400	400	400	400	400	400
865	865	865	865	865	865
2	2	2	2	2	2
30	30	30	30	30	30
30	30	30	30	30	30





Dave Yost • Auditor of State

CITY OF PORTSMOUTH

SCIOTO COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 16, 2014**