



Dave Yost • Auditor of State



**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Federal Awards Expenditures Schedule.....	1
Notes to the Federal Awards Expenditures Schedule .....	2
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	3
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	5
Schedule of Findings - OMB Circular A-133 §.505.....	9
Schedule of Prior Audit Findings - OMB Circular A-133 §.315(b).....	23
Corrective Action Plan - OMB Circular A-133 §.315(c).....	25

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CITY OF PORTSMOUTH  
SCIOTO COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2010

<u>FEDERAL GRANTOR/Pass Through Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>CFDA Number</u>	<u>Disbursements</u>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<i>Passed through Ohio Department of Development:</i>			
Community Development Block Grants - State's Program	AF-09-167-1	14.228	\$20,150
	AF-08-167-1		92,591
	AF-07-167-1		74,208
	BZ-08-1CW-1		101,542
Revolving Loan	N/A		20,000
Total Community Development Block Grants - State's Program			<u>308,491</u>
TOTAL U.S. Department of Housing and Urban Development			308,491
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
<i>Passed through the Office of Criminal Justice:</i>			
Bulletproof Vest Partnership Program	N/A	16.607	2,664
Public Safety Partnership and Community Policing Grant	2009RK-WX-0689	16.710	39,680
Edward Byrne Memorial Justice Assistance Grant Program	2007DJ-BX-0630	16.738	15,957
Total Edward Byrne Memorial Justice Assistance Grant Program	2009JGE-016706		<u>66,239</u>
			82,196
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States	2009-RA-D01-2173	16.803	77,646
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Govt.	2009SB-B9-0988	16.804	73,629
ARRA - Assistance to Rural Law Enforcement to Combat Crime and Drugs Competitive Grant Program	2009SD-B9-0058	16.810	<u>26,582</u>
TOTAL U.S. Department of Justice			302,397
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
<i>Passed through Ohio Department of Public Safety:</i>			
State and Community Highway Safety Grant	HVEO-2010-73-00-00-00308-00	20.600	<u>26,484</u>
TOTAL U.S. Department of Transportation			26,484
<b><u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u></b>			
<i>Passed through Ohio Environmental Protection Agency:</i>			
Air Pollution Control Program	N/A	66.001	<u>151,500</u>
TOTAL U.S. Environmental Protection Agency			151,500
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<i>Passed through the Ohio Department of Health:</i>			
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	H76HA04400-06-00	93.918	223,336
State and Community Highway Safety	N/A	20.600	21,229
Public Health Emergency Preparedness (B)	73-200-12PH-0110 / 0211	93.069	355,963
Family Planning Services	73-2-001-1-FP-0209 / 0311	93.217	165,872
HIV Care Formula Grant	73-2-001-1-HC-0209 / 0310	93.917	47,894
HIV Prevention Activities-Health Department Based	73-200-12HP-0209 / 0310	93.940	577,882
Preventative Health Services-Sexually Transmitted Diseases Control Grant	73-200-12PH-0210 / 0311	93.977	57,689
Preventative Health and Health Services Block Grant	73-2-001-4-IP-0310	93.991	62,105
Maternal and Child Health Services Block Grant to the States	73-2-001-1-MC-0310 / 0411	93.994	<u>84,736</u>
TOTAL U.S. Department of Health and Human Services			<u>1,596,706</u>
<b>TOTAL FEDERAL AWARDS EXPENDITURES</b>			<b><u>\$2,385,578</u></b>

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

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**NOTE A - BASIS OF ACCOUNTING**

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

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

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

These loans are collateralized by mortgages on the property.

Activity in the CDBG revolving loan fund during 2010 is as follows:

Beginning loans receivable balance as of January 1, 2010	\$128,158
Loans made	0
Loan principal repaid	<u>30,860</u>
Ending loans receivable balance as of December 31, 2010	\$97,298
Cash balance on hand in the revolving loan fund as of December 31, 2010	\$418,670

The table above reports gross loans receivable.

**NOTE C - MATCHING REQUIREMENTS**

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



# Dave Yost • Auditor of State

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

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

To the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Portsmouth, Scioto County, Ohio (the City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 30, 2011, wherein we noted the City has suffered recurring losses from operations and has an unrestricted net asset deficit. In addition, we noted there was a lack of sufficient evidential matter supporting the methodology for allocating central service costs to funds other than the General Fund. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

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

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2010-002 and 2010-006 described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

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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 2010-007 and 2010-008, described in the accompanying Schedule of Findings and Questioned Costs, to be significant deficiencies.

### **Compliance and Other Matters**

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings and Questioned Costs as items 2010-001 through 2010-005.

We also noted certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated June 30, 2011.

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.

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



**Dave Yost**  
Auditor of State

June 30, 2011



# Dave Yost • Auditor of State

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

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

To the City Council:

### Compliance

We have audited the compliance of the City of Portsmouth, Scioto County, Ohio (the City), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the City's major federal programs for the year ended December 31, 2010. The summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs identifies the City's major federal programs. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

As described in findings 2010-009 through 2010-012 in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding allowable costs, cash management, Davis-Bacon Act, and reporting that apply to its Community Development Block Grant. Compliance with these requirements is necessary, in our opinion, for the City to comply with requirements applicable to those programs.

In our opinion, because of the effect of the noncompliance described in the preceding paragraph, the City did not comply, in all material respects, with the requirements referred to above that could directly and materially affect its Community Development Block Grant major federal program. Also, in our opinion, the City complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its other major federal programs for the year ended December 31, 2010.

### **Internal Control Over Compliance**

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2010-009 through 2010-012 to be material weaknesses.

The City's responses to the findings we identified 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.

We also noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the City's management in a separate letter dated June 30, 2010.

### **Federal Awards Expenditures Schedule**

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of and for the year ended December 31, 2010, and have issued our report thereon dated June 30, 2011, wherein we noted the City has suffered recurring losses from operations and has an unrestricted net asset deficit. In addition, we noted there was a lack of sufficient evidential matter supporting the methodology for allocating central service costs to funds other than the General Fund. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The accompanying Federal Awards Expenditures Schedule (the Schedule) provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



**Dave Yost**  
Auditor of State

June 30, 2010

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CITY OF PORTSMOUTH  
SCIOTO COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2010

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

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

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

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

**FINDING NUMBER 2010-001**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.10(H) states that money paid into a fund must be used only for the purposes for which such fund has been established. 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, 2010: General Fund, (\$731,635); Municipal Court Grants Fund, (\$21,709); Ryan White HIV Care Part B Fund, (\$3,570); CFHS Grant Fund, (\$14,800), Water Works Rev "B" Fund (\$303,854), Sewage System Rev Fund (\$276,476), and Insurance Account "B" Fund (\$391,818).

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

**Officials' Response:** The Officials' Response is included in the accompanying Corrective Action Plan.

**FINDING NUMBER 2010-002**

**Noncompliance Citation and Material Weakness**

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

The City had a Cost Allocation Plan prepared by Maximus in 2003 to allocate fiscal year 2004 costs to various City departments and cost objectives. The City continues to use the Maximus Cost Allocation Plan to allocate payroll costs for certain employees and elected officials; however, the City has not updated the Cost Allocation Plan since it was originally created in 2003. While the City used 2010 budgeted costs to estimate 2010 allocation, the methodology used to support central service costs allocated to funds other than the General Fund, including the corresponding allocation bases, may no longer be appropriate based on current laws, regulations, and policies. Additionally, the Cost Allocation Plan did not include current organizational chart or similar explanation supporting how the costs benefitted the respective departments receiving the allocations. In total, \$1,819,099 in General Fund salaries were allocated to the other funds noted below and to the Flood Defense Fund. For example, \$96,599 of Mayor's Department salaries from the General Fund were allocated to the Water Works Revenue B Fund, Sewage System Revenue Fund, Street Maintenance Fund, and Sanitation Fund. Since the Mayor is the chief executive officer of the City, the Mayor is statutorily responsible for overseeing the government-wide operations of the City, which is normally a function of the City's General Fund. The City's Cost Allocation Plan lacked explanation and support for allocating significant Mayor's Department costs to other funds. Also, \$1,030,000 of Fire Department salaries from the General Fund were allocated to the Water Works Revenue B Fund, Water Works Revenue C Fund, and Sewage System Revenue Fund. Similar to the Mayor's Department, except for costs associated with buildings and depreciation, fire protection services would generally be an operating governmentwide expense not allocable to other funds of the City. Yet, the City's Cost Allocation Plan did not contain sufficient detail to support these allocations. As a result, we were unable to determine whether monies paid into funds were used for the purposes for which these funds were established.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

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

**FINDING NUMBER 2010-002 (Continued)**

**Noncompliance Citation and Material Weakness – Ohio Rev. Code Section 5705.10(H) (Continued)**

We recommend the City establish a reasonable methodology for the allocation of General Fund salaries to other restricted funds. If the City doesn't establish a reasonable method for this allocation, findings for adjustment may be issued in future audits.

**Officials' Response:** The Officials' Response is included in the accompanying Corrective Action Plan.

**FINDING NUMBER 2010-003**

**Noncompliance Citation**

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

At December 31, 2010, the City had current appropriations which exceeded actual resources in the General Fund by \$870,939.

Since the expenditure of City funds is based on the estimated resources, instances when beginning fund balances plus actual receipts do not meet budgetary estimates have led to overspending as evidenced by negative funds balances as noted in Finding Number 2010-001.

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

**Officials' Response:** The Officials' Response is included in the accompanying Corrective Action Plan.

**FINDING NUMBER 2010-004**

**Noncompliance Citation**

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

The City's appropriations exceeded estimated resources in the General Fund by \$847,794.

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

**Officials' Response:** The Officials' Response is included in the accompanying Corrective Action Plan.

CITY OF PORTSMOUTH  
SCIOTO COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)

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

**FINDING NUMBER 2010-005**

**Noncompliance Citation**

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

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

**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 the 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 Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket 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.

**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 clerk for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend 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 45% of the disbursements tested for 2010. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances. We also noted 3% of purchase orders tested did not indicate a date; therefore, we were unable to determine if it was certified prior to commitment.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

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

**FINDING NUMBER 2010-005 (Continued)**

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

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 the Auditor certify that the funds are or will be available prior to obligation by the City. When prior certification is not possible, "then and now" certification should be used.

We recommend the City Auditor certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The City Auditor should sign and date the certification at the time the City incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied.

**Officials' Response:** The Officials' Response is included in the accompanying Corrective Action Plan.

**FINDING NUMBER 2010-006**

**Material Weakness**

The City maintains Insurance Account "B" Fund that is utilized to track the accumulation and payment of health, dental, vision, and life insurance premiums. The City transfers premiums for the covered employees into this fund from the respective funds the employees are paid from. The premiums are then disbursed from this fund to the insurance providers. This fund is also used to pay claims related to the City's self insurance health plan that provides additional reinsurance coverage above that provided by the traditional health insurance provided by United Healthcare. The self insurance is administered by a third party administrator, Avalon Benefit Services. Avalon processes the claims and submits a list of the approved claims to the City for payment. The City transfers the appropriate amount from its main bank account into its health claims bank account. Avalon then writes the checks to pay for the approved claims. The City posts the disbursements made by Avalon to the Insurance Account "B" Fund. However, the City does not transfer any monies into the Insurance Account "B" Fund or bill other funds to recover the costs of the self insurance claims from the benefitting employees' funds. This resulted in the Insurance Account "B" Fund having a deficit cash balance of \$391,818 at December 31, 2010. In addition, the City has reported claims payable at December 31, 2010 that has not been funded into the Insurance Account "B" Fund for payment and there may be other unknown liabilities for unreported claims outstanding as of December 31, 2010 as well.

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

**Officials' Response:** The Officials' Response is included in the accompanying Corrective Action Plan.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

<b>2. FINDINGS RELATED TO THE BASIC PURPOSE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2010-007**

**Significant Deficiency**

Backup computer files should be readily available and properly secured to ensure their usefulness. This requires that computer files are backed up regularly and the status is reviewed. Additionally, backups should be periodically tested to ensure the validity of the data on the tapes.

The status of the nightly backup procedure was not reviewed regularly. The data on the backup tape was not verified to confirm the integrity of the data on the tape. The City has 5 tapes that are used for the week and they have not replaced any of the tapes. All tapes are stored on top of the server. They do not rotate any of the backups to an off-site facility.

Without properly reviewing the backup status on a daily basis, periodically verifying the validity of the data tape, and maintaining all tapes on-site, increases the risk that data would not be available if needed.

The City should review the status of the backups on a daily basis and periodically test the data on the backup tape by doing restores of the data on the tape to ensure the data is readable and usable. They should rotate some portion of their backup tapes to a secure off-site location at least once a week. Various alternatives should be considered (i.e., bank safety deposit box, another county building, etc.). The remote facility should have a storage area that would provide access to only authorized individuals and have an environment that would not compromise the tape's magnetic media.

**Officials' Response:** The Officials' Response is included in the accompanying Corrective Action Plan.

**FINDING NUMBER 2010-008**

**Significant Deficiency**

In order to minimize disruption to computer services, a disaster recovery plan, which identifies the procedures to perform in the event of a disaster, should be maintained. Disaster recovery plans identify arrangements for alternative data processing on compatible hardware and software. A proper plan removes as much time-consuming decision making as possible from the period immediately following the disaster.

A disaster recovery plan did not exist.

Without current and accurate documented business recovery procedures, critical resources and processing may not be restored in a timely and efficient manner. As a result, substantial costs could be incurred in attempting to retrieve and recreate pertinent financial information for internal and external purposes.

A disaster recovery plan should be developed and include the following information:

- Arrangements for temporary contingency data processing, including possible hot-sites.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

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

**FINDING NUMBER 2010-008 (Continued)**

**Significant Deficiency (Continued)**

- Business continuity procedures to be followed in the event that the building is inaccessible for an extended period of time due to extended power outage, bomb threat, fire, flood or other natural disaster. An alternate processing site, that is not considered temporary, should be used in case the building cannot be occupied. This would include procedures for manual record keeping and business functions.
- The types of disasters should be defined and what procedures should be followed for each type.
- Key vendor contacts and their phone numbers.
- Inventory lists, including software, and location of all hardware and software.
- Location of backup data and source documents.
- Backup procedures.
- Restore procedures.
- Key individuals at the City to be contacted and their phone numbers.
- Procedures for restoring data from backups for all systems included in the plan.

Once completed, the plan should be periodically reviewed and tested to ensure its continued applicability. Testing of the plan should include:

- Verification of all Disaster Recovery Plan information at least annually.
- Testing validity of backups by performing planned restores at least annually and documenting when they were performed and the results of the restores.

Additionally, this review should also ensure that personnel are sufficiently trained to carry out procedures necessary to restore functions critical to business operations. All individuals responsible for the disaster recovery plan tasks should be knowledgeable of their duties and retain a copy of the plan. Finally, an updated copy of the plan should be kept off-site.

**Officials' Response:** The Officials' Response is included in the accompanying Corrective Action Plan.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS**

<b>Finding Number</b>	2010-009
<b>CFDA Title and Number</b>	Community Development Block Grant, CFDA #14.228
<b>Federal Award Number / Year</b>	A-F-07-167-1 and A-F-08-167-1
<b>Federal Agency</b>	United States Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance Citation and Material Weakness**

Ohio Department of Development Non-Participating Jurisdiction Housing Handbook, Housing Program Manual, Section I, C, 4. requires prevailing wage rates be paid to workers on applicable construction or rehabilitation projects assisted in whole or in part with CDBG or HOME funds. These hourly rates are set by the Department of Labor for each county in accordance with the Davis-Bacon Act. 29 CFR part 5, Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction Section 5.5(a)(3) states non-federal entities shall include in their construction contracts subject to the Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the DOL regulations. This includes a requirement for the contractor or subcontractor to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (29 CFR sections 5.5 and 5.6). This reporting is often done using Optional Form WH-347, which includes the required statement of compliance (OMB No. 1215-0149).

No information was provided for the Davis-Bacon prevailing wage requirement for applicable contracts for the East End Rehabilitation Project and Manhole Rehab Project.

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

**Officials' Response:** The Officials' Response is included in the accompanying Corrective Action Plan.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS (Continued)**

<b>Finding Number</b>	2010-010
<b>CFDA Title and Number</b>	Community Development Block Grant, CFDA #14.228
<b>Federal Award Number / Year</b>	A-F-07-167-1
<b>Federal Agency</b>	United States Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance Citation and Material Weakness and Questioned Cost**

2 C.F.R. Part 225, Appendix A, Section C(1)(j) provides that for a cost to be allowable, the expenditure must be adequately documented.

OMB Circular A-133, Section .105 defines questioned costs, in part, as a cost that is questioned by the auditor because of an audit finding where the costs, at the time of the audit, are not supported by adequate documentation.

OMB Circular A-133, Section .300 (b)-(c) states that the auditee shall:

- Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- Comply with law, regulations and the provisions of contracts or grant agreements related to each of its Federal programs.

The City could not provide supporting documentation for a charge to grant A-F-07-167-1. For example, the City did not maintain an approved change order to the contract or documentation that a licensed engineer had inspected and certified the project in accordance with the terms of the contract. The Grant Agreement stated, "expenditures shall be supported by contracts, invoices, vouchers, vouchers and other data as appropriate, evidencing the costs incurred."

We noted the following disbursement in our testing:

<u>Date</u>	<u>Check #</u>	<u>Amount</u>
4/2/10	1197	\$49,374

Also noted in the State Monitoring review dated 4/29/11, another expenditure was paid as follows:

<u>Date</u>	<u>Check #</u>	<u>Amount</u>
10/10/10	1211	\$9,834

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS (Continued)**

<b>Finding Number</b>	2010-010 (Continued)
<b>CFDA Title and Number</b>	Community Development Block Grant, CFDA #14.228
<b>Federal Award Number / Year</b>	A-F-07-167-1
<b>Federal Agency</b>	United States Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance Citation and Material Weakness and Questioned Cost (Continued)**

Summary:

Total paid to Vendor	\$227,768
Contract Amount	<u>197,835</u>
Amount over paid/amount of change order	<u>\$29,933</u>

We noted that the change order was not signed by a licensed engineer authorizing payment of that order.

As a result, we are questioning costs of \$29,933 charged to the CDBG program.

We recommend the City maintain and provide adequate documentation in support of all federal expenditures and comply with all requirements of the grant agreements and establish and maintain effective controls over the federal programs. We also recommend that the City monitor all grant expenditures, to only pay when a change order is signed by an licensed engineer, maintain supporting documentation and pay within period of availability.

**Officials' Response:** The Officials' Response is included in the accompanying Corrective Action Plan.

<b>Finding Number</b>	2010-011
<b>CFDA Title and Number</b>	Community Development Block Grant, CFDA #14.228
<b>Federal Award Number / Year</b>	A-F-07-167-1, A-F-08-167-1, A-F-09-167-1, and B-Z-08-1CW-1
<b>Federal Agency</b>	United States Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance Citation and Material Weakness**

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

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS (Continued)**

<b>Finding Number</b>	2010-011 (Continued)
<b>CFDA Title and Number</b>	Community Development Block Grant, CFDA #14.228
<b>Federal Award Number / Year</b>	A-F-07-167-1, A-F-08-167-1, A-F-09-167-1, and B-Z-08-1CW-1
<b>Federal Agency</b>	United States Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

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

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

From Grant A-F-07-167-1:

Draw number 257, dated February 2, 2010, was requested in the amount of \$116,800. The City received the funding on March 30, 2010; however, there were only \$49,374 of disbursements during the 15 day period. Therefore, the remaining balance of the draw was not expended within fifteen days of receipt as required and the balance exceeded \$5,000 through December 31, 2010.

From Grant A-F-08-167-1:

Draw number 255, dated December 16, 2009, was requested in the amount of \$104,400. The City received the funding on February 2, 2010; however, there were only \$86,699 of disbursements during the 15 day period. Therefore, the remaining balance of the draw was not expended within fifteen days of receipt as required and the balance exceeded \$5,000 through December 31, 2010.

From Grant A-F-09-167-1:

Draw number 256, dated January 15, 2010, was requested in the amount of \$14,000. The City received the funding on February 2, 2010; however, there were no disbursements during the 15 day period. Therefore, the entire draw was not expended within the 15 day period, and the balance exceeded \$5,000 through December 31, 2010.

Draw number 258, dated September 13, 2010, was requested in the amount of \$14,000. The City received the funding on November 16, 2010; however, there were no disbursements during the 15 day period. Therefore, the entire draw was not expended within the 15 day period, and the balance exceeded \$5,000 until December 31, 2010.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS (Continued)**

<b>Finding Number</b>	2010-011 (Continued)
<b>CFDA Title and Number</b>	Community Development Block Grant, CFDA #14.228
<b>Federal Award Number / Year</b>	A-F-07-167-1, A-F-08-167-1, A-F-09-167-1, and B-Z-08-1CW-1
<b>Federal Agency</b>	United States Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance Citation and Material Weakness (Continued)**

From Grant B-Z-08-1CW-1:

Draw numbers 532/533, dated August 30, 2010, were requested in the amount of \$50,690. The City received the funding on September 15, 2010; however, there were only \$37,399 of disbursements during the 15 day period. Therefore, the remaining balance of the draw was not expended within the 15 day period, and the balance exceeded \$5,000 until October 21, 2010.

Draw number 534, dated September 13, 2010, was requested in the amount of \$25,000. The City received the funding on October 14, 2010; however, there were no disbursements during the 15 day period. Therefore, the entire draw was not expended within the 15 day period, and the balance exceeded \$5,000 until December 31, 2010.

Based on our testing utilizing the 3% average 2010 U.S. Treasury Current Value of Funds Rate, we estimate the imputed interest could have been \$2,053 for the year ended December 31, 2010.

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 monies drawn down are expended within the required time frame.

**Officials' Response:** The Officials' Response is included in the accompanying Corrective Action Plan.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS (Continued)**

<b>Finding Number</b>	2010-012
<b>CFDA Title and Number</b>	Community Development Block Grant, CFDA #14.228
<b>Federal Award Number / Year</b>	A-F-07-167-1 and A-F-08-167-1
<b>Federal Agency</b>	United States Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance Citation and Material Weakness**

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

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

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

The Final Performance Report must be completed and submitted to OHCP. The failure of a recipient to submit a report as required will not preclude the state from effecting a grant closeout when such action is determined to be in the best interest of the state. (*OHCP Financial Management Rules and Regulations, E(1)(b)(1)*)

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

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

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS (Continued)**

<b>Finding Number</b>	2010-012 (Continued)
<b>CFDA Title and Number</b>	Community Development Block Grant, CFDA #14.228
<b>Federal Award Number / Year</b>	A-F-07-167-1 and A-F-08-167-1
<b>Federal Agency</b>	United States Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance Citation and Material Weakness (Continued)**

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

No documentation was provided to indicate that Final Performance Reports were completed or submitted for A-F-07-167-1 and A-F-08-167-1. Requests for Payments and Status of Funds Reports were maintained, however, no supporting documentation for amounts requested for grants A-F-07-167-1 or A-F-08-167-1 was provided. Also, grant A-F-08-167-1 had four Status Reports on file, however, amounts per these reports could not be supported and two were not signed by the mayor.

We recommend the City submit the Final Performance Reports to the Grantor timely in accordance with the grant agreement. Additionally, Final Performance Reports should be completed and approved several days prior to the deadline to ensure the Grantor has sufficient time to receive the Reports. We recommend the City maintain all required documentation in an organized manner, and submit reports timely with adequate supporting documentation.

**Officials' Response:** The Officials' Response is included in the accompanying Corrective Action Plan.

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .315 (b)  
FOR THE YEAR ENDED DECEMBER 31, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2009-001	Ohio Rev. Code Section 9.38- Utility Dept and Probation Dept did not deposit timely	Yes	Corrected
2009-002	Ohio Rev. Code Section 5705.41(D)(1)- The City did not properly certify the availability of funds prior to obligation for 10% of disbursements tested	No	Not Corrected; Reissued as Finding Number 2010-005
2009-003	Ohio Rev. Code Section 5705.39- Appropriations exceeded estimated resources	No	Not Corrected; Reissued as Finding Number 2010-004
2009-004	Ohio Rev. Code Section 5705.36(A)(2) and (4)- Available resources fell below appropriations and no reduced amended certificate was obtained	No	Not Corrected; Reissued as Finding Number 2010-003
2009-005	Ohio Rev. Code Section 5705.10(H)- General Fund, Family Planning Fund, Water Works Revenue B Fund, Sewage Revenue Fund, and Insurance B Funds had negative cash fund balances	No	Not Corrected; Reissued as Finding Number 2010-001
2009-006	Ohio Rev. Code 735.05- the City did not advertise or bid a contract	No	Not Corrected; Reissued as management letter comment
2009-007	Material Weakness- Capital Assets- the City did not monitor departments for abandoned, idle, missing, or disposed of capital assets	No	Not Corrected; Reissued as management letter comment

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .315 (b)  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2009-008	Noncompliance – Reporting- Community Development Block Grant- No documentation was provided that Performance and Status Reports were submitted or were submitted timely. Also, various records and supporting documentation was not provided	No	Not Corrected; Reissued as Finding Number 2010-012
2009-009	Noncompliance/Significant Deficiency- Community Development Block Grant- Funds were held on deposit exceeding \$5,000 and for over 15 days	No	Not Corrected; Reissued as Finding Number 2010-011
2009-010	Noncompliance/Material Weakness- Community Development Block Grant- the City did not maintain effective internal controls over compliance with the requirements for allowable cost, and cash management	No	Not Corrected; Reissued as Finding Number 2010-010
2009-011	Noncompliance/Material Weakness- Allowable Cost- Community Development Block Grant- unallowable expenditures for which appropriate documentation to support the cost against the grant was not received , resulting in questioned costs	No	Not Corrected; Reissued as Finding Number 2010-010

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A-133 § .315(c)  
FOR THE YEAR ENDED DECEMBER 31, 2010**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2010-001	The 2010 Operating Budget was approved by City Council with a deficit beginning balance and an even larger projected ending balance. The City Auditor will again recommend that City Council approve a balanced budget eliminating deficits.	12/31/2011	Auditor
2010-002	The City Auditor will recommend City Council update its Cost Allocation Plan to reestablish the basis and methodology for allocating General Fund expenses to other funds as necessary.	12/31/2011	Auditor
2010-003	Actual receipts at year-end were not less than the City Auditor's estimates or the amended certificate of estimated resources; therefore no reduced certificate was needed. However, original appropriations were approved by City Council in excess of the City Auditor's estimated revenues. The City Auditor will recommend the City Council approve appropriations at or below the Auditor's estimated revenues.	12/31/2011	Auditor
2010-004	Original appropriations were approved by City Council in excess of the City Auditor's estimated revenues. The City Auditor will recommend the City Council approve appropriations at or below the Auditor's estimated revenues.	12/31/2011	Auditor
2010-005	All purchase orders must be presented to and approved by the City Auditor's office prior to the purchasing or ordering of any item or service. Confirming purchase orders are only to be used in case of an emergency or absence of proper authority. This policy will be reviewed again with all department directors and appropriate personnel to improve compliance.	12/31/2011	Auditor
2010-006	The City Auditor will recommend that funds be allocated within operating budgets to sufficiently cover the cost of health insurance premiums and the City's partially self-funded share of claims in order to eliminate the deficiency in the insurance fund and to attempt to build a contingency balance to cover future costs.	12/31/2011	Auditor
2010-007	This issue has been resolved. The City has installed a new server with automatic daily backups and off-site and redundant storage.	07/31/2011	Auditor
2010-008	The City has developed a Disaster Recovery Plan that will be updated and shared with departments to familiarize each department with alternate procedures.	12/31/2011	Mayor
2010-009	The Community Development Department will review and implement processes to ensure requirements of the Davis-Bacon Act are being followed and supporting documentation is properly maintained.	12/31/2011	Mayor

**CITY OF PORTSMOUTH  
SCIOTO COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A-133 § .315(c)  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2010-010	The former Mayor refused to allow the project engineer to assist with the approval process of the east end sidewalk project, deferring to her own staff for approvals, insisting the project was properly completed and demanding payment in spite of not having the proper certification and approval by a "licensed" engineer. The Community Development Department will obtain proper authorizations to comply with grant requirements and maintain all supporting documentation as necessary to maintain effective controls over grant programs.	12/31/2011	Mayor
2010-011	The Community Development Department will review its cash management system policies and procedures and will limit drawdown amounts to only what is necessary to be disbursed for current project expenses within the permitted 15 day period.	12/31/2011	Mayor
2010-012	The Community Development Department will review and implement processes to ensure reports are timely completed with adequate supporting documentation. Copies of reports will be submitted to the Mayor's office for review and to the Auditor's office for redundancy.	12/31/2011	Mayor

# **Comprehensive Annual Financial Report**

**City of Portsmouth, Ohio**



**For Year Ended  
December 31, 2010**

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



***THE CITY OF PORTSMOUTH, OHIO***

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***SCIOTO COUNTY***

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2010

Prepared by:

***M. TRENT WILLIAMS, CPM, CPFA***  
City Auditor

**Finance Department:**

**Constance J. Snipes**  
Deputy Auditor

**Jennifer E. Spriggs**  
Finance Clerk II

**Sherry A. Boling**  
Finance Clerk I

**Melanie S. Jayne**  
Finance Clerk I

**Income Tax Division:**

**Barbara A. Doyle**  
Tax Commissioner

**Vicki L. Musser**  
Deputy Tax Commissioner



TABLE OF CONTENTS

CITY OF PORTSMOUTH  
SCIOTO COUNTY, OHIO

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**I** INTRODUCTORY SECTION

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

**II** FINANCIAL SECTION

**A** Independent Auditor’s Report.....1  
**B** Management’s Discussion and Analysis.....3  
**C** Basic Financial Statements:  
    Government-wide Financial Statements:  
        Statement of Net Assets .....12  
        Statement of Activities .....14  
    Fund Financial Statements:  
        *Governmental Funds:*  
            Balance Sheet .....16  
            Reconciliation of Total Governmental Fund Balances to Net Assets of  
            Governmental Activities .....17  
            Statement of Revenues, Expenditures and Changes in Fund Balances .....18  
            Reconciliation of the Statement of Revenues, Expenditures and Changes  
            in Fund Balances of Governmental Funds to the Statement of Activities .....19  
            Statement of Revenues, Expenditures and Changes in Fund Balance -  
            Budget and Actual (Non-GAAP Budgetary Basis)  
                General Fund .....21  
        *Proprietary Funds:*  
            Statement of Net Assets .....22  
            Statement of Revenues, Expenses and Changes in Fund Net Assets .....26  
            Statement of Cash Flows .....28  
        *Fiduciary Funds:*  
            Statement of Net Assets .....32  
            Statement of Changes in Net Assets .....33  
Notes to the Basic Financial Statements.....34

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

Nonmajor Governmental Financial Statements:

Combining Balance Sheet.....	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	71
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	78
Combining Balance Sheet – Nonmajor Permanent Funds.....	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Permanent Funds.....	85

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

Major Governmental Funds:

<i>General Fund</i> .....	86
<i>Debt Service Fund:</i>	
General Obligation Bond Retirement Fund.....	91
<i>Capital Projects Funds:</i>	
Capital Improvement Fund.....	92

Nonmajor Governmental Funds:

*Special Revenue Funds:*

Municipal Court Grants Fund.....	93
Municipal Court Special Projects Fund.....	94
Municipal Court Probation Services Fund.....	95
Municipal Court Programs Fund.....	96
Municipal Court Computer Fund.....	97
American Recovery and Reinvestment Act (ARRA)	
Municipal Court Security Grant Fund.....	98
Fire Donation Fund.....	99
Fire Pension Fund.....	100
Police Pension Fund.....	101
D.A.R.E. State Grant Fund.....	102
Police Donation Fund.....	103
Justice Assistance Grant (JAG) Grants Fund.....	104

Nonmajor Governmental Funds: (Continued)

Community Oriented Policing Services (COPS) Fast Grant Fund.....	105
Indigent Drivers Alcohol Treatment Fund .....	106
Enforcement and Education Fund .....	107
Mandatory Fines Fund.....	108
Law Enforcement Fund .....	109
Community Oriented Policing Services (COPS) Hiring	
Recovery Program Grant Fund.....	110
Rural Law Enforcement Assistance Grant Fund .....	111
Street Construction, Maintenance and Repair Fund.....	112
State Highway Improvement Fund.....	113
Environmental State Grants Fund .....	114
Community Development Fund .....	115
Tourism and Cultural Development Fund.....	116
State Grant Health Fund .....	117
Rural AIDS State Grant Fund.....	118
Ryan White HIV Care Part B Grant Fund.....	119
Family Planning Fund .....	120
Children and Family Health Services Grant Fund.....	121
Federal Emergency Management Agency (F.E.M.A.) Grant Fund.....	122
Regional HIV Prevention Fund .....	123
Ryan White Title III Fund .....	124
Flood Defense Fund .....	125
Land Reutilization Fund.....	126
Council Trust for Recreation Fund.....	127
Playground Trust Fund .....	128

*Permanent Funds:*

Cemetery Trust Fund.....	129
Mausoleum Trust Fund .....	130

Fiduciary Funds – Agency Funds:

Combining Statement of Changes in Assets and Liabilities.....	133
---	-----

**III** STATISTICAL SECTION

Net Assets by Component - Last Eight Years ..... S 2

Changes in Net Assets - Last Eight Years..... S 4

Fund Balances, Governmental Funds - Last Ten Years ..... S 8

Changes in Fund Balances, Governmental Funds - Last Ten Years ..... S 10

Income Tax Revenues by Source, Governmental Funds - Last Ten Years ..... S 12

Income Tax Collections - Current Year and Nine Years Ago..... S 15

Ratio of Outstanding Debt By Type - Last Ten Years ..... S 16

Ratios of General Bonded Debt Outstanding - Last Ten Years..... S 18

Computation of Direct and Overlapping - Debt Attributable to  
Governmental Activities - Current Year ..... S 21

Debt Limitations - Last Ten Years ..... S 22

Pledged Revenue Coverage - Last Ten Years ..... S 24

Demographic and Economic Statistics - Last Ten Years ..... S 26

Principal Employers - Current Year and Nine Years Ago ..... S 29

Full Time Equivalent Employees by Function - Last Six Years ..... S 30

Operating Indicators by Function - Last Ten Years ..... S 32

Capital Asset Statistics by Function - Last Ten Years ..... S 34

# *INTRODUCTORY SECTION*

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# The City of Portsmouth

*"Where the Ohio and Scioto Meet"*

## Department of Finance

Municipal Building, Room 3

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

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

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



State of Ohio

*M. Trent Williams, City Auditor*

June 30, 2011

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

As City Auditor, it is my pleasure to present the fifteenth Comprehensive Annual Financial Report (CAFR) of the City of Portsmouth, Ohio for the year ended December 31, 2010. This report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

### INTRODUCTION

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

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

This CAFR was prepared in accordance with generally accepted accounting principles established by statements of the Governmental Accounting Standards Board (GASB) and other authoritative pronouncements. Auditor of State David Yost's office has issued an opinion on the City of Portsmouth's financial statements for the year ended December 31, 2010. 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, 2010***

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**The Reporting Entity**

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

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

**Historical Information**

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

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

**Location**

Portsmouth, at an altitude of 533 feet above sea level, is located in southern Ohio approximately 90 miles south of Columbus, the state capital, and 100 miles east of Cincinnati, Ohio. Portsmouth, the county seat of Scioto County, encompasses an area of 12 square miles and serves a residential population of 20,909 (2000 Census). The City, which is bisected by U.S. Routes 23 and 52, is strategically located on the Ohio River providing distribution alternatives which include highways, railways and waterways. The City is also situated in close proximity to an abundance of fossil fuels, namely coal and natural gas from nearby Kentucky and West Virginia. The City is connected to Kentucky by two bridges: the U.S. Grant Bridge in downtown Portsmouth and the Carl Perkins Bridge located approximately two miles west of the City. Portsmouth is served by the CSX Railway System and the Norfolk Southern. The Greater Portsmouth Regional Airport, which is located in Minford, Ohio and owned by Scioto County, has a 5,000 foot paved runway which can accommodate corporate jets the size of a Boeing 727.

***Letter of Transmittal  
For the Year Ended December 31, 2010***

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**Form of Government**

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

**Municipal Services**

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

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

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

***Letter of Transmittal  
For the Year Ended December 31, 2010***

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**ECONOMIC CONDITION AND OUTLOOK**

**Business and Industry**

Among the principal products and services provided by Portsmouth area businesses are shoelaces, castings, concrete products, and health services. Portsmouth is served by one daily and 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 12.8% for the 2010 calendar year, which is substantially above the state average of 10.1% and the national average of 9.6%. 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, 2010***

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**Utilities**

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

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

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

Water is provided by the City of Portsmouth to approximately 13,900 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 8,360 connections are two separate facilities for wastewater treatment. The main plant located in Portsmouth has the capacity to treat ten million gallons daily and is currently treating approximately five million gallons daily. A small plant is located in Sciotoville. The City is currently collecting and treating sewage for Portsmouth, New Boston Village, the Rosemount area located in Clay Township and most recently in the Rigrish Addition area of Minford.

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

**Recreation and Cultural Facilities and Events**

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

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

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

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

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### ***Letter of Transmittal For the Year Ended December 31, 2010***

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

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

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

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

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

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

### **Education**

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

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

***Letter of Transmittal  
For the Year Ended December 31, 2010***

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

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

**Employee Relations**

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

**Long-term Financial Planning**

As fund balances have reduced over the past several years and expenses have been cut in many places where possible, by not filling positions as several employees have retired, along with other cost saving opportunities the City will seek 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 will have to be approved by City voters in order to take effect. The increased rate would provide a 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.

**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, 2010***

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**MAJOR INITIATIVES**

The City's largest project in 2010 included four contracts totaling \$6 million for the following projects:

- Primary Sewer Treatment Improvements – upgrade primary clarifiers, access improvements and odor control.
- Secondary Treatment Plant Improvements – Trickling Filter Repair, Media Replacement and Belt Filter Press Replacement.
- SCADA Telemetry System – Remote monitoring of pump stations and Scioto wastewater plant.
- Sewer Maintenance Garage – To house administrative offices, vehicles and equipment.

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

Three new tennis courts were installed in Sciotoville in 2009, in coordination with a cost-sharing venture with the Sciotoville Community Schools, providing new recreational facilities to the Sciotoville community, its residents and student athletes. The courts opened for their first high school matches in the spring of 2010.

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 Charles Street wastewater treatment plant will see continued pump, plant and storm gate upgrades, sewer linings and the creation and implementation of a Storm Water Utility Program, working with the City's Graphical Information System to utilize three-dimensional modeling capabilities. Plans are being made for a total upgrade of the wastewater treatment plant itself, which along with the Sciotoville plant services 160 miles of primary sewers within the City limits and surrounding areas.

The Public Service department will continue upgrades within its Recreation division in 2011 with planned improvements to the Court Street Riverfront area, Mound Park and Spartan Municipal Stadium in Portsmouth and Cyndee Secrest Park and Rose Street parks in Sciotoville with various surface and structure improvements at the city's many baseball and softball fields.

***Letter of Transmittal  
For the Year Ended December 31, 2010***

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**FINANCIAL INFORMATION**

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

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

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

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

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

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

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

***Letter of Transmittal  
For the Year Ended December 31, 2010***

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**OTHER INFORMATION**

**Independent Audit**

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

**Awards**

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

**Public Disclosure**

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

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

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

**Acknowledgments**

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

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

***CITY OF PORTSMOUTH, OHIO***

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***Letter of Transmittal  
For the Year Ended December 31, 2010***

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

Thank you to the members of City Council, Mayor and other city administrators, without whose support we would have been unable to prepare this report. By providing the funds and assistance to conform to the reporting requirements which have been established for municipal governments, the City has been able to maintain a sound financial position for many years.

Sincerely,

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

M. Trent Williams, CPM, CPFA  
City Auditor

**CITY OF PORTSMOUTH, OHIO**

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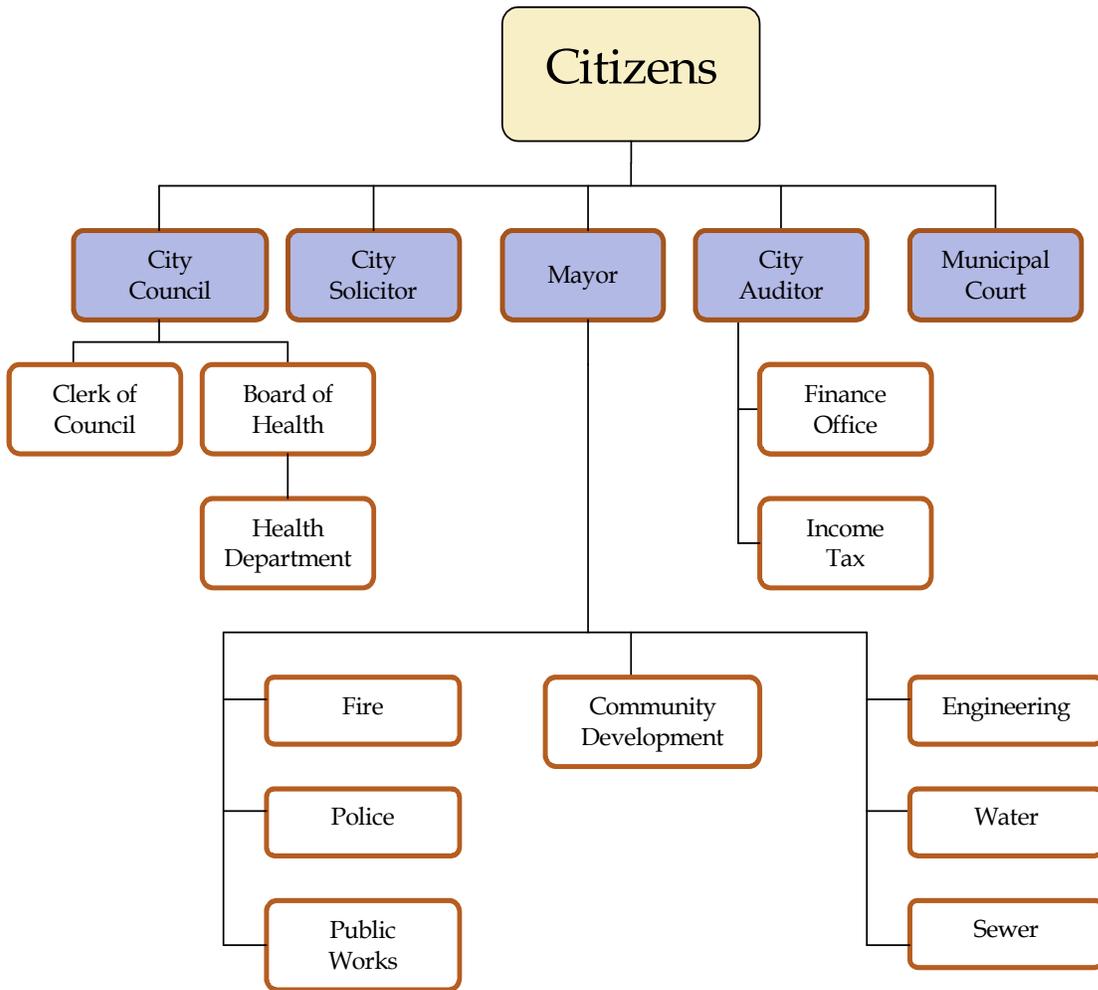
**List of Principal Officials  
For the Year Ended December 31, 2010**

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<u>Position</u>	<u>Name</u>	<u>Term of Office</u>	<u>Years with City</u>
<b><u>Executive</u></b> (Elected)			
Mayor	David A. Malone	01/04/10 - 01/05/14	7
City Auditor	M. Trent Williams	01/07/08 - 01/01/12	12
City Solicitor	Michael L. Jones	01/07/08 - 01/01/12	3
<b><u>Legislative</u></b> (Elected)			
		<u>Ward</u>	
President of Council	Kevin W. Johnson	1st	01/04/10 - 01/05/14
Member of Council	Vacant	2nd	01/02/06 - 01/03/10
Member of Council	Nicholas R. Basham	3rd	01/04/10 - 01/05/14
Member of Council	Jerrold L. Albrecht	4th	01/07/08 - 01/01/12
Member of Council	John R. Haas	5th	01/04/10 - 01/05/14
Member of Council	Richard E. Noel	6th	01/07/08 - 01/01/12
<b><u>Judicial</u></b> (Elected)			
Municipal Court Judge	Russell D. Kegley	01/01/06 - 12/31/11	8
Municipal Court Judge	Steven L. Mowery	01/01/10 - 12/31/15	1
<b><u>Administrative</u></b> (Appointed)			
Police Chief	Charles H. Horner, Jr.	Indefinite	30
Fire Chief	William V. Raison	Indefinite	20
Public Service Director	William M. Beaumont	Indefinite	4
Director of Water	Samuel J. Sutherland	Indefinite	22
Director of Waste Water	Randy A. Nickels	Indefinite	21
Community Development Director	Rebecca C. Steele	Indefinite	4
City Clerk	Jo Ann Aeh	Indefinite	25
Municipal Court Clerk	R. Leroy Kegley	Indefinite	32
Health Commissioner	Peggy J. Burton	Indefinite	31
Income Tax Commissioner	Barbara A. Doyle	Indefinite	25
Civil Service Secretary	David M. Huddleston	Indefinite	30
<b><u>Executive Offices:</u></b>			
<b>David A. Malone, Mayor</b> City of Portsmouth 728 Second Street, Room 1 Portsmouth, Ohio 45662 Ph: 740-354-8807 Fax: 740-354-8809 Email: dmalone@portsmouthoh.org	<b>M. Trent Williams, Auditor</b> City of Portsmouth 728 Second Street, Room 3 Portsmouth, Ohio 45662 Ph: 740-354-7751 Fax: 740-353-4583 Email: cityauditor@mail.com	<b>Michael L. Jones, Solicitor</b> City of Portsmouth 728 Second Street, Room 22 Portsmouth, Ohio 45662 Ph: 740-353-5229 Fax: 740-353-0136 Email: mljones@pmcourt.org	

**City Organizational Chart  
For the Year Ended December 31, 2010**

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 Elected

*Government Finance Officers Association of the United States and Canada  
Certificate of Achievement for Excellence in Financial Reporting*

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Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

City of Portsmouth  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2009

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



President

Executive Director

# *FINANCIAL SECTION*

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Portsmouth, Scioto County, Ohio (the City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

We were unable to obtain sufficient evidential matter supporting the methodology for allocating central service costs to funds other than the General Fund. Total costs allocated from the General Fund in 2010 were \$1,819,099. These costs were allocated to the Water Fund (\$1,238,837), Sewer Fund (\$195,500), Sanitation Fund (\$114,631), and Other Governmental Funds (\$270,131), which represent 19%, 8%, 8%, and 5% of expenses for the year ended December 31, 2010 in these opinion units, respectively. We were unable to determine the validity of the allocation methodology through alternative procedures.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine support for the allocation of central service costs to funds other than the General Fund, 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, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

As discussed in Note 18 to the basic financial statements, the City has suffered recurring losses from operations and has an unrestricted net asset deficiency. Further, as of June 27, 2011, the cash-basis unencumbered balance of the General Fund was a deficit balance of \$1,390,512. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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

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



**Dave Yost**  
Auditor of State

June 30, 2011

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, 2010. 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 2010 are as follows:

- ❑ In total, net assets increased \$2,587,533. Net assets of governmental activities decreased \$872,714, which represents a 3.7 % decrease from 2009. Net assets of business-type activities increased \$3,460,247, or 27.3% from 2009.
- ❑ General revenues accounted for \$11,673,727 in revenue or 37.6% of all revenues. Program specific revenues in the form of charges for services, and grants and contributions accounted for \$19,350,114 or 62.4% of total revenues of \$31,023,841.
- ❑ The City had \$17,725,107 in expenses related to governmental activities; only \$5,996,642 of these expenses were offset by program specific charges for services, grants or contributions.
- ❑ Among major funds, the general fund had \$10,127,180 in revenues and other financing sources and \$10,499,322 in expenditures and other financing uses. The general fund's fund balance decreased from \$(144,675) to \$(530,043).

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

These statements are as follows:

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

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

**Government-wide Statements**

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

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

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

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

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

**Fund Financial Statements**

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

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

**CITY OF PORTSMOUTH, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2010**

**Unaudited**

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

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

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

The following table provides a summary of the City's net assets for 2010 compared to 2009:

	Governmental Activities		Business-type Activities		Total	
	Restated		Restated			
	2010	2009	2010	2009	2010	2009
Current and other assets	\$10,315,367	\$12,055,672	\$5,051,059	\$4,779,906	\$15,366,426	\$16,835,578
Capital assets, Net	18,139,647	18,821,410	26,513,701	23,723,450	44,653,348	42,544,860
Total assets	28,455,014	30,877,082	31,564,760	28,503,356	60,019,774	59,380,438
Long-term debt outstanding	3,075,592	3,190,117	14,632,698	15,010,289	17,708,290	18,200,406
Other liabilities	2,625,859	4,060,688	776,623	797,875	3,402,482	4,858,563
Total liabilities	5,701,451	7,250,805	15,409,321	15,808,164	21,110,772	23,058,969
Net assets						
Invested in capital assets, net of related debt	17,777,202	17,772,546	13,226,718	10,048,483	31,003,920	27,821,029
Restricted	6,165,793	6,422,601	930,461	873,786	7,096,254	7,296,387
Unrestricted	(1,189,432)	(568,870)	1,998,260	1,772,923	808,828	1,204,053
Total net assets	\$22,753,563	\$23,626,277	\$16,155,439	\$12,695,192	\$38,909,002	\$36,321,469

**CITY OF PORTSMOUTH, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2010**

**Unaudited**

Changes in Net Assets – The following table shows the changes in net assets for 2010 compared to 2009:

	Governmental		Business-type		Total	
	Activities		Activities			
	2010	Restated 2009	2010	Restated 2009	2010	2009
Revenues						
Program Revenues:						
Charges for Services and Sales	\$1,810,053	\$2,035,652	\$10,592,348	\$9,596,221	\$12,402,401	\$11,631,873
Operating Grants and Contributions	4,186,589	4,860,973	0	0	4,186,589	4,860,973
Capital Grants and Contributions	0	0	2,761,124	205,427	2,761,124	205,427
Total Program Revenues	<u>5,996,642</u>	<u>6,896,625</u>	<u>13,353,472</u>	<u>9,801,648</u>	<u>19,350,114</u>	<u>16,698,273</u>
General revenues:						
Property Taxes	2,705,893	2,866,279	0	0	2,705,893	2,866,279
Income Taxes	6,705,817	6,573,256	0	0	6,705,817	6,573,256
Other Local Taxes	279,059	343,294	0	0	279,059	343,294
Intergovernmental Revenue, Unrestricted	1,707,566	1,815,651	0	0	1,707,566	1,815,651
Investment Earnings	686	2,347	0	0	686	2,347
Miscellaneous	274,706	635,052	0	0	274,706	635,052
Total General Revenues	<u>11,673,727</u>	<u>12,235,879</u>	<u>0</u>	<u>0</u>	<u>11,673,727</u>	<u>12,235,879</u>
Total Revenues	<u>17,670,369</u>	<u>19,132,504</u>	<u>13,353,472</u>	<u>9,801,648</u>	<u>31,023,841</u>	<u>28,934,152</u>
Program Expenses						
Security of Persons and Property	7,783,737	8,048,728	0	0	7,783,737	8,048,728
Public Health and Welfare Services	3,148,969	3,044,217	0	0	3,148,969	3,044,217
Leisure Time Activities	68,553	67,947	0	0	68,553	67,947
Community Environment	547,482	750,737	0	0	547,482	750,737
Transportation	2,394,638	2,471,165	0	0	2,394,638	2,471,165
General Government	3,655,472	4,099,865	0	0	3,655,472	4,099,865
Interest and Fiscal Charges	126,256	158,928	0	0	126,256	158,928
Water	0	0	6,683,628	6,383,345	6,683,628	6,383,345
Sewer	0	0	2,575,805	2,634,267	2,575,805	2,634,267
Sanitation	0	0	1,438,197	1,396,175	1,438,197	1,396,175
Primary Care	0	0	13,571	82,577	13,571	82,577
Total Expenses	<u>17,725,107</u>	<u>18,641,587</u>	<u>10,711,201</u>	<u>10,496,364</u>	<u>28,436,308</u>	<u>29,137,951</u>
Change in Net Assets before transfers	(54,738)	490,917	2,642,271	(694,716)	2,587,533	(203,799)
Transfers	<u>(817,976)</u>	<u>(62,500)</u>	<u>817,976</u>	<u>62,500</u>	<u>0</u>	<u>0</u>
Total Change in Net Assets	(872,714)	428,417	3,460,247	(632,216)	2,587,533	(203,799)
Beginning Net Assets	<u>23,626,277</u>	<u>23,197,860</u>	<u>12,695,192</u>	<u>13,327,408</u>	<u>36,321,469</u>	<u>36,525,268</u>
Ending Net Assets	<u>\$22,753,563</u>	<u>\$23,626,277</u>	<u>\$16,155,439</u>	<u>\$12,695,192</u>	<u>\$38,909,002</u>	<u>\$36,321,469</u>

**CITY OF PORTSMOUTH, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2010**

**Unaudited**

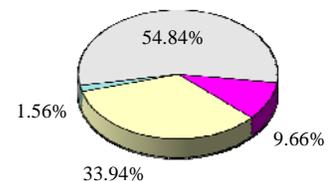
**Governmental Activities**

Net assets of the City's governmental activities decreased by \$872,714. The decrease in Net Assets is the result of governmental activities transferring over \$800,000 to business-type activities to partially pay for capital leases.

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

Income taxes and property taxes made up 37.9% and 15.3% respectively of revenues for governmental activities for the City in fiscal year 2010. The City's reliance upon tax revenues is demonstrated by the following graph indicating 54.84% of total revenues from general tax revenues:

Revenue Sources	2010	Percent of Total
General Tax Revenues	\$9,690,769	54.84%
Intergovernmental Revenue, Unrestricted	1,707,566	9.66%
Program Revenues	5,996,642	33.94%
General Other	275,392	1.56%
<b>Total Revenue</b>	<b>\$17,670,369</b>	<b>100.00%</b>



**Business-Type Activities**

Net assets of the business-type activities increased by \$3,460,247. The increase in net assets is a result of receiving \$2.8 million in American Recovery and Reinvestment Act stimulus money and an increase in revenue from the installation of new water meters the previous year which improved the accuracy of measuring water usage.

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

The City's governmental funds reported a combined fund balance of \$3,586,641, which is a decrease from last year's balance of \$4,272,597. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2010 and 2009:

	Fund Balance December 31, 2010	Restated Fund Balance December 31, 2009	Increase (Decrease)
General	(\$530,043)	(\$144,675)	(\$385,368)
General Obligation Bond Retirement	40,553	11,191	29,362
Capital Improvement	1,312,261	1,161,246	151,015
Other Governmental	2,763,870	3,244,835	(480,965)
<b>Total</b>	<b>\$3,586,641</b>	<b>\$4,272,597</b>	<b>(\$685,956)</b>

**CITY OF PORTSMOUTH, OHIO**

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**Management's Discussion and Analysis  
For the Year Ended December 31, 2010**

**Unaudited**

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

	2010 Revenues	2009 Revenues	Increase (Decrease)
Property and Other Taxes	\$7,150,530	\$7,189,959	(\$39,429)
Intergovernmental Revenue	1,601,581	1,780,521	(178,940)
Charges for Services	341,939	365,745	(23,806)
Licenses and Permits	225,134	199,095	26,039
Investment Earnings	621	1,731	(1,110)
Fines and Forfeitures	579,418	646,006	(66,588)
All Other Revenue	182,588	128,770	53,818
Total	<u>\$10,081,811</u>	<u>\$10,311,827</u>	<u>(\$230,016)</u>

General Fund revenues in 2010 decreased approximately 2.2% compared to revenues in fiscal year 2010. The decrease in revenue was the result of a decrease in the City's share of estate taxes (intergovernmental revenue) of approximately \$300,000.

	2010 Expenditures	2009 Expenditures	Increase (Decrease)
Security of Persons and Property	\$6,374,381	\$7,117,455	(\$743,074)
Public Health and Welfare Services	713,287	678,939	34,348
Community Environment	217,760	200,560	17,200
Transportation	342,035	373,888	(31,853)
General Government	2,833,859	2,807,365	26,494
Total	<u>\$10,481,322</u>	<u>\$11,178,207</u>	<u>(\$696,885)</u>

General Fund expenditures decreased by \$696,885 or 6.2% compared to the prior year. The decrease is the result of not filling vacant positions in the Fire Department and all unions agreeing to forego the contractually obligated 3% salary increase for 2010.

*General Obligation Bond Retirement Fund* – The General Obligation Bond Retirement Fund balance increased from \$11,191 to \$40,553. The fund remained stable compared to 2009.

*Capital Improvement Fund* - The Capital Improvement Fund balance increased from \$1,161,246 to \$1,312,261. The City reduced its capital improvement spending in order to build up its reserves in anticipation of future spending needs.

**CITY OF PORTSMOUTH, OHIO**

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***Management's Discussion and Analysis  
For the Year Ended December 31, 2010***

***Unaudited***

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

During the course of 2010 the City amended its General Fund budget several times, decreasing the budget from the original \$10,785,505 to \$10,477,137 in order to maintain expenditures below actual receipts.

For the General Fund, final budget basis revenue of \$10,170,000 decreased from original budget estimates of \$11,090,000. The actual revenues of \$10,146,856 were not significantly different than the final budget basis revenue.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of 2010 the City had \$44,653,348 net of accumulated depreciation invested in buildings, improvements, equipment, vehicles and infrastructure. Of this total, \$18,139,647 was related to governmental activities and \$26,513,701 to the business-type activities. The following table shows 2010 and 2009 balances:

	Governmental Activities		Increase (Decrease)
	2010	2009	
Land	\$1,826,884	\$1,826,884	\$0
Buildings	6,440,389	6,280,239	160,150
Improvements	2,135,500	2,135,500	0
Machinery and Equipment	9,412,448	9,407,854	4,594
Infrastructure	28,485,790	28,305,761	180,029
Less: Accumulated Depreciation	(30,161,364)	(29,134,828)	(1,026,536)
Totals	<u>\$18,139,647</u>	<u>\$18,821,410</u>	<u>(\$681,763)</u>

The primary reason for the decrease was depreciation expense. The decrease was partially offset by the roof replacement on the municipal building and street paving.

**CITY OF PORTSMOUTH, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2010**

**Unaudited**

	Business-Type Activities		Increase (Decrease)
	2010	2009	
Land	\$63,504	\$63,504	\$0
Construction in Progress	6,958,248	3,017,259	3,940,989
Buildings	1,932,546	1,924,516	8,030
Improvements other than Buildings	24,037,653	23,921,037	116,616
Machinery and Equipment	14,063,488	14,320,503	(257,015)
Less: Accumulated Depreciation	(20,541,738)	(19,523,369)	(1,018,369)
Totals	\$26,513,701	\$23,723,450	\$2,790,251

Business type capital assets increased by \$2,790,251. The major addition was construction in progress, which includes the Lawson Run Wastewater Treatment Plant Improvements at a cost of approximately \$3.8 million. Additional information on the City's capital assets can be found in Note 9.

**Debt**

At December 31, 2010, the City had \$1,645,000 in General Obligation Bonds outstanding, \$60,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2010 and 2009:

	2010	2009
Governmental Activities:		
General Obligation Bond	\$1,645,000	\$1,705,000
Compensated Absences	655,507	656,894
Capital Leases	775,085	828,223
Total Governmental Activities	\$3,075,592	\$3,190,117
Business-Type Activities:		
Ohio Public Works Commission Loan	\$995,000	\$1,060,000
Water Refunding Revenue Bond	2,575,000	2,995,045
Ohio Water Development Authority Loan	4,881,242	3,968,134
Compensated Absences	71,540	85,279
Capital Leases	6,109,916	6,901,831
Total Business-Type Activities	14,632,698	15,010,289
Totals	\$17,708,290	\$18,200,406

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, 2010, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 13.

**ECONOMIC FACTORS**

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

**REQUESTS FOR INFORMATION**

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

**CITY OF PORTSMOUTH, OHIO**

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**Statement of Net Assets**  
**December 31, 2010**

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	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 2,377,053	\$ 1,388,243	\$ 3,765,296
Receivables:			
Taxes	3,209,066	0	3,209,066
Accounts	419,854	2,384,782	2,804,636
Intergovernmental	3,868,955	0	3,868,955
Loans	97,298	0	97,298
Internal Balances	123,617	(123,617)	0
Inventory of Supplies at Cost	21,518	82,094	103,612
Prepaid Items	13,632	14,324	27,956
Deferred Charge	0	73,534	73,534
Restricted Assets:			
Cash and Cash Equivalents	184,374	1,231,699	1,416,073
Capital Assets:			
Capital Assets Not Being Depreciated	1,826,884	7,021,752	8,848,636
Capital Assets Being Depreciated, Net of Accumulated Depreciation	16,312,763	19,491,949	35,804,712
<b>Total Assets</b>	<b>28,455,014</b>	<b>31,564,760</b>	<b>60,019,774</b>
<b>Liabilities:</b>			
Accounts Payable	141,491	185,573	327,064
Accrued Wages and Benefits	16,389	7,660	24,049
Intergovernmental Payable	588,119	255,738	843,857
Claims Payable	35,313	0	35,313
Refundable Deposits	0	301,238	301,238
Unearned Revenue	1,815,000	0	1,815,000
Accrued Interest Payable	29,547	26,414	55,961
Long-term Liabilities:			
Due within one year	208,157	1,594,051	1,802,208
Due in more than one year	2,867,435	13,038,647	15,906,082
<b>Total Liabilities</b>	<b>5,701,451</b>	<b>15,409,321</b>	<b>21,110,772</b>

**CITY OF PORTSMOUTH, OHIO**

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	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	17,777,202	13,226,718	31,003,920
Restricted For:			
Streets and Highways	430,817	0	430,817
Community Development	1,557,833	0	1,557,833
Security of Persons and Property	1,834,467	0	1,834,467
Public Health and Welfare	759,888	0	759,888
Capital Projects	1,337,872	0	1,337,872
Debt Service	60,542	930,461	991,003
Perpetual Care:			
Expendable	157,531	0	157,531
Nonexpendable	26,843	0	26,843
Unrestricted (Deficit)	<u>(1,189,432)</u>	<u>1,998,260</u>	<u>808,828</u>
<b>Total Net Assets</b>	<b><u>\$ 22,753,563</u></b>	<b><u>\$ 16,155,439</u></b>	<b><u>\$ 38,909,002</u></b>

See accompanying notes to the basic financial statements

**CITY OF PORTSMOUTH, OHIO**

**Statement of Activities  
For the Year Ended December 31, 2010**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Security of Persons and Property	\$ 7,783,737	\$ 782,236	\$ 134,222	\$ 0
Public Health and Welfare Services	3,148,969	367,324	2,087,991	0
Leisure Time Activities	68,553	76,784	1,943	0
Community Environment	547,482	114,273	914,190	0
Transportation	2,394,638	37,253	947,933	0
General Government	3,655,472	432,183	100,310	0
Interest and Fiscal Charges	126,256	0	0	0
<b>Total Governmental Activities</b>	<b>17,725,107</b>	<b>1,810,053</b>	<b>4,186,589</b>	<b>0</b>
<b>Business-Type Activities:</b>				
Water	6,683,628	6,264,595	0	49,582
Sewer	2,575,805	2,915,708	0	2,711,542
Sanitation	1,438,197	1,375,636	0	0
Primary Care	13,571	36,409	0	0
<b>Total Business-Type Activities</b>	<b>10,711,201</b>	<b>10,592,348</b>	<b>0</b>	<b>2,761,124</b>
<b>Totals</b>	<b>\$ 28,436,308</b>	<b>\$ 12,402,401</b>	<b>\$ 4,186,589</b>	<b>\$ 2,761,124</b>

**General Revenues**

Property Taxes Levied for:

General Purposes

Special Purpose

Debt Service

Income Taxes

Other Local Taxes

Intergovernmental Revenue, Unrestricted

Investment Earnings

Miscellaneous

Transfers

**Total General Revenues and Transfers**

Change in Net Assets

Net Assets Beginning of Year, restated

**Net Assets End of Year**

See accompanying notes to the basic financial statements

**CITY OF PORTSMOUTH, OHIO**

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Net (Expense) Revenue  
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (6,867,279)	\$ 0	\$ (6,867,279)
(693,654)	0	(693,654)
10,174	0	10,174
480,981	0	480,981
(1,409,452)	0	(1,409,452)
(3,122,979)	0	(3,122,979)
(126,256)	0	(126,256)
<u>(11,728,465)</u>	<u>0</u>	<u>(11,728,465)</u>
0	(369,451)	(369,451)
0	3,051,445	3,051,445
0	(62,561)	(62,561)
0	22,838	22,838
<u>0</u>	<u>2,642,271</u>	<u>2,642,271</u>
<u>(11,728,465)</u>	<u>2,642,271</u>	<u>(9,086,194)</u>
1,735,968	0	1,735,968
331,289	0	331,289
638,636	0	638,636
6,705,817	0	6,705,817
279,059	0	279,059
1,707,566	0	1,707,566
686	0	686
274,706	0	274,706
(817,976)	817,976	0
<u>10,855,751</u>	<u>817,976</u>	<u>11,673,727</u>
(872,714)	3,460,247	2,587,533
<u>23,626,277</u>	<u>12,695,192</u>	<u>36,321,469</u>
<u>\$ 22,753,563</u>	<u>\$ 16,155,439</u>	<u>\$ 38,909,002</u>

**CITY OF PORTSMOUTH, OHIO**

**Balance Sheet  
Governmental Funds  
December 31, 2010**

	General	General Obligation Bond Retirement	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 0	\$ 40,553	\$ 25,539	\$ 2,310,961	\$ 2,377,053
Receivables:					
Taxes	2,501,244	166,337	191,544	349,941	3,209,066
Accounts	243,286	0	0	175,968	419,254
Intergovernmental	763,623	11,199	0	3,094,133	3,868,955
Loans	0	0	0	97,298	97,298
Due from Other Funds	0	0	1,119,878	24,453	1,144,331
Inventory of Supplies, at Cost	13,366	0	0	8,152	21,518
Prepaid Items	6,132	0	911	6,589	13,632
Restricted Assets:					
Cash and Cash Equivalents	0	0	0	184,374	184,374
<b>Total Assets</b>	<b>\$ 3,527,651</b>	<b>\$ 218,089</b>	<b>\$ 1,337,872</b>	<b>\$ 6,251,869</b>	<b>\$ 11,335,481</b>
<b>Liabilities:</b>					
Accounts Payable	\$ 70,044	\$ 0	\$ 0	\$ 71,309	\$ 141,353
Accrued Wages and Benefits Payable	12,159	0	0	4,230	16,389
Intergovernmental Payable	479,049	0	0	109,070	588,119
Due to Other Funds	963,367	0	0	93,777	1,057,144
Deferred Revenue	2,533,075	177,536	25,611	3,209,613	5,945,835
<b>Total Liabilities</b>	<b>4,057,694</b>	<b>177,536</b>	<b>25,611</b>	<b>3,487,999</b>	<b>7,748,840</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	0	0	212,074	190,854	402,928
Reserved for Prepaid Items	6,132	0	911	6,589	13,632
Reserved for Supplies Inventory	13,366	0	0	8,152	21,518
Reserved for Debt Service	0	40,553	0	0	40,553
Reserved for Endowments	0	0	0	26,843	26,843
Unreserved, Undesignated in:					
General Fund	(549,541)	0	0	0	(549,541)
Capital Projects Fund	0	0	1,099,276	0	1,099,276
Special Revenue Funds	0	0	0	2,373,901	2,373,901
Permanent Fund	0	0	0	157,531	157,531
<b>Total Fund Balances</b>	<b>(530,043)</b>	<b>40,553</b>	<b>1,312,261</b>	<b>2,763,870</b>	<b>3,586,641</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,527,651</b>	<b>\$ 218,089</b>	<b>\$ 1,337,872</b>	<b>\$ 6,251,869</b>	<b>\$ 11,335,481</b>

See accompanying notes to the basic financial statements

**CITY OF PORTSMOUTH, OHIO**

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***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
December 31, 2010***

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<b>Total Governmental Fund Balances</b>		\$	3,586,641
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>			
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.			18,139,647
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			4,130,835
Internal Service Funds are used by management to charge the costs of insurance and use of supplies to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.			1,579
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General Obligation Bonds Payable	(1,645,000)		
Capital Leases Payable	(775,085)		
Compensated Absences Payable	(655,507)		
Accrued Interest Payable	(29,547)		
			<u>(3,105,139)</u>
<b><i>Net Assets of Governmental Activities</i></b>		\$	<u>22,753,563</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, 2010**

	General	General Obligation Bond Retirement	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 7,150,530	\$ 758,404	\$ 1,433,413	\$ 358,790	\$ 9,701,137
Intergovernmental Revenues	1,601,581	116,048	0	3,669,033	5,386,662
Charges for Services	341,939	0	0	174,598	516,537
Licenses and Permits	225,134	0	0	1,081	226,215
Investment Earnings	621	0	0	65	686
Fines and Forfeitures	579,418	0	0	515,600	1,095,018
All Other Revenue	182,588	0	0	136,627	319,215
<b>Total Revenue</b>	<b>10,081,811</b>	<b>874,452</b>	<b>1,433,413</b>	<b>4,855,794</b>	<b>17,245,470</b>
<b>Expenditures:</b>					
Current:					
Security of Persons and Property	6,374,381	0	0	1,073,243	7,447,624
Public Health and Welfare Services	713,287	0	0	2,391,243	3,104,530
Leisure Time Activities	0	0	0	53,261	53,261
Community Environment	217,760	0	0	268,472	486,232
Transportation	342,035	0	0	988,912	1,330,947
General Government	2,833,859	0	0	546,961	3,380,820
Capital Outlay	0	0	1,069,168	0	1,069,168
Debt Service:					
Principal Retirement	0	60,000	182,748	0	242,748
Interest and Fiscal Charges	0	91,490	35,716	0	127,206
<b>Total Expenditures</b>	<b>10,481,322</b>	<b>151,490</b>	<b>1,287,632</b>	<b>5,322,092</b>	<b>17,242,536</b>
Excess (Deficiency) of Revenues Over Expenditures	(399,511)	722,962	145,781	(466,298)	2,934
<b>Other Financing Sources (Uses):</b>					
Sale of Capital Assets	45,369	0	0	0	45,369
Other Financing Source - Capital Lease	0	0	129,610	0	129,610
Transfers In	0	0	693,600	18,000	711,600
Transfers Out	(18,000)	(693,600)	(817,976)	0	(1,529,576)
<b>Total Other Financing Sources (Uses)</b>	<b>27,369</b>	<b>(693,600)</b>	<b>5,234</b>	<b>18,000</b>	<b>(642,997)</b>
Net Change in Fund Balances	(372,142)	29,362	151,015	(448,298)	(640,063)
<b>Fund Balances at Beginning of Year, restated</b>	<b>(144,675)</b>	<b>11,191</b>	<b>1,161,246</b>	<b>3,244,835</b>	<b>4,272,597</b>
Decrease in Inventory Reserve	(13,226)	0	0	(32,667)	(45,893)
<b>Fund Balances End of Year</b>	<b>\$ (530,043)</b>	<b>\$ 40,553</b>	<b>\$ 1,312,261</b>	<b>\$ 2,763,870</b>	<b>\$ 3,586,641</b>

See accompanying notes to the basic financial statements

**CITY OF PORTSMOUTH, OHIO**

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***Reconciliation Of The Statement Of Revenues, Expenditures  
And Changes In Fund Balances Of Governmental Funds  
To The Statement Of Activities  
For the Year Ended December 31, 2010***

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**Net Change in Fund Balances - Total Governmental Funds** \$ (640,063)

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

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

Capital Outlay	1,183,576	
Depreciation Expense	<u>(1,770,474)</u>	(586,898)

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

The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets.	(94,865)
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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.	379,530
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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 assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Capital Leases Issued	(129,610)
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Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

General Obligation Bonds Payable	60,000	
Capital Leases Payable	<u>182,748</u>	242,748

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	950
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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	1,387	
Change in Inventory	<u>(45,893)</u>	<u>(44,506)</u>

<b><i>Change in Net Assets of Governmental Activities</i></b>	<b><u>\$ (872,714)</u></b>
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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, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 7,057,000	\$ 7,135,000	\$ 7,150,615	\$ 15,615
Intergovernmental Revenue	2,015,000	1,574,000	1,570,546	(3,454)
Charges for Services	665,000	365,000	350,826	(14,174)
Licenses and Permits	215,000	215,000	225,134	10,134
Investment Earnings	10,000	10,000	621	(9,379)
Fines and Forfeitures	640,000	640,000	619,516	(20,484)
All Other Revenues	488,000	186,000	184,229	(1,771)
Total Revenues	<u>11,090,000</u>	<u>10,125,000</u>	<u>10,101,487</u>	<u>(23,513)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	6,516,310	6,330,292	6,310,071	20,221
Public Health and Welfare Services	705,004	715,554	706,865	8,689
Community Environment	234,897	219,497	215,085	4,412
Transportation	333,695	341,695	333,133	8,562
General Government	2,977,599	2,852,099	2,780,813	71,286
Total Expenditures	<u>10,767,505</u>	<u>10,459,137</u>	<u>10,345,967</u>	<u>113,170</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	322,495	(334,137)	(244,480)	89,657
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	45,000	45,369	369
Transfers Out	(18,000)	(18,000)	(18,000)	0
Total Other Financing Sources (Uses):	<u>(18,000)</u>	<u>27,000</u>	<u>27,369</u>	<u>369</u>
Net Change in Fund Balance	304,495	(307,137)	(217,111)	90,026
Fund Balance at Beginning of Year	(533,059)	(533,059)	(533,059)	0
Prior Year Encumbrances	26,134	26,134	26,134	0
Fund Balance at End of Year	<u>\$ (202,430)</u>	<u>\$ (814,062)</u>	<u>\$ (724,036)</u>	<u>\$ 90,026</u>

See accompanying notes to the basic financial statements

**CITY OF PORTSMOUTH, OHIO**

**Statement of Net Assets  
Proprietary Funds  
December 31, 2010**

	Business-Type Activities		
	Enterprise Funds		
	Major		
	Water	Sewer	Sanitation
<b>ASSETS</b>			
Current assets:			
Cash and Cash Equivalents	\$ 692,208	\$ 583,799	\$ 94,904
Accounts receivable (net of allowance for uncollectibles)	1,470,612	617,633	296,537
Due from Other Funds	0	0	0
Inventory of Supplies at Cost	58,996	14,734	0
Prepaid Items	5,286	5,041	3,997
Total current assets	<u>2,227,102</u>	<u>1,221,207</u>	<u>395,438</u>
Noncurrent assets:			
Restricted Assets:			
Cash and Cash Equivalents	1,231,699	0	0
Deferred Charges	73,534	0	0
Capital assets:			
Capital Assets Not Being Depreciated	50,653	6,971,099	0
Capital Assets Being Depreciated, net of accumulated depreciation	<u>17,699,360</u>	<u>927,381</u>	<u>865,208</u>
Total capital assets	<u>17,750,013</u>	<u>7,898,480</u>	<u>865,208</u>
Total noncurrent assets	<u>19,055,246</u>	<u>7,898,480</u>	<u>865,208</u>
Total assets	<u>21,282,348</u>	<u>9,119,687</u>	<u>1,260,646</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts Payable	61,050	99,803	22,987
Accrued Wages and Benefits	6,722	664	274
Intergovernmental Payable	157,345	69,153	29,165
Claims Payable	0	0	0
Refundable Deposits	301,238	0	0
Due to Other Funds	68,615	34,390	19,033
Accrued Interest Payable	26,414	0	0
Capital Leases Payable - Current	541,195	193,356	90,842
Revenue Bond Payable - Current	475,000	0	0
OWDA Loans Payable - Current	151,343	68,940	0
OPWC Loans Payable - Current	0	65,000	0
Compensated Absences Payable - Current	6,138	2,019	218
Total Current Liabilities	<u>1,795,060</u>	<u>533,325</u>	<u>162,519</u>

**CITY OF PORTSMOUTH, OHIO**

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<u>Nonmajor</u>		Governmental Activities - Internal Service
<u>Primary Care</u>	<u>Total</u>	<u>Funds</u>
\$ 17,332	\$ 1,388,243	\$ 0
0	2,384,782	600
0	0	426,669
8,364	82,094	0
0	14,324	0
<u>25,696</u>	<u>3,869,443</u>	<u>427,269</u>
0	1,231,699	0
0	73,534	0
0	7,021,752	0
0	19,491,949	0
0	26,513,701	0
0	27,818,934	0
<u>25,696</u>	<u>31,688,377</u>	<u>427,269</u>
1,733	185,573	138
0	7,660	0
75	255,738	0
0	0	35,313
0	301,238	0
0	122,038	391,818
0	26,414	0
0	825,393	0
0	475,000	0
0	220,283	0
0	65,000	0
0	8,375	0
<u>1,808</u>	<u>2,492,712</u>	<u>427,269</u>

(Continued)

**CITY OF PORTSMOUTH, OHIO**

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**Statement of Net Assets  
Proprietary Funds  
December 31, 2010**

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	Business-Type Activities		
	Enterprise Funds		
	Major		
	Water	Sewer	Sanitation
Noncurrent Liabilities:			
Capital Leases Payable	4,048,551	1,141,306	94,666
Revenue Bonds Payable	2,100,000	0	0
OWDA Loans Payable	3,206,047	1,454,912	0
OPWC Loans Payable	0	930,000	0
Compensated Absences Payable	47,533	14,310	1,322
Total noncurrent liabilities	9,402,131	3,540,528	95,988
<b>Total Liabilities</b>	<b>11,197,191</b>	<b>4,073,853</b>	<b>258,507</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	7,301,411	5,245,607	679,700
Restricted for Debt Service	930,461	0	0
Unrestricted	1,853,285	(199,773)	322,439
Total Net Assets	<u>\$ 10,085,157</u>	<u>\$ 5,045,834</u>	<u>\$ 1,002,139</u>

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

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

See accompanying notes to the basic financial statements

**CITY OF PORTSMOUTH, OHIO**

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<u>Nonmajor</u>		Governmental Activities - Internal Service Funds
Primary Care	Total	
0	5,284,523	0
0	2,100,000	0
0	4,660,959	0
0	930,000	0
0	63,165	0
0	13,038,647	0
1,808	15,531,359	427,269
0	13,226,718	0
0	930,461	0
23,888	1,999,839	0
<u>\$ 23,888</u>	<u>\$ 16,157,018</u>	<u>\$ 0</u>

(1,579)  
\$ 16,155,439

**CITY OF PORTSMOUTH, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2010**

	Business-Type Activities		
	Enterprise Funds		
	Major		
	Water	Sewer	Sanitation
<b>Operating Revenues:</b>			
Charges for Services	\$ 6,186,838	\$ 2,901,300	\$ 1,375,636
Other Operating Revenues	77,670	2,778	0
<b>Total Operating Revenues</b>	<b>6,264,508</b>	<b>2,904,078</b>	<b>1,375,636</b>
<b>Operating Expenses:</b>			
Personal Services	3,728,483	1,660,749	748,781
Contractual Services	644,860	521,558	351,997
Materials and Supplies	772,547	198,994	142,140
Depreciation	1,075,190	113,377	102,756
<b>Total Operating Expenses</b>	<b>6,221,080</b>	<b>2,494,678</b>	<b>1,345,674</b>
<b>Operating Income (Loss)</b>	<b>43,428</b>	<b>409,400</b>	<b>29,962</b>
<b>Non-Operating Revenue (Expenses):</b>			
Interest Income	87	76	0
Interest and Fiscal Charges	(462,548)	(81,127)	(11,480)
Loss on Disposal of Capital Assets	0	0	(81,043)
Other Nonoperating Revenue	0	11,554	0
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(462,461)</b>	<b>(69,497)</b>	<b>(92,523)</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(419,033)</b>	<b>339,903</b>	<b>(62,561)</b>
Capital Contributions	49,582	2,711,542	0
Transfers In	717,976	100,000	0
<b>Change in Net Assets</b>	<b>348,525</b>	<b>3,151,445</b>	<b>(62,561)</b>
Net Assets Beginning of Year, restated	9,736,632	1,894,389	1,064,700
<b>Net Assets End of Year</b>	<b>\$ 10,085,157</b>	<b>\$ 5,045,834</b>	<b>\$ 1,002,139</b>

See accompanying notes to the basic financial statements

**CITY OF PORTSMOUTH, OHIO**

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<u>Nonmajor</u>		Governmental	
<u>Primary Care</u>	<u>Total</u>	Activities -	
		Internal Service	
		Funds	
\$ 36,251	\$ 10,500,025	\$ 309,797	
158	80,606	0	
<u>36,409</u>	<u>10,580,631</u>	<u>309,797</u>	
2,133	6,140,146	309,797	
107	1,518,522	0	
11,331	1,125,012	0	
0	1,291,323	0	
<u>13,571</u>	<u>10,075,003</u>	<u>309,797</u>	
22,838	505,628	0	
0	163	0	
0	(555,155)	0	
0	(81,043)	0	
0	11,554	0	
<u>0</u>	<u>(624,481)</u>	<u>0</u>	
22,838	(118,853)	0	
0	2,761,124	0	
0	817,976	0	
22,838	3,460,247	0	
1,050	12,696,771	0	
<u>\$ 23,888</u>	<u>\$ 16,157,018</u>	<u>\$ 0</u>	

**CITY OF PORTSMOUTH, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2010**

	Business-Type Activities		
	Enterprise Funds		
	Major		
	Water	Sewer	Sanitation
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$5,927,736	\$2,860,012	\$1,363,688
Cash Payments for Goods and Services	(1,588,660)	(683,230)	(469,298)
Cash Payments to Employees	(3,697,632)	(1,661,954)	(754,401)
Customer Deposits Received	115,328	0	0
Customer Deposits Refunded	(99,755)	0	0
Net Cash Provided (Used) by Operating Activities	<u>657,017</u>	<u>514,828</u>	<u>139,989</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Loan from Other Funds	0	0	0
Loan Repayment to Other Funds	0	0	0
Transfers In from Other Funds	717,976	100,000	0
Principal Paid on Ohio Public Works Commission Loan	0	(30,000)	0
Net Cash Provided by Noncapital Financing Activities	<u>717,976</u>	<u>70,000</u>	<u>0</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Proceeds from Ohio Water Development Authority Loan	45,034	1,017,449	0
Proceeds from Intergovernmental Grants	49,582	2,711,542	0
Acquisition and Construction of Assets	(167,619)	(3,930,896)	0
Principal Paid on Mortgage Revenue Bond	(455,000)	0	0
Principal Paid on Ohio Public Works Commission Loan	0	(35,000)	0
Principal Paid on Ohio Water Development Authority Loan	(140,118)	(9,257)	0
Capital Lease Payment	(519,646)	(185,098)	(87,171)
Interest Paid on All Debt	(417,151)	(81,127)	(11,480)
Net Cash Used by Capital and Related Financing Activities	<u>(1,604,918)</u>	<u>(512,387)</u>	<u>(98,651)</u>
<u>Cash Flows from Investing Activities:</u>			
Receipt of Interest	87	76	0
Net Cash Provided by Investing Activities	<u>87</u>	<u>76</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(229,838)	72,517	41,338
Cash and Cash Equivalents at Beginning of Year, restated	<u>2,153,745</u>	<u>511,282</u>	<u>53,566</u>
Cash and Cash Equivalents at End of Year	<u>\$1,923,907</u>	<u>\$583,799</u>	<u>\$94,904</u>
<u>Reconciliation of Cash and Cash Equivalent per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$692,208	\$583,799	\$94,904
Restricted Cash and Cash Equivalents	<u>1,231,699</u>	<u>0</u>	<u>0</u>
Cash and Cash Equivalents at End of Year	<u>\$1,923,907</u>	<u>\$583,799</u>	<u>\$94,904</u>

**CITY OF PORTSMOUTH, OHIO**

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Nonmajor		Governmental -Activities Internal Service Funds
Primary Care	Total	
\$36,409	\$10,187,845	\$132,403
(14,142)	(2,755,330)	(310,473)
(4,935)	(6,118,922)	0
0	115,328	0
0	(99,755)	0
<u>17,332</u>	<u>1,329,166</u>	<u>(178,070)</u>
0	0	391,818
0	0	(213,748)
0	817,976	0
<u>0</u>	<u>(30,000)</u>	<u>0</u>
<u>0</u>	<u>787,976</u>	<u>178,070</u>
0	1,062,483	0
0	2,761,124	0
0	(4,098,515)	0
0	(455,000)	0
0	(35,000)	0
0	(149,375)	0
0	(791,915)	0
<u>0</u>	<u>(509,758)</u>	<u>0</u>
<u>0</u>	<u>(2,215,956)</u>	<u>0</u>
<u>0</u>	<u>163</u>	<u>0</u>
<u>0</u>	<u>163</u>	<u>0</u>
17,332	(98,651)	0
<u>0</u>	<u>2,718,593</u>	<u>0</u>
<u>\$17,332</u>	<u>\$2,619,942</u>	<u>\$0</u>
\$17,332	\$1,388,243	\$0
<u>0</u>	<u>1,231,699</u>	<u>0</u>
<u>\$17,332</u>	<u>\$2,619,942</u>	<u>\$0</u>

(Continued)

**CITY OF PORTSMOUTH, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2010**

	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)	\$43,428	\$409,400	\$29,962
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	1,075,190	113,377	102,756
Miscellaneous Nonoperating Revenue	0	11,554	0
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	(336,772)	(55,620)	(11,948)
Increase in Due from Other Funds	0	0	0
(Increase) Decrease in Inventory	(40,887)	17,858	1,391
(Increase) Decrease in Prepaid Items	(163)	(3,065)	1,114
Increase (Decrease) in Accounts Payable	(130,203)	22,529	22,540
Increase (Decrease) in Intergovernmental Payable	6,720	(10,994)	(10,363)
Increase (Decrease) in Accrued Wages and Benefits	5,254	(1,315)	274
Decrease in Claims Payable	0	0	0
Increase in Customer Deposits	15,573	0	0
Increase in Due to Other Funds	28,724	12,232	7,027
Decrease in Compensated Absences	(9,847)	(1,128)	(2,764)
Total Adjustments	<u>613,589</u>	<u>105,428</u>	<u>110,027</u>
Net Cash Provided (Used) by Operating Activities	<u>\$657,017</u>	<u>\$514,828</u>	<u>\$139,989</u>

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2010 the Sewer Fund had outstanding liabilities of \$64,102 for certain capital assets.

See accompanying notes to the basic financial statements

**CITY OF PORTSMOUTH, OHIO**

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Nonmajor		Governmental -Activities Internal Service Funds
Primary Care	Total	
\$22,838	\$505,628	\$0
0	1,291,323	0
0	11,554	0
0	(404,340)	(600)
0	0	(176,794)
(4,402)	(26,040)	0
0	(2,114)	0
1,698	(83,436)	138
(2,802)	(17,439)	0
0	4,213	0
0	0	(814)
0	15,573	0
0	47,983	0
0	(13,739)	0
(5,506)	823,538	(178,070)
\$17,332	\$1,329,166	(\$178,070)

**CITY OF PORTSMOUTH, OHIO**

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**Statement of Net Assets  
Fiduciary Funds  
December 31, 2010**

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	Private Purpose Trust	
	<u>Private Purpose</u>	<u>Agency</u>
<b>Assets:</b>		
Cash and Cash Equivalents	\$ 92,729	\$ 0
Receivables:		
Accounts	0	442,396
Restricted Assets:		
Cash and Cash Equivalents	<u>0</u>	<u>107,625</u>
<b>Total Assets</b>	<u>92,729</u>	<u>550,021</u>
<b>Liabilities:</b>		
Intergovernmental Payable	0	34,901
Claims Payable	80,650	0
Due to Others	<u>0</u>	<u>515,120</u>
<b>Total Liabilities</b>	<u>80,650</u>	<u>550,021</u>
Unrestricted	<u>12,079</u>	<u>0</u>
<b>Total Net Assets</b>	<u>\$ 12,079</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

**CITY OF PORTSMOUTH, OHIO**

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***Statement of Changes in Net Assets  
Fiduciary Funds  
For the Year Ended December 31, 2010***

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	<u>Private Purpose</u>
<b>Additions:</b>	
Total Additions	\$ <u>0</u>
<b>Deductions:</b>	
Total Deductions	<u>0</u>
Change in Net Assets	0
Net Assets at Beginning of Year	<u>12,079</u>
Net Assets 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, 2010***

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

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

The financial statements are presented as of December 31, 2010 and for the year then ended and have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

**A. Reporting Entity**

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

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

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

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

***Governmental Funds***

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

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

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

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

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

***Proprietary Funds***

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

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

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

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

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

The following enterprise fund is nonmajor:

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

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

***Fiduciary Funds***

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

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

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

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

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

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

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

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

**D. Basis of Accounting**

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

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

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

Special assessment installments and related accrued interest, which are measurable but not available at December 31, are recorded as deferred revenues. Property taxes measurable as of December 31, 2010 but which are not intended to finance 2010 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenues.

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

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

**E. Budgetary Process**

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

**E. Budgetary Process** (Continued)

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

**1. Tax Budget**

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

**2. Estimated Resources**

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

On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement as final budget reflect the amounts in the final amended official certificate of estimated resources issued during 2009.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

**E. Budgetary Process (Continued)**

**3. Appropriations**

The appropriation ordinance establishes spending controls at the 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 2010. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual " are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

**4. Encumbrances**

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

**5. Lapsing of Appropriations**

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

**E. Budgetary Process (Continued)**

6. Budgetary Basis of Accounting

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

	Net Change in Fund Balance
	General Fund
GAAP Basis (as reported)	(\$372,142)
Increase (Decrease):	
Accrued Revenues at December 31, 2010 received during 2011	(1,011,133)
Accrued Revenues at December 31, 2009 received during 2010	1,030,809
Accrued Expenditures at December 31, 2010 paid during 2011	691,626
Accrued Expenditures at December 31, 2009 paid during 2010	(570,097)
2009 Prepays for 2010	19,958
2010 Prepays for 2011	(6,132)
Budget Basis	<u><u>(\$217,111)</u></u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

**F. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits and investments with original maturity dates of three months or less. The City pools its cash, except for cash and investments in certain fiduciary funds and monies held for construction in enterprise funds, for maximum investing efficiency. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. For purposes of the statement of cash flows, the share of equity in the pooled cash and investments of the proprietary funds is considered to be cash equivalents. See Note 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, 2010, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**I. Capital Assets and Depreciation**

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

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

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

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

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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

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

2. Property, Plant and Equipment – Business Type Activities

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

3. Depreciation

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

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

**J. Long-Term Obligations**

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

**K. Compensated Absences**

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

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

**L. Net Assets**

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

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

**M. Pensions**

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

**N. Interfund Activity**

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

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

**O. Reservations of Fund Balance**

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

**P. Restricted Assets**

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

**Q. Operating Revenues and Expenses**

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

**CITY OF PORTSMOUTH, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

**NOTE 2 – PRIOR PERIOD ADJUSTMENTS AND RESTATEMENT OF NET ASSETS/FUND BALANCES**

During the year ended December 31, 2009, the City reclassified a governmental fund to be included in the Sewer Fund (enterprise fund), recorded Claims Payable in an Internal Service Fund and recorded Due To Other Funds from governmental and enterprise funds to an Internal Service Fund. The corrections resulted in the restatement of net assets at December 31, 2009 of the Governmental Activities, Business-type activities, Water Fund, Sewer Fund, Sanitation Fund and an Internal Service Fund and the restatement of the fund balance of the Other Governmental Funds as follows:

	Governmental Activities	Business-type Activities
Net Assets at December 31, 2009 as reported	\$23,857,068	\$12,500,528
Record Claims Payable	(36,127)	0
Record Due From/To Other Funds	10,763	(10,763)
Reclassification of governmental fund	(205,427)	205,427
Net Assets at December 31, 2009 as restated	<u>\$23,626,277</u>	<u>\$12,695,192</u>

	General Fund	Other Governmental Funds
Fund Balance at December 31, 2009 as reported	\$337	\$3,481,070
Record Due From/To Other Funds	(145,012)	(30,808)
Reclassification of governmental fund	0	(205,427)
Fund Balance at December 31, 2009 as restated	<u>(\$144,675)</u>	<u>\$3,244,835</u>

	Water Fund	Sewer Fund	Sanitation Fund	Internal Service Fund
Net Assets at December 31, 2009 as reported	\$9,776,523	\$1,711,120	\$1,076,706	(\$213,748)
Record Claims Payable	0	0	0	(36,127)
Record Due From/To Other Funds	(39,891)	(22,158)	(12,006)	249,875
Reclassification of governmental fund	0	205,427	0	0
Net Assets at December 31, 2009 as restated	<u>\$9,736,632</u>	<u>\$1,894,389</u>	<u>\$1,064,700</u>	<u>\$0</u>

**NOTE 3 - COMPLIANCE AND ACCOUNTABILITY**

**A. Fund Deficit**

The fund deficit of \$10,332 in the Rural AIDS State Grant Fund, (special revenue funds) arose from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. A deficit does not exist under the cash basis of accounting. Transfers are provided when cash is required, not when accruals occur. The fund deficits of \$530,043 in the General Fund, and \$9,482 in the Municipal Court Grants Fund, (special revenue fund) arose from cash overdrafts in those funds.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

**B. Cash Deficit**

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

**C. Excess Appropriations over Estimated Resources**

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

**D. Excess Appropriations over Actual Resources**

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

**E. Certificate of Fiscal Officer**

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

**F. Purpose of Fund**

Contrary to Ohio Revised Code Section 5705.10(H), operating government-wide expenses were allocated to other funds without sufficient detail to support the allocations.

**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:

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

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

**A. Deposits**

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

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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

**A. Deposits (Continued)**

At year end the carrying amount of the City’s deposits was \$1,973,812 and the bank balance was \$3,377,566. Federal depository insurance covered \$500,000 of the bank balance and \$2,877,566 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>\$2,877,566</u>
Total Balance	<u><u>\$2,877,566</u></u>

**B. Investments**

The City's investments at December 31, 2010 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities In Years less than 1</u>
FDRT Government Obligations Fund	\$1,475,178	AAAm	\$1,475,178
First American Treasury Obligation	<u>1,932,733</u>	AAAm	<u>1,932,733</u>
Total Investments	<u><u>\$3,407,911</u></u>		<u><u>\$3,407,911</u></u>

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

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

*Concentration of Credit Risk* – The City places no limit on the amount the City may invest in one issuer. The City’s investments in First American Treasury Obligation and FDRT Government Obligations Fund represent 48%, and 52% of the City’s total investments.

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

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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

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

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

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Financial Statements	\$5,381,723	\$0
FDRT Government Obligations Fund	(1,475,178)	1,475,178
First American Treasury Obligation	<u>(1,932,733)</u>	<u>1,932,733</u>
Per GASB Statement No. 3	<u>\$1,973,812</u>	<u>\$3,407,911</u>

**NOTE 5 - TAXES**

**A. Property Taxes**

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2010 were levied after October 1, 2009 on assessed values as of January 1, 2009, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2010. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder payable by June 20.

Tangible personal property tax revenues received in 2010 (other than public utility property) represent the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009 on values as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. House Bill No. 66 was to hold governments harmless by replacing a portion of the revenue lost by the City due to the phasing out of the tax. In calendar years 2006-2012, the City will be fully reimbursed for the lost revenue. In calendar years 2013-2017, the reimbursements will be phased out.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 5 - TAXES (Continued)**

**A. Property Taxes** (Continued)

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

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

The full tax rate for all City operations for the year ended December 31, 2010 was \$13.7 per \$1,000 of assessed value. The assessed value upon which the 2010 tax collections were based was \$215,296,830. This amount constituted \$202,923,420 in real property assessed value, \$11,963,080 in public utility assessed value and \$410,330 in tangible personal property assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .137% (13.7 mills) of assessed value.

**B. Income Tax**

The City levies a tax of 1.4% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

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

**NOTE 6 - RECEIVABLES**

Receivables at December 31, 2010 consisted of taxes, intergovernmental, interest, accounts receivable, and loans.

**CITY OF PORTSMOUTH, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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**NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES**

Individual interfund receivables and payables balances at December 31, 2010 are as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$0	\$963,367
Capital Improvement	1,119,878	0
Other Governmental Funds	24,453	93,777
Total Governmental Funds	<u>1,144,331</u>	<u>1,057,144</u>
Water Fund	0	68,615
Sewer Fund	0	34,390
Sanitation Fund	0	19,033
Total Enterprise Funds	<u>0</u>	<u>122,038</u>
Internal Service Fund	426,669	391,818
	<u>\$1,571,000</u>	<u>\$1,571,000</u>

On the Statement of Net Assets, the Business-Type Activities reported an internal balance at December 31, 2010 of \$123,617, which was offset in the Governmental Activities by the same amount. The Due from Other Funds in the Capital Improvement Fund is for overdrafts in the General Fund, several Special Revenue Funds 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. The Due from Other Funds in the Internal Service Funds is for interfund charges.

**NOTE 8 - TRANSFERS**

Following is a summary of Transfers in and out for all funds for 2010:

Fund	Transfer In	Transfer Out
Governmental Funds:		
General Fund	\$0	\$18,000
General Bond Retirement Fund	0	693,600
Capital Improvement Fund	693,600	817,976
Other Governmental Funds	18,000	0
Total Governmental Funds	<u>711,600</u>	<u>1,529,576</u>
Proprietary Funds:		
Water Fund	717,976	0
Sewer Fund	100,000	0
Total Enterprise Funds	<u>817,976</u>	<u>0</u>
Totals	<u>\$1,529,576</u>	<u>\$1,529,576</u>

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

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

**NOTE 9 - CAPITAL ASSETS**

**A. Governmental Capital Assets**

Summary by category of changes in Governmental Capital Assets:

*Historical Cost:*

Class	December 31, 2009	Additions	Deletions	December 31, 2010
<i>Capital assets not being depreciated:</i>				
Land	\$1,826,884	\$0	\$0	\$1,826,884
Subtotal	1,826,884	0	0	1,826,884
<i>Capital assets being depreciated:</i>				
Buildings	6,280,239	160,150	0	6,440,389
Improvements	2,135,500	0	0	2,135,500
Machinery and Equipment	9,407,854	773,427	(768,833)	9,412,448
Infrastructure	28,305,761	249,999	(69,970)	28,485,790
Subtotal	46,129,354	1,183,576	(838,803)	46,474,127
Total Cost	\$47,956,238	\$1,183,576	(\$838,803)	\$48,301,011
<i>Accumulated Depreciation:</i>				
Class	December 31, 2009	Additions	Deletions	December 31, 2010
Buildings	(\$1,890,151)	(\$134,959)	\$0	(\$2,025,110)
Improvements	(898,132)	(76,646)	0	(974,778)
Machinery and Equipment	(6,466,621)	(566,179)	687,280	(6,345,520)
Infrastructure	(19,879,924)	(992,690)	56,658	(20,815,956)
Total Depreciation	(\$29,134,828)	(\$1,770,474) *	\$743,938	(\$30,161,364)
<i>Net Value:</i>	\$18,821,410			\$18,139,647

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

Security of Persons and Property	\$327,600
Public Health & Welfare Services	42,644
Leisure Time Activities	15,292
Community Environment	63,286
Transportation	1,036,540
General Government	285,112
Total Depreciation Expense	\$1,770,474

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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

**B. Business Type Capital Assets**

Summary by Category at December 31, 2010:

**Historical Cost:**

Class	December 31, 2009	Additions	Deletions	December 31, 2010
<i>Capital assets not being depreciated:</i>				
Land	\$63,504	\$0	\$0	\$63,504
Construction in Progress	3,017,259	3,940,989	0	6,958,248
Subtotal	3,080,763	3,940,989	0	7,021,752
<i>Capital assets being depreciated:</i>				
Buildings	1,924,516	8,030	0	1,932,546
Improvements other than Buildings	23,921,037	116,616	0	24,037,653
Machinery and Equipment	14,320,503	96,982	(353,997)	14,063,488
Subtotal	40,166,056	221,628	(353,997)	40,033,687
Total Cost	\$43,246,819	\$4,162,617	(\$353,997)	\$47,055,439

**Accumulated Depreciation:**

Class	December 31, 2009	Additions	Deletions	December 31, 2010
Buildings	(\$441,447)	(\$57,582)	\$0	(\$499,029)
Improvements other than Buildings	(15,634,410)	(298,851)	0	(15,933,261)
Machinery and Equipment	(3,447,512)	(934,890)	272,954	(4,109,448)
Total Depreciation	(\$19,523,369)	(\$1,291,323)	\$272,954	(\$20,541,738)
<b>Net Value:</b>	\$23,723,450			\$26,513,701

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS**

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

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

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

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

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

The ORC provides statutory authority for employee and employer contributions. For 2010, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2010 employer contribution rate for local government employer units was 14.00%, of covered payroll which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 8.5% from January 1 through February 28, 2010 and 9.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 9.27% from January 1 through February 28, 2010, and 9.77% from March 1 through December 31, 2010. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City’s required contributions for pension obligations to OPERS for the years ending December 31, 2010, 2009, and 2008 were \$596,813, \$564,141 and \$479,663, respectively, which

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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

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

were equal to the required contributions for each year. Contributions to the member-directed plan for 2010 were \$12,104 made by the City and \$8,646 made by the plan members.

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2010, 12.75% of annual covered salary for police and 17.25% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City’s contributions for pension obligations to the OP&F Fund for the years ending December 31, 2010, 2009, and 2008 were \$243,622, \$205,625 and \$224,010 for police and \$325,273, \$343,372 and \$313,558 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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)**

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

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

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010. 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, 2010, 2009, and 2008 were \$340,184, \$407,917 and \$479,663, respectively, which were equal to the required contributions for each year.

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**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.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2010, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2010, 2009, and 2008 were \$128,977, \$108,861 and \$118,593 for police and \$124,683, \$134,363 and \$125,253 for firefighters, respectively, which were equal to the required contributions for each year.

**CITY OF PORTSMOUTH, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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**NOTE 12 - NOTES PAYABLE**

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

	<u>Maturity Date</u>	<u>Balance January 1, 2010</u>	<u>Issued</u>	<u>(Retired)</u>	<u>Balance December 31, 2010</u>
Capital Improvement Fund Notes Payable:					
2.00% Capital Improvement	2/9/2010	<u>\$680,000</u>	<u>\$0</u>	<u>(\$680,000)</u>	<u>\$0</u>
Total Notes Payable		<u><u>\$680,000</u></u>	<u><u>\$0</u></u>	<u><u>(\$680,000)</u></u>	<u><u>\$0</u></u>

The Notes Payable were issued for fire equipment.

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**CITY OF PORTSMOUTH, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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

Long-term debt and other long-term obligations of the City at December 31, 2010 were as follows:

				Balance			Balance	Amount due
				December 31,	Additions	(Deletions)	December 31,	Within
				2009			2010	One Year
<b>Business-Type Activities Long-Term Debt:</b>								
Ohio Public Works Commission Loans:								
2000	0.0%	Wastewater Improvement	2021	\$360,000	\$0	(\$30,000)	\$330,000	\$30,000
2008	0.0%	Wastewater-Sludge Digester	2028	700,000	0	(35,000)	665,000	35,000
Total Ohio Public Works Commission Loans				1,060,000	0	(65,000)	995,000	65,000
Refunding Revenue Bond:								
2003	1.6-4.15%	Waterworks Improvement	2015	3,030,000	0	(455,000)	2,575,000	475,000
Deferred Loss on Refunding				(34,955)	0	34,955	0	0
Total Refunding Revenue Bonds				2,995,045	0	(420,045)	2,575,000	475,000
Ohio Water Development Authority Loans:								
2007	3.25%	Water MIEX Installation	2028	3,452,474	0	(136,386)	3,316,088	148,855
2008	4.11%	Wastewater-Sludge Digester	2038	487,879	0	(9,257)	478,622	9,642
2009	4.11%	Wastewater-Lawson Run	2031	27,781	867,064	0	894,845	31,775
2010	0.00%	Water-High Service Pumps	2029	0	45,034	(3,732)	41,302	2,488
2010	4.39%	Wastewater-Collection System	2016	0	150,385	0	150,385	27,523
Total Ohio Water Development Authority Loans				3,968,134	1,062,483	(149,375)	4,881,242	220,283
Compensated Absences				85,279	195,311	(209,050)	71,540	8,375
Capital Lease - Enterprise Funds				6,901,831	0	(791,915)	6,109,916	825,393
Total Business-Type Long-Term Debt				\$15,010,289	\$1,257,794	(\$1,635,385)	\$14,632,698	\$1,594,051
<b>Governmental Activities Long-Term Debt:</b>								
General Obligation Bond								
2001	3.6-5.5%	Police and Fireman's Disability and Pension	2027	\$1,705,000	\$0	(\$60,000)	\$1,645,000	\$60,000
Compensated Absences				656,894	743,930	(745,317)	655,507	46,276
Capital Lease Payable				828,223	129,610	(182,748)	775,085	101,881
Total Governmental Activities				\$3,190,117	\$873,540	(\$988,065)	\$3,075,592	\$208,157

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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

				Original Issue
<b>Business-Type Activities</b>				
Ohio Public Works Commission Loans (OPWC):				
0.00%	Wastewater Improvement	2001-2021		\$600,000
0.00%	Wastewater-Sludge Digester	2008-2029		700,000
Total OPWC Loans				<u>\$1,300,000</u>
Refunding Revenue Bond:				
1.6- 4.15%	Waterworks Improvement	2003-2015		\$5,500,000
Total Refunding Revenue Bonds				<u>\$5,500,000</u>
Ohio Water Development Authority Loans (OWDA):				
3.25%	Water MIEX Installation	2007-2028		\$3,734,915 *
4.11%	Wastewater-Sludge Digester	2008-2038		501,078
3.43%	Wastewater-Lawson Run	2009-2031		894,845 *
0.00%	Water-High Service Pumps	2010-2029		45,034 *
4.39%	Wasterwater-Collection System	2010-2016		150,385 *
Total OWDA Loans				<u>\$5,326,257</u>
* Amount Disbursed as of December 31, 2010				
<b>Governmental Activities Long-Term Debt</b>				
General Obligation Bonds:				
3.6- 5.50%	Police and Fireman's Disability and Pension	2001-2027		\$2,090,000
Total General Obligation Bonds				<u>\$2,090,000</u>

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

In 2009, the City entered into an agreement with the OWDA, as administrator for the U.S. Environmental Protection Agency (EPA), for the City to receive a loan in the amount of \$1,746,992 for the wastewater treatment plant improvements. The amount is subject to change and has not been finalized. The interest rate on the loan is 3.43% per annum. An estimate of future financing requirements has been made based on the remaining loan balance of \$894,845 at December 31, 2010.

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 \$49,756 for high service pumps. The amount is subject to change and has not been finalized. The interest rate on the loan is 0% per annum. An estimate of future financing requirements has been made based on the remaining loan balance of \$41,302 at December 31, 2010.

In 2010, the City entered into an agreement with the OWDA, as administrator for the U.S. Environmental Protection Agency (EPA), for the City to receive a loan in the amount of \$258,471 for wastewater collection system planning and design. The amount is subject to change and has not been finalized. The interest rate on the loan is 4.39% per annum. An estimate of future financing requirements has been made based on the remaining loan balance of \$150,385 at December 31, 2010.

**CITY OF PORTSMOUTH, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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

**A. Principal and Interest Requirements**

A summary of the City's future long-term debt funding requirements including principal and interest payments as of December 31, 2010 follows:

**Business-Type Activities:**

Years	Mortgage Revenue Bond		OPWC Loans		OWDA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$475,000	\$96,155	\$65,000	\$0	\$220,284	\$162,872
2012	495,000	76,632	65,000	0	227,882	155,275
2013	515,000	55,922	65,000	0	235,748	147,408
2014	535,000	34,134	65,000	0	243,895	139,262
2015	555,000	11,516	65,000	0	252,327	130,829
2016-2020	0	0	325,000	0	1,212,122	534,526
2021-2025	0	0	205,000	0	1,427,324	319,325
2026-2030	0	0	140,000	0	874,734	97,172
2031-2035	0	0	0	0	118,184	27,892
2036-2038	0	0	0	0	68,742	4,295
Totals	<u>\$2,575,000</u>	<u>\$274,359</u>	<u>\$995,000</u>	<u>\$0</u>	<u>\$4,881,242</u>	<u>\$1,718,856</u>

**Governmental Activities:**

Years	General Obligation Bonds	
	Principal	Interest
2011	\$60,000	\$88,640
2012	65,000	85,700
2013	70,000	82,450
2014	70,000	78,880
2015	75,000	75,240
2016-2020	445,000	311,360
2021-2025	580,000	176,000
2026-2027	280,000	23,375
Totals	<u>\$1,645,000</u>	<u>\$921,645</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 14 - CAPITALIZED LEASES**

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

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2010.

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
2011	\$1,062,894	\$135,523
2012	1,062,894	135,523
2013	913,793	135,523
2014	913,793	135,523
2015	913,793	105,646
2016-2018	<u>2,194,479</u>	<u>255,310</u>
Minimum Lease Payments	7,061,646	903,048
Less amount representing interest at the City's incremental borrowing rate of interest	<u>(951,730)</u>	<u>(127,963)</u>
Present value of minimum lease payments	<u><u>\$6,109,916</u></u>	<u><u>\$775,085</u></u>

**NOTE 15 - CONTINGENCIES**

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

**NOTE 16 - INSURANCE AND RISK MANAGEMENT**

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

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

**CITY OF PORTSMOUTH, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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**NOTE 16 - INSURANCE AND RISK MANAGEMENT (Continued)**

The City has elected to provide a health reimbursement plan through a self insured program. The County 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 \$35,313 reported in the fund at December 31, 2010 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>
2009	\$0	\$386,696	(\$350,569)	\$36,127
2010	36,127	309,659	(310,473)	35,313

**NOTE 17 – CONSTRUCTION COMMITMENTS**

As of December 31, 2010, the City had the following commitments with respect to capital improvements:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>
Primary Sewer Treatment Improvements	\$759,040
Secondary Treatment Plant Improvements	203,835
SCADA Telemetry System	170,408

**NOTE 18 – FINANCIAL CONDITION**

During 2010, the City had a negative cash balance in the General Fund. This was due to the cost of police, fire and other governmental services, which are mainly supported with General Fund monies. The City made an advance from the Capital Improvement Fund in the amount of \$687,981 to eliminate the negative cash balance in the General Fund.

*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

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

***Nonmajor Governmental Funds***

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***Special Revenue Funds***

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

**Municipal Court Grants Fund**

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

**Municipal Court Special Projects Fund**

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

**Municipal Court Probation Services Fund**

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

**Municipal Court Programs Fund**

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

**Municipal Court Computer Fund**

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

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

**Municipal Court Security Grant Fund**

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

**Fire Donation Fund**

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

**Fire Pension Fund**

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

**Police Pension Fund**

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

(Continued)

***Special Revenue Funds***

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**Police Donation Fund**

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

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

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

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

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

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

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

**Indigent Drivers Alcohol Treatment Fund**

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

**Enforcement and Education Fund**

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

**Mandatory Fines Fund**

To account for mandatory fines for drug offenses.

**Law Enforcement Fund**

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

**Community Oriented Policing Services (COPS)**

**Hiring Recovery Program Grant Fund**

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

**Rural Law Enforcement Assistance Grant Fund**

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

**Street Construction, Maintenance and Repair Fund**

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

(Continued)

***Special Revenue Funds***

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**State Highway Improvement Fund**

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

**Environmental State Grants Fund**

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

**Community Development Fund**

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

**Tourism and Cultural Development Fund**

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

**State Grant Health Fund**

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

**Rural AIDS State Grant Fund**

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

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

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

**Family Planning Fund**

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

**Children and Family Health Services Grant Fund**

To account for grant funds to provide administrative oversight for basic prenatal care services and community needs relative to families and children within the community.

**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***

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**Ryan White Title III Fund**

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

**Flood Defense Fund**

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

**Land Reutilization Fund**

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

**Council Trust for Recreation Fund**

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

**Playground Trust Fund**

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

***Permanent Funds***

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

**Cemetery Trust Fund**

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

**Mausoleum Trust Fund**

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

**CITY OF PORTSMOUTH, OHIO**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2010**

	Nonmajor Special Revenue Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 2,310,961	\$ 0	\$ 2,310,961
Receivables (net of allowance for doubtful accounts):			
Taxes	349,941	0	349,941
Accounts	175,968	0	175,968
Intergovernmental	3,094,133	0	3,094,133
Loans	97,298	0	97,298
Due from Other Funds	24,453	0	24,453
Inventory of Supplies, at Cost	8,152	0	8,152
Prepaid Items	6,589	0	6,589
Restricted Assets:			
Cash and Cash Equivalents	0	184,374	184,374
<b>Total Assets</b>	<b>\$ 6,067,495</b>	<b>\$ 184,374</b>	<b>\$ 6,251,869</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 71,309	\$ 0	\$ 71,309
Accrued Wages and Benefits Payable	4,230	0	4,230
Intergovernmental Payable	109,070	0	109,070
Due to Other Funds	93,777	0	93,777
Deferred Revenue	3,209,613	0	3,209,613
<b>Total Liabilities</b>	<b>3,487,999</b>	<b>0</b>	<b>3,487,999</b>
<b>Fund Balances:</b>			
Reserved for Encumbrances	190,854	0	190,854
Reserved for Prepaid Items	6,589	0	6,589
Reserved for Supplies Inventory	8,152	0	8,152
Reserved for Endowments	0	26,843	26,843
Unreserved, Undesignated in:			
Special Revenue Funds	2,373,901	0	2,373,901
Permanent Funds	0	157,531	157,531
<b>Total Fund Balances</b>	<b>2,579,496</b>	<b>184,374</b>	<b>2,763,870</b>
<b>Total Liabilities and Funds Balances</b>	<b>\$ 6,067,495</b>	<b>\$ 184,374</b>	<b>\$ 6,251,869</b>

**CITY OF PORTSMOUTH, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2010**

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 358,790	\$ 0	\$ 358,790
Intergovernmental Revenues	3,669,033	0	3,669,033
Charges for Services	162,098	12,500	174,598
Licenses and Permits	1,081	0	1,081
Investment Earnings	65	0	65
Fines and Forfeitures	515,600	0	515,600
All Other Revenue	136,627	0	136,627
<b>Total Revenue</b>	<u>4,843,294</u>	<u>12,500</u>	<u>4,855,794</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	1,073,243	0	1,073,243
Public Health and Welfare Services	2,376,639	14,604	2,391,243
Leisure Time Activities	53,261	0	53,261
Community Environment	268,472	0	268,472
Transportation	988,912	0	988,912
General Government	546,961	0	546,961
<b>Total Expenditures</b>	<u>5,307,488</u>	<u>14,604</u>	<u>5,322,092</u>
Excess (Deficiency) of Revenues Over Expenditures	(464,194)	(2,104)	(466,298)
<b>Other Financing Sources (Uses):</b>			
Transfers In	18,000	0	18,000
<b>Total Other Financing Sources (Uses)</b>	<u>18,000</u>	<u>0</u>	<u>18,000</u>
Net Change in Fund Balances	(446,194)	(2,104)	(448,298)
<b>Fund Balances at Beginning of Year, restated</b>	3,058,357	186,478	3,244,835
Decrease in Inventory Reserve	(32,667)	0	(32,667)
<b>Fund Balances End of Year</b>	<u>\$ 2,579,496</u>	<u>\$ 184,374</u>	<u>\$ 2,763,870</u>

**CITY OF PORTSMOUTH, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2010**

	Municipal Court Grants	Municipal Court Special Project	Municipal Court Probation Services	Municipal Court Programs	Municipal Court Computer
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 0	\$ 237,988	\$ 75,207	\$ 1,431	\$ 9,183
Receivables (net of allowance for doubtful accounts):					
Taxes	0	0	0	0	0
Accounts	0	58,674	55,580	9,107	10,575
Intergovernmental	47,662	0	0	0	0
Loans	0	0	0	0	0
Due from Other Funds	0	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0	0
Prepaid Items	0	1,926	0	0	0
<b>Total Assets</b>	<u>\$ 47,662</u>	<u>\$ 298,588</u>	<u>\$ 130,787</u>	<u>\$ 10,538</u>	<u>\$ 19,758</u>
<b>Liabilities:</b>					
Accounts Payable	\$ 443	\$ 1,461	\$ 0	\$ 0	\$ 525
Accrued Wages and Benefits Payable	0	0	0	0	0
Intergovernmental Payable	4,340	1,726	2,064	1,966	283
Due to Other Funds	28,530	0	0	0	0
Deferred Revenue	23,831	40,597	38,456	6,301	7,317
<b>Total Liabilities</b>	<u>57,144</u>	<u>43,784</u>	<u>40,520</u>	<u>8,267</u>	<u>8,125</u>
<b>Fund Balances:</b>					
Reserved for Encumbrances	0	0	0	0	0
Reserved for Prepaid Items	0	1,926	0	0	0
Reserved for Supplies Inventory	0	0	0	0	0
Unreserved, Undesignated in:					
Special Revenue Funds	(9,482)	252,878	90,267	2,271	11,633
<b>Total Fund Balances</b>	<u>(9,482)</u>	<u>254,804</u>	<u>90,267</u>	<u>2,271</u>	<u>11,633</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 47,662</u>	<u>\$ 298,588</u>	<u>\$ 130,787</u>	<u>\$ 10,538</u>	<u>\$ 19,758</u>

**CITY OF PORTSMOUTH, OHIO**

ARRA - Municipal Court Security Grant	Fire Donation	Fire Pension	Police Pension	D.A.R.E. State Grant	Police Donation	JAG Grants	COPS Fast Grant
\$ 11,632	\$ 5,000	\$ 0	\$ 0	\$ 31,763	\$ 22,000	\$ 55,594	\$ 67,535
0	0	66,376	66,376	0	0	0	0
28,862	0	0	0	0	0	0	0
74,154	0	4,198	4,198	0	0	15,405	15,000
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
<u>\$ 114,648</u>	<u>\$ 5,000</u>	<u>\$ 70,574</u>	<u>\$ 70,574</u>	<u>\$ 31,763</u>	<u>\$ 22,000</u>	<u>\$ 70,999</u>	<u>\$ 82,535</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	844	0	0	0
2,361	0	0	0	0	0	0	1,159
0	0	0	0	0	0	0	0
74,154	0	70,574	70,574	0	0	15,405	15,000
<u>76,515</u>	<u>0</u>	<u>70,574</u>	<u>70,574</u>	<u>844</u>	<u>0</u>	<u>15,405</u>	<u>16,159</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
<u>38,133</u>	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>30,919</u>	<u>22,000</u>	<u>55,594</u>	<u>66,376</u>
<u>38,133</u>	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>30,919</u>	<u>22,000</u>	<u>55,594</u>	<u>66,376</u>
<u>\$ 114,648</u>	<u>\$ 5,000</u>	<u>\$ 70,574</u>	<u>\$ 70,574</u>	<u>\$ 31,763</u>	<u>\$ 22,000</u>	<u>\$ 70,999</u>	<u>\$ 82,535</u>

(Continued)

**CITY OF PORTSMOUTH, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2010**

	Indigent Drivers Alcohol Treatment	Enforcement and Education	Mandatory Fines	Law Enforcement	COPS - Hiring Recovery Program Grant
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 27,990	\$ 5,579	\$ 3,037	\$ 269,659	\$ 9,370
Receivables (net of allowance for doubtful accounts):					
Taxes	0	0	0	0	0
Accounts	7,519	563	1,916	3,172	0
Intergovernmental	0	0	0	0	317,064
Loans	0	0	0	0	0
Due from Other Funds	0	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0	0
Prepaid Items	0	0	0	0	0
<b>Total Assets</b>	<b>\$ 35,509</b>	<b>\$ 6,142</b>	<b>\$ 4,953</b>	<b>\$ 272,831</b>	<b>\$ 326,434</b>
<b>Liabilities:</b>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0	0
Intergovernmental Payable	0	0	0	0	1,391
Due to Other Funds	0	0	0	0	0
Deferred Revenue	5,202	390	1,326	0	317,064
<b>Total Liabilities</b>	<b>5,202</b>	<b>390</b>	<b>1,326</b>	<b>0</b>	<b>318,455</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	0	0	0	0	0
Reserved for Prepaid Items	0	0	0	0	0
Reserved for Supplies Inventory	0	0	0	0	0
Unreserved, Undesignated in:					
Special Revenue Funds	30,307	5,752	3,627	272,831	7,979
<b>Total Fund Balances</b>	<b>30,307</b>	<b>5,752</b>	<b>3,627</b>	<b>272,831</b>	<b>7,979</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 35,509</b>	<b>\$ 6,142</b>	<b>\$ 4,953</b>	<b>\$ 272,831</b>	<b>\$ 326,434</b>

**CITY OF PORTSMOUTH, OHIO**

Rural Law Enforcement Assistance Grant	Street Construction, Maintenance and Repair	State Highway Improvement	Environmental State Grants	Community Development	Tourism and Cultural Development	State Grant Health
\$ 23,418	\$ 25,592	\$ 26,653	\$ 38,800	\$ 461,217	\$ 8,619	\$ 103,556
0	0	0	0	0	7,763	0
0	0	0	0	0	0	0
430,522	442,389	32,535	474,022	1,013,800	0	78,223
0	0	0	0	97,298	0	0
0	0	0	0	24,453	0	0
0	0	0	3,077	0	0	0
0	3,781	0	882	0	0	0
<u>\$ 453,940</u>	<u>\$ 471,762</u>	<u>\$ 59,188</u>	<u>\$ 516,781</u>	<u>\$ 1,596,768</u>	<u>\$ 16,382</u>	<u>\$ 181,779</u>
\$ 0	\$ 1,137	\$ 0	\$ 1,411	\$ 0	\$ 0	\$ 317
0	3,386	0	0	0	0	0
994	33,244	0	20,930	295	0	7,453
0	17,024	0	21,821	0	0	0
430,522	299,000	22,000	333,700	1,091,098	0	71,223
<u>431,516</u>	<u>353,791</u>	<u>22,000</u>	<u>377,862</u>	<u>1,091,393</u>	<u>0</u>	<u>78,993</u>
0	0	0	0	0	0	0
0	3,781	0	882	0	0	0
0	0	0	3,077	0	0	0
<u>22,424</u>	<u>114,190</u>	<u>37,188</u>	<u>134,960</u>	<u>505,375</u>	<u>16,382</u>	<u>102,786</u>
<u>22,424</u>	<u>117,971</u>	<u>37,188</u>	<u>138,919</u>	<u>505,375</u>	<u>16,382</u>	<u>102,786</u>
<u>\$ 453,940</u>	<u>\$ 471,762</u>	<u>\$ 59,188</u>	<u>\$ 516,781</u>	<u>\$ 1,596,768</u>	<u>\$ 16,382</u>	<u>\$ 181,779</u>

(Continued)

**CITY OF PORTSMOUTH, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2010**

	Rural AIDS State Grant	Ryan White HIV Care Part B Grant	Family Planning	Child and Family Health Services Grant	F.E.M.A. Grant
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 3,420	\$ 0	\$ 3,344	\$ 0	\$ 41,235
Receivables (net of allowance for doubtful accounts):					
Taxes	0	0	0	0	0
Accounts	0	0	0	0	0
Intergovernmental	960	22,106	46,796	62,537	0
Loans	0	0	0	0	0
Due from Other Funds	0	0	0	0	0
Inventory of Supplies, at Cost	674	0	4,401	0	0
Prepaid Items	0	0	0	0	0
<b>Total Assets</b>	<u>\$ 5,054</u>	<u>\$ 22,106</u>	<u>\$ 54,541</u>	<u>\$ 62,537</u>	<u>\$ 41,235</u>
<b>Liabilities:</b>					
Accounts Payable	\$ 4,272	\$ 177	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0	0
Intergovernmental Payable	11,114	2,285	5,476	1,728	0
Due to Other Funds	0	3,570	0	14,800	0
Deferred Revenue	0	4,125	37,796	11,970	0
<b>Total Liabilities</b>	<u>15,386</u>	<u>10,157</u>	<u>43,272</u>	<u>28,498</u>	<u>0</u>
<b>Fund Balances:</b>					
Reserved for Encumbrances	0	0	0	0	0
Reserved for Prepaid Items	0	0	0	0	0
Reserved for Supplies Inventory	674	0	4,401	0	0
Unreserved, Undesignated in:					
Special Revenue Funds	(11,006)	11,949	6,868	34,039	41,235
<b>Total Fund Balances</b>	<u>(10,332)</u>	<u>11,949</u>	<u>11,269</u>	<u>34,039</u>	<u>41,235</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 5,054</u>	<u>\$ 22,106</u>	<u>\$ 54,541</u>	<u>\$ 62,537</u>	<u>\$ 41,235</u>

**CITY OF PORTSMOUTH, OHIO**

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Ryan White Title III	Flood Defense	Land Reutilization	Council Trust for Recreation	Playground Trust	Total Nonmajor Special Revenue Funds
\$ 26,991	\$ 622,070	\$ 3,098	\$ 75,400	\$ 14,580	\$ 2,310,961
0	209,426	0	0	0	349,941
0	0	0	0	0	175,968
0	12,562	0	0	0	3,094,133
0	0	0	0	0	97,298
0	0	0	0	0	24,453
0	0	0	0	0	8,152
0	0	0	0	0	6,589
<u>\$ 26,991</u>	<u>\$ 844,058</u>	<u>\$ 3,098</u>	<u>\$ 75,400</u>	<u>\$ 14,580</u>	<u>\$ 6,067,495</u>
\$ 1,357	\$ 59,771	\$ 0	\$ 438	\$ 0	\$ 71,309
0	0	0	0	0	4,230
5,174	3,981	0	1,106	0	109,070
8,032	0	0	0	0	93,777
0	221,988	0	0	0	3,209,613
<u>14,563</u>	<u>285,740</u>	<u>0</u>	<u>1,544</u>	<u>0</u>	<u>3,487,999</u>
0	190,854	0	0	0	190,854
0	0	0	0	0	6,589
0	0	0	0	0	8,152
<u>12,428</u>	<u>367,464</u>	<u>3,098</u>	<u>73,856</u>	<u>14,580</u>	<u>2,373,901</u>
<u>12,428</u>	<u>558,318</u>	<u>3,098</u>	<u>73,856</u>	<u>14,580</u>	<u>2,579,496</u>
<u>\$ 26,991</u>	<u>\$ 844,058</u>	<u>\$ 3,098</u>	<u>\$ 75,400</u>	<u>\$ 14,580</u>	<u>\$ 6,067,495</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, 2010***

	Municipal Court Grants	Municipal Court Special Project	Municipal Court Probation Services	Municipal Court Programs	Municipal Court Computer
<b>Revenues:</b>					
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	101,985	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	162,817	121,965	104,571	38,399
All Other Revenue	0	0	0	0	0
<b>Total Revenue</b>	<b>101,985</b>	<b>162,817</b>	<b>121,965</b>	<b>104,571</b>	<b>38,399</b>
<b>Expenditures:</b>					
Current:					
Security of Persons and Property	0	0	0	0	0
Public Health and Welfare Services	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Environment	0	0	0	0	0
Transportation	0	0	0	0	0
General Government	119,865	130,414	44,619	102,009	32,687
<b>Total Expenditures</b>	<b>119,865</b>	<b>130,414</b>	<b>44,619</b>	<b>102,009</b>	<b>32,687</b>
Excess (Deficiency) of Revenues Over Expenditures	(17,880)	32,403	77,346	2,562	5,712
<b>Other Financing Sources (Uses):</b>					
Transfers In	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balances	(17,880)	32,403	77,346	2,562	5,712
<b>Fund Balances at Beginning of Year, restated</b>	<b>8,398</b>	<b>222,401</b>	<b>12,921</b>	<b>(291)</b>	<b>5,921</b>
Increase (Decrease) in Inventory Reserve	0	0	0	0	0
<b>Fund Balances End of Year</b>	<b>\$ (9,482)</b>	<b>\$ 254,804</b>	<b>\$ 90,267</b>	<b>\$ 2,271</b>	<b>\$ 11,633</b>

**CITY OF PORTSMOUTH, OHIO**

ARRA - Municipal Court Security Grant	Fire Donation	Fire Pension	Police Pension	D.A.R.E. State Grant	Police Donation	JAG Grants	COPS Fast Grant
\$ 0	\$ 0	\$ 61,258	\$ 61,258	\$ 0	\$ 0	\$ 0	\$ 0
89,277	0	8,388	8,389	35,007	0	829	24,813
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
28,862	5,000	0	0	850	22,000	0	0
<u>118,139</u>	<u>5,000</u>	<u>69,646</u>	<u>69,647</u>	<u>35,857</u>	<u>22,000</u>	<u>829</u>	<u>24,813</u>
0	0	45,967	45,968	21,391	0	99,727	44,887
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
80,006	0	0	0	0	0	0	0
<u>80,006</u>	<u>0</u>	<u>45,967</u>	<u>45,968</u>	<u>21,391</u>	<u>0</u>	<u>99,727</u>	<u>44,887</u>
38,133	5,000	23,679	23,679	14,466	22,000	(98,898)	(20,074)
<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>	<u>0</u>	<u>0</u>
38,133	5,000	23,679	23,679	14,466	22,000	(98,898)	(20,074)
0	0	(23,679)	(23,679)	16,453	0	154,492	86,450
<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>\$ 38,133</u>	<u>\$ 5,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,919</u>	<u>\$ 22,000</u>	<u>\$ 55,594</u>	<u>\$ 66,376</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, 2010***

	Indigent Drivers Alcohol Treatment	Enforcement and Education	Mandatory Fines	Law Enforcement	COPS Hiring Recovery Program Grant
<b>Revenues:</b>					
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	0	0	176,710	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	33,270	1,333	2,768	50,477	0
All Other Revenue	0	0	0	12,237	0
<b>Total Revenue</b>	<b>33,270</b>	<b>1,333</b>	<b>2,768</b>	<b>239,424</b>	<b>0</b>
<b>Expenditures:</b>					
Current:					
Security of Persons and Property	0	0	0	122,235	42,021
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	37,125	236	0	0	0
<b>Total Expenditures</b>	<b>37,125</b>	<b>236</b>	<b>0</b>	<b>122,235</b>	<b>42,021</b>
Excess (Deficiency) of Revenues Over Expenditures	(3,855)	1,097	2,768	117,189	(42,021)
<b>Other Financing Sources (Uses):</b>					
Transfers In	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balances	(3,855)	1,097	2,768	117,189	(42,021)
<b>Fund Balances at Beginning of Year, restated</b>	<b>34,162</b>	<b>4,655</b>	<b>859</b>	<b>155,642</b>	<b>50,000</b>
Increase (Decrease) in Inventory Reserve	0	0	0	0	0
<b>Fund Balances End of Year</b>	<b>\$ 30,307</b>	<b>\$ 5,752</b>	<b>\$ 3,627</b>	<b>\$ 272,831</b>	<b>\$ 7,979</b>

**CITY OF PORTSMOUTH, OHIO**

Rural Law Enforcement Assistance Grant	Street Construction, Maintenance and Repair	State Highway Improvement	Environmental State Grants	Community Development	Tourism and Cultural Development	State Grant Health
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 42,241	\$ 0
0	888,111	64,822	515,298	252,390	0	179,280
0	0	0	0	0	0	57,000
0	0	0	0	0	0	0
0	12	6	0	47	0	0
0	0	0	0	0	0	0
0	1,593	0	7,500	30,229	0	20,850
<u>0</u>	<u>889,716</u>	<u>64,828</u>	<u>522,798</u>	<u>282,666</u>	<u>42,241</u>	<u>257,130</u>
27,576	0	0	0	0	0	0
0	0	0	601,239	0	0	437,041
0	0	0	0	0	0	0
0	0	0	0	221,372	47,100	0
0	886,758	102,154	0	0	0	0
0	0	0	0	0	0	0
<u>27,576</u>	<u>886,758</u>	<u>102,154</u>	<u>601,239</u>	<u>221,372</u>	<u>47,100</u>	<u>437,041</u>
(27,576)	2,958	(37,326)	(78,441)	61,294	(4,859)	(179,911)
<u>0</u>	<u>0</u>	<u>0</u>	<u>18,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>18,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
(27,576)	2,958	(37,326)	(60,441)	61,294	(4,859)	(179,911)
50,000	146,415	74,514	198,362	444,081	21,241	282,697
0	(31,402)	0	998	0	0	0
<u>\$ 22,424</u>	<u>\$ 117,971</u>	<u>\$ 37,188</u>	<u>\$ 138,919</u>	<u>\$ 505,375</u>	<u>\$ 16,382</u>	<u>\$ 102,786</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, 2010**

	Rural AIDS State Grant	Ryan White HIV Care Part B Grant	Family Planning	Children and Family Health Services	F.E.M.A. Grant
<b>Revenues:</b>					
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	412,859	68,210	132,599	94,623	0
Charges for Services	0	0	44,602	0	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	375	0	3,603	0	0
<b>Total Revenue</b>	<b>413,234</b>	<b>68,210</b>	<b>180,804</b>	<b>94,623</b>	<b>0</b>
<b>Expenditures:</b>					
Current:					
Security of Persons and Property	0	0	0	0	0
Public Health and Welfare Services	416,292	74,003	165,826	85,347	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
<b>Total Expenditures</b>	<b>416,292</b>	<b>74,003</b>	<b>165,826</b>	<b>85,347</b>	<b>0</b>
Excess (Deficiency) of Revenues Over Expenditures	(3,058)	(5,793)	14,978	9,276	0
<b>Other Financing Sources (Uses):</b>					
Transfers In	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balances	(3,058)	(5,793)	14,978	9,276	0
<b>Fund Balances at Beginning of Year, restated</b>	<b>(6,457)</b>	<b>17,742</b>	<b>(4,148)</b>	<b>26,648</b>	<b>41,235</b>
Increase (Decrease) in Inventory Reserve	(817)	0	439	(1,885)	0
<b>Fund Balances End of Year</b>	<b>\$ (10,332)</b>	<b>\$ 11,949</b>	<b>\$ 11,269</b>	<b>\$ 34,039</b>	<b>\$ 41,235</b>

**CITY OF PORTSMOUTH, OHIO**

Regional HIV Prevention	Ryan White Title III	Flood Defense	Land Reutilization	Council Trust for Recreation	Playground Trust	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 194,033	\$ 0	\$ 0	\$ 0	\$ 358,790
366,556	223,336	25,551	0	0	0	3,669,033
0	5,209	0	0	55,287	0	162,098
0	0	0	1,081	0	0	1,081
0	0	0	0	0	0	65
0	0	0	0	0	0	515,600
0	1,585	0	0	0	1,943	136,627
<u>366,556</u>	<u>230,130</u>	<u>219,584</u>	<u>1,081</u>	<u>55,287</u>	<u>1,943</u>	<u>4,843,294</u>
0	0	623,471	0	0	0	1,073,243
366,556	230,190	0	145	0	0	2,376,639
0	0	0	0	53,261	0	53,261
0	0	0	0	0	0	268,472
0	0	0	0	0	0	988,912
0	0	0	0	0	0	546,961
<u>366,556</u>	<u>230,190</u>	<u>623,471</u>	<u>145</u>	<u>53,261</u>	<u>0</u>	<u>5,307,488</u>
0	(60)	(403,887)	936	2,026	1,943	(464,194)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>18,000</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>18,000</u>
0	(60)	(403,887)	936	2,026	1,943	(446,194)
0	12,488	962,205	2,162	71,830	12,637	3,058,357
0	0	0	0	0	0	(32,667)
<u>\$ 0</u>	<u>\$ 12,428</u>	<u>\$ 558,318</u>	<u>\$ 3,098</u>	<u>\$ 73,856</u>	<u>\$ 14,580</u>	<u>\$ 2,579,496</u>

**CITY OF PORTSMOUTH, OHIO**

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**Combining Balance Sheet  
Nonmajor Permanent Funds  
December 31, 2010**

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	<u>Cemetery Trust</u>	<u>Mausoleum Trust</u>	<u>Total Nonmajor Permanent Funds</u>
<b>Assets:</b>			
Restricted Assets:			
Cash and Cash Equivalents	\$ 179,522	\$ 4,852	\$ 184,374
<b>Total Assets</b>	<u>\$ 179,522</u>	<u>\$ 4,852</u>	<u>\$ 184,374</u>
<b>Liabilities:</b>			
<b>Total Liabilities</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Fund Balances:</b>			
Reserved for Endowments	22,339	4,504	26,843
Unreserved, Undesignated in:			
Permanent Funds	<u>157,183</u>	<u>348</u>	<u>157,531</u>
<b>Total Fund Balances</b>	<u>179,522</u>	<u>4,852</u>	<u>184,374</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 179,522</u>	<u>\$ 4,852</u>	<u>\$ 184,374</u>

**CITY OF PORTSMOUTH, OHIO**

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***Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Permanent Funds  
For the Year Ended December 31, 2010***

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	<u>Cemetery Trust</u>	<u>Mausoleum Trust</u>	<u>Total Nonmajor Permanent Funds</u>
<b>Revenues:</b>			
Charges for Services	\$ 12,500	\$ 0	\$ 12,500
<b>Total Revenue</b>	<u>12,500</u>	<u>0</u>	<u>12,500</u>
<b>Expenditures:</b>			
Current:			
Public Health and Welfare Services	<u>14,604</u>	<u>0</u>	<u>14,604</u>
<b>Total Expenditures</b>	<u>14,604</u>	<u>0</u>	<u>14,604</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,104)	0	(2,104)
<b>Fund Balances at Beginning of Year</b>	<u>181,626</u>	<u>4,852</u>	<u>186,478</u>
<b>Fund Balances End of Year</b>	<u>\$ 179,522</u>	<u>\$ 4,852</u>	<u>\$ 184,374</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, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 7,057,000	\$ 7,135,000	\$ 7,150,615	\$ 15,615
Intergovernmental Revenues	2,015,000	1,574,000	1,570,546	(3,454)
Charges for Services	665,000	365,000	350,826	(14,174)
Licenses and Permits	215,000	215,000	225,134	10,134
Investment Earnings	10,000	10,000	621	(9,379)
Fines and Forfeitures	640,000	640,000	619,516	(20,484)
All Other Revenues	488,000	186,000	184,229	(1,771)
Total Revenues	<u>11,090,000</u>	<u>10,125,000</u>	<u>10,101,487</u>	<u>(23,513)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Police:				
Personal Services	3,354,357	3,199,457	3,196,071	3,386
Materials and Supplies	10,800	106,200	104,916	1,284
Contractual Services	128,598	153,759	149,906	3,853
Total Police	<u>3,493,755</u>	<u>3,459,416</u>	<u>3,450,893</u>	<u>8,523</u>
Fire:				
Personal Services	2,759,119	2,542,069	2,536,223	5,846
Materials and Supplies	8,500	22,500	21,598	902
Contractual Services	68,936	88,307	84,062	4,245
Total Fire	<u>2,836,555</u>	<u>2,652,876</u>	<u>2,641,883</u>	<u>10,993</u>
Street Lighting:				
Materials and Supplies	1,000	1,000	366	634
Contractual Services	185,000	217,000	216,929	71
Total Street Lighting	<u>186,000</u>	<u>218,000</u>	<u>217,295</u>	<u>705</u>
Total Security of Persons and Property	<u>6,516,310</u>	<u>6,330,292</u>	<u>6,310,071</u>	<u>20,221</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, 2010***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Public Health and Welfare Services:				
Health:				
Personal Services	583,569	588,229	585,463	2,766
Materials and Supplies	5,000	6,878	5,440	1,438
Contractual Services	113,435	119,558	115,073	4,485
Capital Outlay	3,000	889	889	0
Total Health	<u>705,004</u>	<u>715,554</u>	<u>706,865</u>	<u>8,689</u>
Total Public Health and Welfare Services	<u>705,004</u>	<u>715,554</u>	<u>706,865</u>	<u>8,689</u>
Community Environment:				
Building Inspection:				
Personal Services	109,283	111,283	109,789	1,494
Materials and Supplies	1,000	1,100	1,051	49
Contractual Services	79,100	64,600	64,065	535
Total Building Inspection	<u>189,383</u>	<u>176,983</u>	<u>174,905</u>	<u>2,078</u>
Administration:				
Personal Services	29,614	23,514	22,542	972
Materials and Supplies	1,550	5,050	4,446	604
Contractual Services	14,350	13,950	13,192	758
Total Administration	<u>45,514</u>	<u>42,514</u>	<u>40,180</u>	<u>2,334</u>
Total Community Environment	<u>234,897</u>	<u>219,497</u>	<u>215,085</u>	<u>4,412</u>
Transportation:				
Traffic Lights:				
Personal Services	97,860	106,240	105,916	324
Materials and Supplies	5,300	5,400	4,614	786
Contractual Services	26,535	23,555	22,894	661
Capital Outlay	500	500	242	258
Total Traffic Lights	<u>130,195</u>	<u>135,695</u>	<u>133,666</u>	<u>2,029</u>

(Continued)

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2010**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Cemetery Grounds:				
Personal Services	56,879	54,572	53,818	754
Materials and Supplies	1,550	1,650	1,339	311
Contractual Services	31,800	39,507	38,529	978
Capital Outlay	300	300	100	200
Total Cemetery Grounds	<u>90,529</u>	<u>96,029</u>	<u>93,786</u>	<u>2,243</u>
Recreational Grounds:				
Personal Services	108,031	104,571	101,199	3,372
Materials and Supplies	2,500	2,700	2,133	567
Contractual Services	1,940	2,200	1,891	309
Capital Outlay	500	500	458	42
Total Recreational Grounds	<u>112,971</u>	<u>109,971</u>	<u>105,681</u>	<u>4,290</u>
General Government:				
City Council:				
Personal Services	90,409	90,409	89,686	723
Materials and Supplies	600	600	357	243
Contractual Services	595	595	461	134
Total City Council	<u>91,604</u>	<u>91,604</u>	<u>90,504</u>	<u>1,100</u>
Executive:				
Personal Services	71,815	46,515	42,851	3,664
Materials and Supplies	1,450	1,811	1,604	207
Contractual Services	8,050	9,489	9,039	450
Total Executive	<u>81,315</u>	<u>57,815</u>	<u>53,494</u>	<u>4,321</u>
Legal:				
Personal Services	245,295	245,295	233,897	11,398
Materials and Supplies	2,000	2,100	1,961	139
Contractual Services	16,750	16,650	7,065	9,585
Total Legal	<u>264,045</u>	<u>264,045</u>	<u>242,923</u>	<u>21,122</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, 2010***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Finance:</b>				
Personal Services	175,252	147,952	145,648	2,304
Materials and Supplies	3,250	3,650	3,534	116
Contractual Services	35,600	38,500	36,439	2,061
Capital Outlay	500	500	500	0
Total Finance	214,602	190,602	186,121	4,481
<b>Civil Service:</b>				
Personal Services	13,870	13,870	12,705	1,165
Contractual Services	3,330	3,330	2,650	680
Total Civil Service	17,200	17,200	15,355	1,845
<b>Court Security:</b>				
Personal Services	36,451	60,451	58,871	1,580
Total Court Security	36,451	60,451	58,871	1,580
<b>Municipal Court:</b>				
Personal Services	851,778	857,978	856,519	1,459
Materials and Supplies	2,600	1,000	823	177
Contractual Services	45,600	41,000	38,009	2,991
Total Municipal Court	899,978	899,978	895,351	4,627
<b>Income Tax:</b>				
Personal Services	172,273	164,783	162,764	2,019
Materials and Supplies	1,550	1,600	1,584	16
Contractual Services	127,750	139,190	138,816	374
Total Income Tax	301,573	305,573	303,164	2,409
<b>Engineering:</b>				
Personal Services	32,592	33,392	33,043	349
Materials and Supplies	800	800	206	594
Contractual Services	11,400	10,600	10,049	551
Total Engineering	44,792	44,792	43,298	1,494

(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, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Service:				
Personal Services	43,507	119,007	116,662	2,345
Materials and Supplies	1,450	1,650	901	749
Contractual Services	13,813	13,113	11,459	1,654
Total Public Service	58,770	133,770	129,022	4,748
City Building:				
Personal Services	90,278	82,478	80,028	2,450
Materials and Supplies	5,000	5,000	4,744	256
Contractual Services	71,900	79,700	78,133	1,567
Total City Building	167,178	167,178	162,905	4,273
Garage:				
Personal Services	134,691	163,091	160,472	2,619
Materials and Supplies	175,200	49,200	43,945	5,255
Contractual Services	37,200	23,800	21,409	2,391
Total Garage	347,091	236,091	225,826	10,265
Non-Departmental:				
Personal Services	28,000	58,000	56,278	1,722
Contractual Services	425,000	325,000	317,701	7,299
Total Non-Departmental	453,000	383,000	373,979	9,021
Total General Government	2,977,599	2,852,099	2,780,813	71,286
Total Expenditures	10,767,505	10,459,137	10,345,967	113,170
Excess (Deficiency) of Revenues Over (Under) Expenditures	322,495	(334,137)	(244,480)	89,657
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	45,000	45,369	369
Transfers Out	(18,000)	(18,000)	(18,000)	0
Total Other Financing Sources (Uses)	(18,000)	27,000	27,369	369
Net Change in Fund Balance	304,495	(307,137)	(217,111)	90,026
Fund Balance at Beginning of Year	(533,059)	(533,059)	(533,059)	0
Prior Year Encumbrances	26,134	26,134	26,134	0
Fund Balance at End of Year	\$ (202,430)	\$ (814,062)	\$ (724,036)	\$ 90,026

**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, 2010**

<b>GENERAL OBLIGATION BOND RETIREMENT FUND</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Taxes	\$ 750,000	\$ 750,000	\$ 758,404	\$ 8,404
Intergovernmental Revenues	<u>100,000</u>	<u>100,000</u>	<u>116,048</u>	<u>16,048</u>
Total Revenues	<u>850,000</u>	<u>850,000</u>	<u>874,452</u>	<u>24,452</u>
<b>Expenditures:</b>				
General Government:				
Debt Service:				
Principal Retirement	753,600	744,000	740,000	4,000
Interest and Fiscal Charges	<u>96,400</u>	<u>106,000</u>	<u>105,090</u>	<u>910</u>
Total Expenditures	<u>850,000</u>	<u>850,000</u>	<u>845,090</u>	<u>4,910</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	29,362	29,362
Fund Balance at Beginning of Year	<u>11,191</u>	<u>11,191</u>	<u>11,191</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 11,191</u>	<u>\$ 11,191</u>	<u>\$ 40,553</u>	<u>\$ 29,362</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, 2010**

<b>CAPITAL IMPROVEMENT FUND</b>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 1,300,000	\$ 1,300,000	\$ 1,433,118	\$ 133,118
Total Revenues	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,433,118</u>	<u>133,118</u>
<b>Expenditures:</b>				
Capital Outlay	489,651	1,373,278	1,215,060	158,218
Debt Service:				
Principal Retirement	29,877	183,285	182,748	537
Interest and Fiscal Charges	<u>0</u>	<u>35,005</u>	<u>34,188</u>	<u>817</u>
Total Expenditures	<u>519,528</u>	<u>1,591,568</u>	<u>1,431,996</u>	<u>159,572</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	780,472	(291,568)	1,122	292,690
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>0</u>	<u>(821,000)</u>	<u>(817,976)</u>	<u>3,024</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(821,000)</u>	<u>(817,976)</u>	<u>3,024</u>
Net Change in Fund Balance	780,472	(1,112,568)	(816,854)	295,714
Fund Balance at Beginning of Year	1,200,788	1,200,788	1,200,788	0
Prior Year Encumbrances	<u>519,528</u>	<u>519,528</u>	<u>519,528</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,500,788</u>	<u>\$ 607,748</u>	<u>\$ 903,462</u>	<u>\$ 295,714</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 40,000	\$ 92,000	\$ 92,553	\$ 553
Total Revenues	<u>40,000</u>	<u>92,000</u>	<u>92,553</u>	<u>553</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	35,800	114,262	114,262	0
Materials and Supplies	<u>4,200</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>40,000</u>	<u>114,262</u>	<u>114,262</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(22,262)	(21,709)	553
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ (22,262)</u>	<u>\$ (21,709)</u>	<u>\$ 553</u>

**CITY OF PORTSMOUTH, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

<b>MUNICIPAL COURT SPECIAL PROJECT FUND</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Fines and Forfeitures	\$ 165,000	\$ 165,000	\$ 168,090	\$ 3,090
Total Revenues	<u>165,000</u>	<u>165,000</u>	<u>168,090</u>	<u>3,090</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	64,970	64,970	37,706	27,264
Materials and Supplies	21,800	36,800	36,732	68
Contractual Services	81,200	66,200	56,823	9,377
Capital Outlay	<u>31,030</u>	<u>31,030</u>	<u>2,000</u>	<u>29,030</u>
Total Expenditures	<u>199,000</u>	<u>199,000</u>	<u>133,261</u>	<u>65,739</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,000)	(34,000)	34,829	68,829
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>(51,000)</u>	<u>(51,000)</u>	<u>0</u>	<u>51,000</u>
Total Other Financing Sources (Uses)	<u>(51,000)</u>	<u>(51,000)</u>	<u>0</u>	<u>51,000</u>
Net Change in Fund Balance	(85,000)	(85,000)	34,829	119,829
Fund Balance at Beginning of Year	<u>193,452</u>	<u>193,452</u>	<u>193,452</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 108,452</u>	<u>\$ 108,452</u>	<u>\$ 228,281</u>	<u>\$ 119,829</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 75,000	\$ 113,000	\$ 113,939	\$ 939
Total Revenues	<u>75,000</u>	<u>113,000</u>	<u>113,939</u>	<u>939</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	<u>75,000</u>	<u>75,000</u>	<u>46,484</u>	<u>28,516</u>
Total Expenditures	<u>75,000</u>	<u>75,000</u>	<u>46,484</u>	<u>28,516</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	38,000	67,455	29,455
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 38,000</u>	<u>\$ 67,455</u>	<u>\$ 29,455</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 100,000	\$ 103,000	\$ 102,849	\$ (151)
Total Revenues	<u>100,000</u>	<u>103,000</u>	<u>102,849</u>	<u>(151)</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	46,708	41,831	41,831	0
Contractual Services	<u>53,292</u>	<u>60,785</u>	<u>60,785</u>	<u>0</u>
Total Expenditures	<u>100,000</u>	<u>102,616</u>	<u>102,616</u>	<u>0</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	0	384	233	(151)
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 384</u>	<u>\$ 233</u>	<u>\$ (151)</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 40,000	\$ 40,000	\$ 41,535	\$ 1,535
Total Revenues	<u>40,000</u>	<u>40,000</u>	<u>41,535</u>	<u>1,535</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	7,300	7,500	6,533	967
Materials and Supplies	12,700	16,000	15,903	97
Contractual Services	<u>20,000</u>	<u>16,500</u>	<u>12,267</u>	<u>4,233</u>
Total Expenditures	<u>40,000</u>	<u>40,000</u>	<u>34,703</u>	<u>5,297</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	0	0	6,832	6,832
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,832</u>	<u>\$ 6,832</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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**ARRA MUNICIPAL COURT SECURITY GRANT FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 0	\$ 90,000	\$ 89,277	\$ (723)
Total Revenues	<u>0</u>	<u>90,000</u>	<u>89,277</u>	<u>(723)</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	<u>100,000</u>	<u>81,736</u>	<u>77,645</u>	<u>4,091</u>
Total Expenditures	<u>100,000</u>	<u>81,736</u>	<u>77,645</u>	<u>4,091</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(100,000)	8,264	11,632	3,368
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>\$ (100,000)</u>	<u>\$ 8,264</u>	<u>\$ 11,632</u>	<u>\$ 3,368</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
All Other Revenues	<u>\$ 0</u>	<u>\$ 10,000</u>	<u>\$ 5,000</u>	<u>\$ (5,000)</u>
Total Revenues	<u>0</u>	<u>10,000</u>	<u>5,000</u>	<u>(5,000)</u>
<b>Expenditures:</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	10,000	5,000	(5,000)
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 10,000</u>	<u>\$ 5,000</u>	<u>\$ (5,000)</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 60,000	\$ 60,000	\$ 61,258	\$ 1,258
Intergovernmental Revenues	0	10,000	8,388	(1,612)
Total Revenues	<u>60,000</u>	<u>70,000</u>	<u>69,646</u>	<u>(354)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	<u>70,000</u>	<u>70,000</u>	<u>69,646</u>	<u>354</u>
Total Expenditures	<u>70,000</u>	<u>70,000</u>	<u>69,646</u>	<u>354</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,000)	0	0	0
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>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 60,000	\$ 60,000	\$ 61,258	\$ 1,258
Intergovernmental Revenues	<u>0</u>	<u>10,000</u>	<u>8,389</u>	<u>(1,611)</u>
Total Revenues	<u>60,000</u>	<u>70,000</u>	<u>69,647</u>	<u>(353)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	<u>70,000</u>	<u>70,000</u>	<u>69,647</u>	<u>353</u>
Total Expenditures	<u>70,000</u>	<u>70,000</u>	<u>69,647</u>	<u>353</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,000)	0	0	0
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>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 10,000	\$ 35,000	\$ 35,007	\$ 7
All Other Revenues	<u>0</u>	<u>0</u>	<u>850</u>	<u>850</u>
Total Revenues	<u>10,000</u>	<u>35,000</u>	<u>35,857</u>	<u>857</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	10,000	18,456	18,442	14
Materials and Supplies	10,000	2,449	2,449	0
Contractual Services	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>25,000</u>	<u>20,905</u>	<u>20,891</u>	<u>14</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,000)	14,095	14,966	871
Fund Balance at Beginning of Year	<u>16,797</u>	<u>16,797</u>	<u>16,797</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,797</u>	<u>\$ 30,892</u>	<u>\$ 31,763</u>	<u>\$ 871</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
All Other Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 22,000</u>	<u>\$ 22,000</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>22,000</u>	<u>22,000</u>
<b>Expenditures:</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	22,000	22,000
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 22,000</u>	<u>\$ 22,000</u>

**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>JAG GRANTS FUND</b>				
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 0	\$ 135,000	\$ 137,829	\$ 2,829
Total Revenues	<u>0</u>	<u>135,000</u>	<u>137,829</u>	<u>2,829</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	100,000	222	222	0
Materials and Supplies	9,000	6,168	6,168	0
Contractual Services	72,749	79,550	79,550	0
Capital Outlay	<u>18,251</u>	<u>13,787</u>	<u>13,787</u>	<u>0</u>
Total Expenditures	<u>200,000</u>	<u>99,727</u>	<u>99,727</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(200,000)	35,273	38,102	2,829
Fund Balance at Beginning of Year	<u>17,492</u>	<u>17,492</u>	<u>17,492</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (182,508)</u>	<u>\$ 52,765</u>	<u>\$ 55,594</u>	<u>\$ 2,829</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 20,000	\$ 26,000	\$ 26,484	\$ 484
Total Revenues	<u>20,000</u>	<u>26,000</u>	<u>26,484</u>	<u>484</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	92,700	92,280	42,090	50,190
Materials and Supplies	5,000	2,000	0	2,000
Contractual Services	2,000	5,420	4,420	1,000
Capital Outlay	300	300	0	300
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>46,510</u>	<u>53,490</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(80,000)	(74,000)	(20,026)	53,974
Fund Balance at Beginning of Year	<u>87,561</u>	<u>87,561</u>	<u>87,561</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 7,561</u>	<u>\$ 13,561</u>	<u>\$ 67,535</u>	<u>\$ 53,974</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

---

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 20,000	\$ 33,000	\$ 33,351	\$ 351
Total Revenues	<u>20,000</u>	<u>33,000</u>	<u>33,351</u>	<u>351</u>
<b>Expenditures:</b>				
General Government:				
Contractual Services	<u>50,000</u>	<u>50,000</u>	<u>37,125</u>	<u>12,875</u>
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>37,125</u>	<u>12,875</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,000)	(17,000)	(3,774)	13,226
Fund Balance at Beginning of Year	<u>30,775</u>	<u>30,775</u>	<u>30,775</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 775</u>	<u>\$ 13,775</u>	<u>\$ 27,001</u>	<u>\$ 13,226</u>

**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 2,000	\$ 2,000	\$ 1,532	\$ (468)
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>1,532</u>	<u>(468)</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	0	100	20	80
Contractual Services	<u>5,000</u>	<u>4,900</u>	<u>237</u>	<u>4,663</u>
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>257</u>	<u>4,743</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,000)	(3,000)	1,275	4,275
Fund Balance at Beginning of Year	<u>4,230</u>	<u>4,230</u>	<u>4,230</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,230</u>	<u>\$ 1,230</u>	<u>\$ 5,505</u>	<u>\$ 4,275</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 5,000	\$ 2,000	\$ 2,245	\$ 245
Total Revenues	<u>5,000</u>	<u>2,000</u>	<u>2,245</u>	<u>245</u>
<b>Expenditures:</b>				
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	2,000	2,245	245
Fund Balance at Beginning of Year	<u>540</u>	<u>540</u>	<u>540</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 540</u>	<u>\$ 2,540</u>	<u>\$ 2,785</u>	<u>\$ 245</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 100,000	\$ 176,000	\$ 176,710	\$ 710
Fines and Forfeitures	0	50,000	50,477	477
All Other Revenues	0	9,000	9,065	65
Total Revenues	<u>100,000</u>	<u>235,000</u>	<u>236,252</u>	<u>1,252</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Materials and Supplies	250,000	117,815	117,815	0
Contractual Services	0	4,420	4,420	0
Total Expenditures	<u>250,000</u>	<u>122,235</u>	<u>122,235</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(150,000)	112,765	114,017	1,252
Fund Balance at Beginning of Year	<u>155,642</u>	<u>155,642</u>	<u>155,642</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5,642</u>	<u>\$ 268,407</u>	<u>\$ 269,659</u>	<u>\$ 1,252</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 0	\$ 50,000	\$ 50,000	\$ 0
Total Revenues	<u>0</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	<u>50,000</u>	<u>40,630</u>	<u>40,630</u>	<u>0</u>
Total Expenditures	<u>50,000</u>	<u>40,630</u>	<u>40,630</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,000)	9,370	9,370	0
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>\$ (50,000)</u>	<u>\$ 9,370</u>	<u>\$ 9,370</u>	<u>\$ 0</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 0	\$ 50,000	\$ 50,000	\$ 0
Total Revenues	<u>0</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	44,900	24,371	24,371	0
Contractual Services	<u>5,100</u>	<u>2,211</u>	<u>2,211</u>	<u>0</u>
Total Expenditures	<u>50,000</u>	<u>26,582</u>	<u>26,582</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,000)	23,418	23,418	0
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>\$ (50,000)</u>	<u>\$ 23,418</u>	<u>\$ 23,418</u>	<u>\$ 0</u>

**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 950,000	\$ 900,000	\$ 893,933	\$ (6,067)
Investment Earnings	0	0	12	12
All Other Revenues	<u>0</u>	<u>0</u>	<u>1,593</u>	<u>1,593</u>
Total Revenues	<u>950,000</u>	<u>900,000</u>	<u>895,538</u>	<u>(4,462)</u>
<b>Expenditures:</b>				
Transportation:				
Personal Services	825,405	788,657	786,376	2,281
Materials and Supplies	64,250	63,950	58,872	5,078
Contractual Services	43,908	40,956	38,942	2,014
Capital Outlay	<u>1,000</u>	<u>1,000</u>	<u>380</u>	<u>620</u>
Total Expenditures	<u>934,563</u>	<u>894,563</u>	<u>884,570</u>	<u>9,993</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,437	5,437	10,968	5,531
Fund Balance at Beginning of Year	<u>14,624</u>	<u>14,624</u>	<u>14,624</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 30,061</u>	<u>\$ 20,061</u>	<u>\$ 25,592</u>	<u>\$ 5,531</u>

**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 60,000	\$ 60,000	\$ 65,234	\$ 5,234
Investment Earnings	0	0	6	6
Total Revenues	<u>60,000</u>	<u>60,000</u>	<u>65,240</u>	<u>5,240</u>
<b>Expenditures:</b>				
Transportation:				
Materials and Supplies	<u>115,000</u>	<u>114,279</u>	<u>114,279</u>	<u>0</u>
Total Expenditures	<u>115,000</u>	<u>114,279</u>	<u>114,279</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(55,000)	(54,279)	(49,039)	5,240
Fund Balance at Beginning of Year	<u>75,692</u>	<u>75,692</u>	<u>75,692</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 20,692</u>	<u>\$ 21,413</u>	<u>\$ 26,653</u>	<u>\$ 5,240</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, 2010***

<b>ENVIRONMENTAL STATE GRANTS FUND</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 557,000	\$ 414,000	\$ 406,158	\$ (7,842)
All Other Revenues	<u>0</u>	<u>0</u>	<u>7,500</u>	<u>7,500</u>
Total Revenues	<u>557,000</u>	<u>414,000</u>	<u>413,658</u>	<u>(342)</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Personal Services	0	511,800	509,675	2,125
Materials and Supplies	0	14,900	14,765	135
Contractual Services	0	55,200	53,694	1,506
Capital Outlay	<u>0</u>	<u>18,100</u>	<u>18,088</u>	<u>12</u>
Total Expenditures	<u>0</u>	<u>600,000</u>	<u>596,222</u>	<u>3,778</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	557,000	(186,000)	(182,564)	3,436
<b>Other Financing Sources (Uses):</b>				
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	575,000	(168,000)	(164,564)	3,436
Fund Balance at Beginning of Year	<u>203,364</u>	<u>203,364</u>	<u>203,364</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 778,364</u>	<u>\$ 35,364</u>	<u>\$ 38,800</u>	<u>\$ 3,436</u>

**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 320,000	\$ 350,000	\$ 350,790	\$ 790
Investment Earnings	0	0	47	47
All Other Revenues	<u>30,000</u>	<u>30,000</u>	<u>30,229</u>	<u>229</u>
Total Revenues	<u>350,000</u>	<u>380,000</u>	<u>381,066</u>	<u>1,066</u>
<b>Expenditures:</b>				
Community Environment:				
Personal Services	10,424	9,065	9,065	0
Materials and Supplies	3,700	2,800	2,800	0
Contractual Services	<u>14,900</u>	<u>296,876</u>	<u>296,876</u>	<u>0</u>
Total Expenditures	<u>29,024</u>	<u>308,741</u>	<u>308,741</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	320,976	71,259	72,325	1,066
Fund Balance at Beginning of Year	<u>388,892</u>	<u>388,892</u>	<u>388,892</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 709,868</u>	<u>\$ 460,151</u>	<u>\$ 461,217</u>	<u>\$ 1,066</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	<u>\$ 60,000</u>	<u>\$ 45,000</u>	<u>\$ 45,248</u>	<u>\$ 248</u>
Total Revenues	<u>60,000</u>	<u>45,000</u>	<u>45,248</u>	<u>248</u>
<b>Expenditures:</b>				
Community Environment:				
Contractual Services	<u>60,000</u>	<u>47,100</u>	<u>47,100</u>	<u>0</u>
Total Expenditures	<u>60,000</u>	<u>47,100</u>	<u>47,100</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(2,100)	(1,852)	248
Fund Balance at Beginning of Year	<u>10,471</u>	<u>10,471</u>	<u>10,471</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 10,471</u>	<u>\$ 8,371</u>	<u>\$ 8,619</u>	<u>\$ 248</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, 2010**

STATE GRANT HEALTH FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 265,000	\$ 390,000	\$ 391,095	\$ 1,095
Charges for Services	35,000	55,000	57,000	2,000
All Other Revenues	0	20,000	20,850	850
Total Revenues	<u>300,000</u>	<u>465,000</u>	<u>468,945</u>	<u>3,945</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Prevention:				
Personal Services	56,097	57,397	56,870	527
Materials and Supplies	691	791	300	491
Contractual Services	2,912	5,412	5,085	327
Capital Outlay	300	300	276	24
Total Prevention	<u>60,000</u>	<u>63,900</u>	<u>62,531</u>	<u>1,369</u>
State Grant - Safety Grant:				
Personal Services	32,341	18,441	16,355	2,086
Materials and Supplies	8,000	8,000	4,240	3,760
Contractual Services	6,659	1,659	633	1,026
Capital Outlay	1,000	0	0	0
Total State Grant - Safety Grant	<u>48,000</u>	<u>28,100</u>	<u>21,228</u>	<u>6,872</u>
Bioterrorism Grant:				
Personal Services	69,730	69,830	66,143	3,687
Materials and Supplies	5,077	7,577	7,515	62
Contractual Services	35,138	37,538	33,971	3,567
Total Bioterrorism Grant	<u>109,945</u>	<u>114,945</u>	<u>107,629</u>	<u>7,316</u>
H1N1 Grant:				
Personal Services	56,036	45,036	43,852	1,184
Materials and Supplies	12,509	34,209	33,337	872
Contractual Services	58,510	70,810	70,627	183
Capital Outlay	30,000	106,000	105,448	552
Total H1N1 Grant	<u>157,055</u>	<u>256,055</u>	<u>253,264</u>	<u>2,791</u>
Total Expenditures	<u>375,000</u>	<u>463,000</u>	<u>444,652</u>	<u>18,348</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(75,000)	2,000	24,293	22,293
Fund Balance at Beginning of Year	79,263	79,263	79,263	0
Fund Balance at End of Year	<u>\$ 4,263</u>	<u>\$ 81,263</u>	<u>\$ 103,556</u>	<u>\$ 22,293</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 300,000	\$ 412,000	\$ 411,899	\$ (101)
All Other Revenues	<u>0</u>	<u>0</u>	<u>375</u>	<u>375</u>
Total Revenues	<u>300,000</u>	<u>412,000</u>	<u>412,274</u>	<u>274</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Personal Services	309,400	255,431	255,431	0
Materials and Supplies	3,200	59,535	59,535	0
Contractual Services	37,300	105,723	105,723	0
Capital Outlay	<u>100</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>350,000</u>	<u>420,689</u>	<u>420,689</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,000)	(8,689)	(8,415)	274
Fund Balance at Beginning of Year	<u>11,835</u>	<u>11,835</u>	<u>11,835</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (38,165)</u>	<u>\$ 3,146</u>	<u>\$ 3,420</u>	<u>\$ 274</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, 2010**

**RYAN WHITE HIV CARE PART B GRANT FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 150,000	\$ 70,000	\$ 70,229	\$ 229
Total Revenues	<u>150,000</u>	<u>70,000</u>	<u>70,229</u>	<u>229</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Personal Services	84,000	48,691	48,691	0
Materials and Supplies	23,000	5,114	5,114	0
Contractual Services	43,000	19,598	19,598	0
Capital Outlay	0	800	800	0
Total Expenditures	<u>150,000</u>	<u>74,203</u>	<u>74,203</u>	<u>0</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	0	(4,203)	(3,974)	229
Fund Balance at Beginning of Year	<u>404</u>	<u>404</u>	<u>404</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 404</u>	<u>\$ (3,799)</u>	<u>\$ (3,570)</u>	<u>\$ 229</u>

**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 90,000	\$ 136,000	\$ 147,571	\$ 11,571
Charges for Services	55,000	55,000	44,602	(10,398)
All Other Revenues	<u>5,000</u>	<u>5,000</u>	<u>3,603</u>	<u>(1,397)</u>
Total Revenues	<u>150,000</u>	<u>196,000</u>	<u>195,776</u>	<u>(224)</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Personal Services	131,448	130,524	130,524	0
Materials and Supplies	2,646	14,676	14,676	0
Contractual Services	<u>15,905</u>	<u>21,514</u>	<u>21,514</u>	<u>0</u>
Total Expenditures	<u>149,999</u>	<u>166,714</u>	<u>166,714</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1	29,286	29,062	(224)
Fund Balance at Beginning of Year	<u>(25,718)</u>	<u>(25,718)</u>	<u>(25,718)</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (25,717)</u>	<u>\$ 3,568</u>	<u>\$ 3,344</u>	<u>\$ (224)</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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**CHILDREN AND FAMILY HEALTH SERVICES GRANT FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 100,000	\$ 65,000	\$ 65,375	\$ 375
Total Revenues	<u>100,000</u>	<u>65,000</u>	<u>65,375</u>	<u>375</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Personal Services	39,232	40,783	40,783	0
Materials and Supplies	11,769	849	849	0
Contractual Services	<u>49,000</u>	<u>43,283</u>	<u>43,283</u>	<u>0</u>
Total Expenditures	<u>100,001</u>	<u>84,915</u>	<u>84,915</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1)	(19,915)	(19,540)	375
Fund Balance at Beginning of Year	<u>4,740</u>	<u>4,740</u>	<u>4,740</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,739</u>	<u>\$ (15,175)</u>	<u>\$ (14,800)</u>	<u>\$ 375</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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	F.E.M.A. GRANT FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>41,235</u>	<u>41,235</u>	<u>41,235</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 41,235</u>	<u>\$ 41,235</u>	<u>\$ 41,235</u>	<u>\$ 0</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	<u>\$ 400,000</u>	<u>\$ 367,000</u>	<u>\$ 366,556</u>	<u>\$ (444)</u>
Total Revenues	<u>400,000</u>	<u>367,000</u>	<u>366,556</u>	<u>(444)</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Contractual Services	<u>350,000</u>	<u>366,556</u>	<u>366,556</u>	<u>0</u>
Total Expenditures	<u>350,000</u>	<u>366,556</u>	<u>366,556</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	50,000	444	0	(444)
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>\$ 50,000</u>	<u>\$ 444</u>	<u>\$ 0</u>	<u>\$ (444)</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, 2010***

**RYAN WHITE TITLE III FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 200,000	\$ 112,000	\$ 223,336	\$ 111,336
Charges for Services	0	0	5,209	5,209
All Other Revenues	0	0	1,585	1,585
Total Revenues	<u>200,000</u>	<u>112,000</u>	<u>230,130</u>	<u>118,130</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Personal Services	165,500	137,327	137,327	0
Materials and Supplies	12,500	28,618	28,618	0
Contractual Services	47,000	71,564	71,564	0
Total Expenditures	<u>225,000</u>	<u>237,509</u>	<u>237,509</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,000)	(125,509)	(7,379)	118,130
Fund Balance at Beginning of Year	<u>34,370</u>	<u>34,370</u>	<u>34,370</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 9,370</u>	<u>\$ (91,139)</u>	<u>\$ 26,991</u>	<u>\$ 118,130</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 190,000	\$ 195,000	\$ 194,033	\$ (967)
Intergovernmental Revenues	0	25,000	25,551	551
Total Revenues	<u>190,000</u>	<u>220,000</u>	<u>219,584</u>	<u>(416)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	87,600	92,700	92,036	664
Materials and Supplies	11,000	11,000	2,152	8,848
Contractual Services	85,963	237,713	172,488	65,225
Capital Outlay	<u>136,000</u>	<u>766,000</u>	<u>488,933</u>	<u>277,067</u>
Total Expenditures	<u>320,563</u>	<u>1,107,413</u>	<u>755,609</u>	<u>351,804</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(130,563)	(887,413)	(536,025)	351,388
Fund Balance at Beginning of Year	<u>967,241</u>	<u>967,241</u>	<u>967,241</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 836,678</u>	<u>\$ 79,828</u>	<u>\$ 431,216</u>	<u>\$ 351,388</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Licenses and Permits	<u>\$ 2,000</u>	<u>\$ 1,000</u>	<u>\$ 1,081</u>	<u>\$ 81</u>
Total Revenues	<u>2,000</u>	<u>1,000</u>	<u>1,081</u>	<u>81</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Contractual Services	<u>2,000</u>	<u>2,000</u>	<u>361</u>	<u>1,639</u>
Total Expenditures	<u>2,000</u>	<u>2,000</u>	<u>361</u>	<u>1,639</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(1,000)	720	1,720
Fund Balance at Beginning of Year	<u>2,378</u>	<u>2,378</u>	<u>2,378</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,378</u>	<u>\$ 1,378</u>	<u>\$ 3,098</u>	<u>\$ 1,720</u>

**CITY OF PORTSMOUTH, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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**COUNCIL TRUST FOR RECREATION FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for Services	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 55,287</u>	<u>\$ 5,287</u>
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>55,287</u>	<u>5,287</u>
<b>Expenditures:</b>				
Leisure Time Activities:				
Personal Services	40,802	37,602	29,400	8,202
Materials and Supplies	7,150	9,450	8,836	614
Contractual Services	<u>15,525</u>	<u>16,425</u>	<u>14,988</u>	<u>1,437</u>
Total Expenditures	<u>63,477</u>	<u>63,477</u>	<u>53,224</u>	<u>10,253</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,477)	(13,477)	2,063	15,540
Fund Balance at Beginning of Year	<u>73,337</u>	<u>73,337</u>	<u>73,337</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 59,860</u>	<u>\$ 59,860</u>	<u>\$ 75,400</u>	<u>\$ 15,540</u>

**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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**PLAYGROUND TRUST FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
All Other Revenues	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 1,943</u>	<u>\$ (57)</u>
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>1,943</u>	<u>(57)</u>
<b>Expenditures:</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,000	2,000	1,943	(57)
Fund Balance at Beginning of Year	<u>12,637</u>	<u>12,637</u>	<u>12,637</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 14,637</u>	<u>\$ 14,637</u>	<u>\$ 14,580</u>	<u>\$ (57)</u>

**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Permanent Fund  
For the Year Ended December 31, 2010***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for Services	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 12,500</u>	<u>\$ 2,500</u>
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>12,500</u>	<u>2,500</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Contractual Services	3,600	3,000	0	3,000
Capital Outlay	<u>14,300</u>	<u>14,900</u>	<u>14,604</u>	<u>296</u>
Total Expenditures	<u>17,900</u>	<u>17,900</u>	<u>14,604</u>	<u>3,296</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,900)	(7,900)	(2,104)	5,796
Fund Balance at Beginning of Year	<u>181,626</u>	<u>181,626</u>	<u>181,626</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 173,726</u>	<u>\$ 173,726</u>	<u>\$ 179,522</u>	<u>\$ 5,796</u>

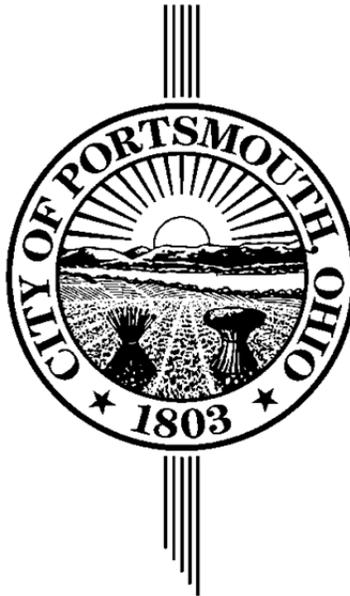
**CITY OF PORTSMOUTH, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Permanent Fund  
For the Year Ended December 31, 2010***

---

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



***Fiduciary Funds***

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Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

***Agency Funds***

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**Performance Bonds Fund**

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

**Law Library Fund**

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

**Ohio Board of Building Standards Fund**

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

**Municipal Court Fund**

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

**CITY OF PORTSMOUTH, OHIO**

**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2010**

	Balance December 31, 2009	Additions	Deductions	Balance December 31, 2010
<b>Performance Bonds Fund</b>				
Restricted Assets:				
Cash and Cash Equivalents	\$37,256	\$3,400	(\$18,665)	\$21,991
Total Assets	<u>\$37,256</u>	<u>\$3,400</u>	<u>(\$18,665)</u>	<u>\$21,991</u>
Liabilities:				
Due to Others	\$37,256	\$3,400	(\$18,665)	\$21,991
Total Liabilities	<u>\$37,256</u>	<u>\$3,400</u>	<u>(\$18,665)</u>	<u>\$21,991</u>
<b>Law Library Fund</b>				
Assets:				
Accounts Receivable	\$18,965	\$20,047	(\$18,965)	\$20,047
Restricted Assets:				
Cash and Cash Equivalents	4,027	43,490	(44,880)	2,637
Total Assets	<u>\$22,992</u>	<u>\$63,537</u>	<u>(\$63,845)</u>	<u>\$22,684</u>
Liabilities:				
Due to Others	\$22,992	\$63,537	(\$63,845)	\$22,684
Total Liabilities	<u>\$22,992</u>	<u>\$63,537</u>	<u>(\$63,845)</u>	<u>\$22,684</u>
<b>Ohio Board of Building Standards Fund</b>				
Restricted Assets:				
Cash and Cash Equivalents	\$2,223	\$2,720	\$0	\$4,943
Total Assets	<u>\$2,223</u>	<u>\$2,720</u>	<u>\$0</u>	<u>\$4,943</u>
Liabilities:				
Due to Others	\$2,223	\$2,720	\$0	\$4,943
Total Liabilities	<u>\$2,223</u>	<u>\$2,720</u>	<u>\$0</u>	<u>\$4,943</u>
<b>Municipal Court Fund</b>				
Assets:				
Accounts Receivable	\$328,888	\$422,349	(\$328,888)	\$422,349
Restricted Assets:				
Cash and Cash Equivalents	100,652	1,639,069	(1,661,667)	78,054
Total Assets	<u>\$429,540</u>	<u>\$2,061,418</u>	<u>(\$1,990,555)</u>	<u>\$500,403</u>
Liabilities:				
Intergovernmental Payables	\$52,745	\$692,312	(\$710,156)	\$34,901
Due to Others	376,795	1,369,106	(1,280,399)	465,502
Total Liabilities	<u>\$429,540</u>	<u>\$2,061,418</u>	<u>(\$1,990,555)</u>	<u>\$500,403</u>

(Continued)

**CITY OF PORTSMOUTH, OHIO**

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**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2010**

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	Balance December 31, 2009	Additions	Deductions	Balance December 31, 2010
<b>Totals - All Agency Funds</b>				
Assets:				
Accounts Receivable	\$347,853	\$442,396	(\$347,853)	\$442,396
Restricted Assets:				
Cash and Cash Equivalents	144,158	1,688,679	(1,725,212)	107,625
Total Assets	<u>\$492,011</u>	<u>\$2,131,075</u>	<u>(\$2,073,065)</u>	<u>\$550,021</u>
Liabilities:				
Intergovernmental Payables	\$52,745	\$692,312	(\$710,156)	\$34,901
Due to Others	439,266	1,438,763	(1,362,909)	515,120
Total Liabilities	<u>\$492,011</u>	<u>\$2,131,075</u>	<u>(\$2,073,065)</u>	<u>\$550,021</u>

# *STATISTICAL SECTION*

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## ***STATISTICAL TABLES***

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

### ***Contents***

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<b>Financial Trends</b>	S 2 – S 11
These schedules contain trend information to help the reader understand how the City's financial position has changed over time.	
<b>Revenue Capacity</b>	S 12 – S 15
These schedules contain information to help the reader understand and assess the factors affecting the City's ability to generate its most significant local revenue sources, which the income tax.	
<b>Debt Capacity</b>	S 16 – S 25
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<b>Economic and Demographic Information</b>	S 26 – S 29
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
<b>Operating Information</b>	S 30 – S 35
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the district provides and the activities it performs.	
<b>Sources Note:</b>	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.	

## *City of Portsmouth*

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

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

Source: City Auditor's Office

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

*City of Portsmouth*

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

## City of Portsmouth

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

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

*City of Portsmouth*

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

(continued)

## City of Portsmouth

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

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

Source: City Auditor's Office

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

*City of Portsmouth*

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

## *City of Portsmouth*

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

	2001	2002	2003	2004
General Fund				
Reserved	\$150,827	\$97,713	\$108,831	\$97,635
Unreserved	1,931,759	933,037	704,284	1,170,835
<i>Total General Fund</i>	<u>2,082,586</u>	<u>1,030,750</u>	<u>813,115</u>	<u>1,268,470</u>
All Other Governmental Funds				
Reserved	2,674,575	2,597,638	275,950	347,033
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	2,181,004	2,469,590	2,423,614	2,274,291
Capital Projects Funds	310,165	(1,711,167)	235,713	649,230
Permanent Fund	0	0	178,966	173,511
<i>Total All Other Governmental Funds</i>	<u>5,165,744</u>	<u>3,356,061</u>	<u>3,114,243</u>	<u>3,444,065</u>
<i>Total Governmental Funds</i>	<u>\$7,248,330</u>	<u>\$4,386,811</u>	<u>\$3,927,358</u>	<u>\$4,712,535</u>

Source: City Auditor's Office

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

NOTE: Years 2001-2002 do not include the Nonexpendable Trust Funds and the Council Trust for Recreation and Playground Trust Funds which were classified as Fiduciary Funds prior to implementing GASB 34 in 2003.

*City of Portsmouth*

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2005	2006	2007	2008	2009	2010
				(1)	
\$98,476	\$82,472	\$129,318	\$68,808	\$72,684	\$19,498
864,105	619,184	669,976	194,845	(217,359)	(549,541)
962,581	701,656	799,294	263,653	(144,675)	(530,043)
416,408	535,621	399,443	1,748,111	572,079	485,976
2,770,689	2,519,419	2,578,171	2,575,725	3,013,959	2,373,901
780,868	969,910	1,409,916	(133,202)	671,599	1,099,276
168,324	174,297	161,071	159,392	159,635	157,531
4,136,289	4,199,247	4,548,601	4,350,026	4,417,272	4,116,684
\$5,098,870	\$4,900,903	\$5,347,895	\$4,613,679	\$4,272,597	\$3,586,641

## City of Portsmouth

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

	2001	2002	2003	2004
<b>Revenues:</b>				
Taxes	\$7,830,364	\$8,029,034	\$7,791,325	\$8,380,980
Intergovernmental Revenues	5,182,900	5,994,416	5,463,082	5,484,792
Charges for Services	402,186	471,528	654,975	669,104
Licenses and Permits	193,254	177,129	231,125	286,046
Investment Earnings	353,764	136,409	47,865	41,254
Special Assessments	156,083	154,864	0	465
Fines and Forfeitures	933,608	917,757	994,915	1,013,920
All Other Revenue	507,925	374,085	482,914	308,498
<b>Total Revenue</b>	15,560,084	16,255,222	15,666,201	16,185,059
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	5,991,355	6,423,187	6,572,469	6,349,582
Public Health and Welfare Services	2,769,406	2,708,280	2,565,485	2,539,607
Leisure Time Activities	0	0	73,507	72,782
Community Environment	626,376	695,134	371,813	677,336
Transportation	1,307,038	1,417,750	2,292,674	1,110,311
General Government	3,572,084	3,434,883	3,403,628	3,203,359
Capital Outlay	2,017,237	4,007,499	665,748	1,275,007
Debt Service:				
Principal Retirement	2,302,391	175,000	252,306	114,002
Interest and Fiscal Charges	124,271	159,738	151,542	115,616
<b>Total Expenditures</b>	18,710,158	19,021,471	16,349,172	15,457,602
Excess (Deficiency) of Revenues Over Expenditures	(3,150,074)	(2,766,249)	(682,971)	727,457
<b>Other Financing Sources (Uses):</b>				
Proceeds from the Sale of Capital Assets	13,000	16,930	21,398	8,312
Other Financing Sources - Capital Leases	0	0	0	0
General Obligation Bonds Issued	2,090,000	0	0	65,000
Transfers In	415,604	364,296	4,106,809	545,860
Transfers Out	(461,403)	(443,907)	(4,262,989)	(545,860)
<b>Total Other Financing Sources (Uses)</b>	2,057,201	(62,681)	(134,782)	73,312
<b>Net Change in Fund Balance</b>	(\$1,092,873)	(\$2,828,930)	(\$817,753)	\$800,769
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	13.95%	2.17%	2.56%	1.54%

Source: City Auditor's Office

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

NOTE: Years 2001-2002 do not include the Nonexpendable Trust Funds and the Council Trust for Recreation and Playground Trust Funds which were classified as Fiduciary Funds prior to implementing GASB 34 in 2003.

*City of Portsmouth*

2005	2006	2007	2008	2009	2010
				(1)	
\$8,250,795	\$8,310,392	\$8,705,227	\$9,100,353	\$9,699,794	\$9,701,137
5,123,524	5,068,076	5,442,279	5,421,898	5,784,432	5,386,662
498,169	526,403	628,968	565,075	568,133	516,537
189,102	174,978	255,533	232,738	199,195	226,215
144,644	343,205	341,030	119,544	2,347	686
0	781	0	0	0	0
1,138,755	1,181,478	1,251,120	1,180,816	1,248,024	1,095,018
517,542	302,800	308,225	491,256	199,061	319,215
<u>15,862,531</u>	<u>15,908,113</u>	<u>16,932,382</u>	<u>17,111,680</u>	<u>17,700,986</u>	<u>17,245,470</u>
6,532,111	6,868,634	7,264,770	7,444,324	7,782,726	7,447,624
2,851,886	2,957,064	2,806,647	2,910,053	2,991,954	3,104,530
111,168	99,621	19,116	25,986	52,655	53,261
404,492	562,329	587,307	527,297	685,755	486,232
1,117,116	1,168,987	1,484,907	1,463,599	1,421,995	1,330,947
3,277,687	3,303,143	3,133,796	3,430,535	3,257,913	3,380,820
985,797	1,418,055	1,601,796	1,677,173	1,933,349	1,069,168
98,607	153,071	179,200	195,134	248,519	242,748
110,808	102,436	139,489	159,480	159,771	127,206
<u>15,489,672</u>	<u>16,633,340</u>	<u>17,217,028</u>	<u>17,833,581</u>	<u>18,534,637</u>	<u>17,242,536</u>
372,859	(725,227)	(284,646)	(721,901)	(833,651)	2,934
5,584	32,001	22,637	0	474,793	45,369
0	497,862	852,153	0	0	129,610
0	0	0	0	0	0
101,396	18,000	18,000	20,000	716,242	711,600
<u>(101,396)</u>	<u>(18,000)</u>	<u>(168,000)</u>	<u>(20,000)</u>	<u>(716,242)</u>	<u>(1,529,576)</u>
<u>5,584</u>	<u>529,863</u>	<u>724,790</u>	<u>0</u>	<u>474,793</u>	<u>(642,997)</u>
<u>\$378,443</u>	<u>(\$195,364)</u>	<u>\$440,144</u>	<u>(\$721,901)</u>	<u>(\$358,858)</u>	<u>(\$640,063)</u>
1.41%	1.66%	2.00%	2.12%	2.37%	2.30%

## *City of Portsmouth*

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

<b>Tax year</b>	2001	2002	2003	2004
Income Tax Rate	1.40%	1.40%	1.40%	1.40%
Estimated Personal Income (in thousands)	\$423,219	\$437,207	\$451,195	\$477,896
Total Tax Collected	\$5,442,422	\$5,537,363	\$5,675,462	\$5,853,487
Income Tax Receipts				
Withholding	4,735,608	4,795,049	4,877,783	5,126,945
Percentage	87.01%	86.59%	85.94%	87.59%
Corporate	472,677	499,226	536,746	503,000
Percentage	8.69%	9.02%	9.46%	8.59%
Individuals	234,137	243,088	260,933	223,542
Percentage	4.30%	4.39%	4.60%	3.82%

Source: City Income Tax Department

*City of Portsmouth*

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2005	2006	2007	2008	2009	2010
1.40%	1.40%	1.40%	1.40%	1.40%	1.40%
\$484,566	\$499,328	\$534,476	\$576,273	\$595,405	\$575,956
\$6,275,016	\$6,036,828	\$6,178,521	\$7,057,662	\$6,624,731	\$6,687,883
5,429,215	5,211,420	5,323,577	6,202,595	5,775,601	5,810,503
86.52%	86.33%	86.16%	87.89%	87.18%	86.89%
614,148	564,472	629,463	613,663	603,317	653,048
9.79%	9.35%	10.19%	8.69%	9.11%	9.76%
231,653	260,936	225,481	241,404	245,813	224,332
3.69%	4.32%	3.65%	3.42%	3.71%	3.35%



## *City of Portsmouth*

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

#### Calendar Year 2010

Income Tax Filers	Number of Filers	Percent of Total	Taxable Income	Percent of Income	Income Tax Collections	Percent of Income
Top Ten	10	0.15%	\$213,106,857	44.61%	\$2,983,496	44.61%
All Others	6,865	99.85%	264,599,072	55.39%	3,704,387	55.39%
Total	6,875	100.00%	\$477,705,929	100.00%	\$6,687,883	100.00%

#### Calendar Year 2001

Income Tax Filers	Number of Filers	Percent of Total	Taxable Income	Percent of Income	Income Tax Collections	Percent of Income
Top Ten	10	N/A	\$152,750,143	39.29%	\$2,138,502	39.29%
All Others	N/A	N/A	235,994,286	60.71%	3,303,920	60.71%
Total	N/A	N/A	\$388,744,429	100.00%	\$5,442,422	100.00%

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

## *City of Portsmouth*

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

	2001	2002	2003	2004
<b>Governmental Activities</b> <sup>(1)</sup>				
Special Assessment Bonds Payable	\$280,000	\$145,000	\$0	\$0
General Obligation Bonds Payable	2,090,000	2,050,000	2,005,000	1,960,000
Bond Anticipation Notes Payable	0	0	0	65,000
Capital Leases	222,272	164,047	101,741	32,739
<b>Business-type Activities</b> <sup>(1)</sup>				
OWDA Loan Payable	\$412,217	\$281,536	\$0	\$0
OPWC Loan Payable	600,266	562,747	525,000	495,000
General Obligation Bonds Payable	3,040,000	2,770,000	0	0
Mortgage Revenue Bonds Payable	600,000	594,400	0	0
Water Refunding Revenue Bonds Payable	0	0	5,255,333	4,900,285
Capital Leases	164,107	286,477	584,615	571,921
Total Primary Government	<u>\$7,408,862</u>	<u>\$6,854,207</u>	<u>\$8,471,689</u>	<u>\$8,024,945</u>
<b>Population</b> <sup>(2)</sup>				
City of Portsmouth	20,909	20,909	20,909	20,909
Outstanding Debt Per Capita	\$354	\$328	\$405	\$384
<b>Income</b> <sup>(3)</sup>				
Personal (in thousands)	423,219	437,207	451,195	477,896
Percentage of Personal Income	1.75%	1.57%	1.88%	1.68%

**Sources:**

- (1) City Auditor's Office
- (2) US Bureau of Census, Population Division
- (3) US Department of Commerce, Bureau of Economic Analysis
  - (a) Per Capita Income is only available by County, Total Personal Income is a calculation

*City of Portsmouth*

2005	2006	2007	2008	2009	2010
\$0	\$0	\$0	\$0	\$0	\$0
1,915,000	1,865,000	1,815,000	1,760,000	1,705,000	1,645,000
44,132	22,475	0	0	0	0
0	416,448	1,161,876	1,021,742	828,223	775,085
\$0	\$0	\$1,732,784	\$4,094,027	\$3,968,134	\$4,881,242
465,000	435,000	405,000	913,377	1,060,000	995,000
0	0	0	0	0	0
0	0	0	0	0	0
4,540,237	4,170,189	3,790,141	3,400,093	2,995,045	2,575,000
456,278	305,421	7,855,343	7,661,637	6,901,831	6,109,916
<u>\$7,420,647</u>	<u>\$7,214,533</u>	<u>\$16,760,144</u>	<u>\$18,850,876</u>	<u>\$17,458,233</u>	<u>\$16,981,243</u>
20,909	20,909	20,909	20,909	20,909	20,226
\$355	\$345	\$802	\$902	\$835	\$840
484,566	499,328	534,476	576,273	595,405	575,956
1.53%	1.44%	3.14%	3.27%	2.93%	2.95%

## *City of Portsmouth*

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

Year	2001	2002	2003	2004
<b>Population</b> <sup>(1)</sup>	20,909	20,909	20,909	20,909
<b>Assessed Value</b> <sup>(2)</sup>	\$207,689,570	\$206,248,060	\$207,459,910	\$219,358,780
<b>General Bonded Debt</b> <sup>(3)</sup>				
General Obligation Bonds-Governmental	\$2,090,000	\$2,050,000	\$2,005,000	\$1,960,000
General Obligation Bonds-Proprietary	\$3,040,000	\$2,770,000	\$0	\$0
<b>Resources Available to Pay Principal</b> <sup>(4)</sup>	\$2,108,332	\$2,303,009	\$102,150	\$98,936
<b>Net General Bonded Debt</b>	\$3,021,668	\$2,516,991	\$1,902,850	\$1,861,064
<b>Ratio of Net Bonded Debt to Assessed Value</b>	1.45%	1.22%	0.92%	0.85%
<b>Net Bonded Debt per Capita</b>	\$144.52	\$120.38	\$91.01	\$89.01

**Source:**

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

*City of Portsmouth*

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<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
20,909	20,909	20,909	20,909	20,909	20,226
\$223,629,450	\$220,033,280	\$228,185,580	\$221,748,980	\$214,886,500	\$217,525,430
\$1,915,000	\$1,865,000	\$1,815,000	\$1,760,000	\$1,705,000	\$1,645,000
\$0	\$0	\$0	\$0	\$0	\$0
\$65,248	\$25,419	\$31,275	\$32,394	\$11,191	\$40,553
\$1,849,752	\$1,839,581	\$1,783,725	\$1,727,606	\$1,693,809	\$1,604,447
0.83%	0.84%	0.78%	0.78%	0.79%	0.74%
\$88.47	\$87.98	\$85.31	\$82.62	\$81.01	\$79.33



## *City of Portsmouth*

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
December 31, 2010*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Portsmouth</u>	<u>Amount Applicable to the City of Portsmouth</u>
<b>Direct:</b>			
City of Portsmouth	\$1,645,000	100.00%	\$1,645,000
<b>Overlapping:</b>			
Scioto County	12,091,839	23.79%	2,876,648
Portsmouth City School District	14,450,128	93.07%	<u>13,448,734</u>
		Subtotal	<u>16,325,382</u>
		Total	<u><u>\$17,970,382</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	2001	2002	2003	2004
<b>Total Debt</b>				
Net Assessed Valuation	\$207,689,570	\$206,248,060	\$207,459,910	\$219,358,780
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	21,807,405	21,656,046	21,783,291	23,032,672
City Debt Outstanding (2)	2,090,000	2,050,000	2,005,000	2,025,000
Less: Applicable Debt Service Fund Amounts	(2,108,332)	(2,303,009)	(102,150)	(98,936)
Net Indebtedness Subject to Limitation	<u>0</u>	<u>0</u>	<u>1,902,850</u>	<u>1,926,064</u>
Overall Legal Debt Margin	<u>\$21,807,405</u>	<u>\$21,656,046</u>	<u>\$19,880,441</u>	<u>\$21,106,608</u>
<b>Unvoted Debt</b>				
Net Assessed Valuation	\$207,689,570	\$206,248,060	\$207,459,910	\$219,358,780
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	11,422,926	11,343,643	11,410,295	12,064,733
City Debt Outstanding (2)	2,090,000	2,050,000	2,005,000	2,025,000
Less: Applicable Debt Service Fund Amounts	(2,108,332)	(2,303,009)	(102,150)	(98,936)
Net Indebtedness Subject to Limitation	<u>0</u>	<u>0</u>	<u>1,902,850</u>	<u>1,926,064</u>
Overall Legal Debt Margin	<u>\$11,422,926</u>	<u>\$11,343,643</u>	<u>\$9,507,445</u>	<u>\$10,138,669</u>

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

(2) City Debt Outstanding includes Non Self-Supporting General Obligation Bonds and Notes only.  
Enterprise Debt is not considered in the computation of the Legal Debt Margin.

Source: City Auditor's Office

*City of Portsmouth*

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2005	2006	2007	2008	2009	2010
\$223,629,450	\$220,033,280	\$228,185,580	\$221,748,980	\$214,886,500	\$217,525,430
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
23,481,092	23,103,494	23,959,486	23,283,643	22,563,083	22,840,170
1,959,132	1,887,475	1,815,000	2,440,000	2,385,000	1,645,000
(65,248)	(25,419)	(31,275)	(32,394)	(11,191)	(40,553)
<u>1,893,884</u>	<u>1,862,056</u>	<u>1,783,725</u>	<u>2,407,606</u>	<u>2,373,809</u>	<u>1,604,447</u>
<u>\$21,587,208</u>	<u>\$21,241,438</u>	<u>\$22,175,761</u>	<u>\$20,876,037</u>	<u>\$20,189,274</u>	<u>\$21,235,723</u>
\$223,629,450	\$220,033,280	\$228,185,580	\$221,748,980	\$214,886,500	\$217,525,430
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
12,299,620	12,101,830	12,550,207	12,196,194	11,818,758	11,963,899
1,959,132	1,887,475	1,815,000	2,440,000	2,385,000	1,645,000
(65,248)	(25,419)	(31,275)	(32,394)	(11,191)	(40,553)
<u>1,893,884</u>	<u>1,862,056</u>	<u>1,783,725</u>	<u>2,407,606</u>	<u>2,373,809</u>	<u>1,604,447</u>
<u>\$10,405,736</u>	<u>\$10,239,774</u>	<u>\$10,766,482</u>	<u>\$9,788,588</u>	<u>\$9,444,949</u>	<u>\$10,359,452</u>

## *City of Portsmouth*

### *Pledged Revenue Coverage Last Ten Years*

	2001	2002	2003	2004
<b>Water Mortgage Bonds (1)</b>				
Gross Revenues (2)	\$4,095,407	\$4,258,687	\$4,810,736	\$4,739,065
Direct Operating Expenses (3)	3,209,930	3,268,930	3,695,797	4,083,172
Net Revenue Available for Debt Service	885,477	989,757	1,114,939	655,893
Annual Debt Service Requirement	0	32,600	121,070	575,525
Coverage	N/A	30.36	9.21	1.14
<b>Special Assessment Bonds (4)</b>				
Special Assessment Collections	\$148,062	\$154,864	\$149,637	\$465
Debt Service				
Principal	130,000	135,000	145,000	0
Interest	21,525	14,700	7,613	0
Coverage	0.98	1.03	0.98	N/A

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

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

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

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

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

Source: City Auditor's Office

*City of Portsmouth*

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2005	2006	2007	2008	2009	2010
				(5)	
\$5,144,913	\$5,559,506	\$5,641,577	\$5,689,761	\$5,497,291	\$6,264,595
4,245,597	4,092,557	4,882,428	4,385,597	4,982,718	5,145,890
899,316	1,466,949	759,149	1,304,164	514,573	1,118,705
573,456	574,443	573,155	570,024	570,418	569,186
1.57	2.55	1.32	2.29	0.90	1.97
\$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	2001	2002	2003	2004	2005
<b>Population</b> <sup>(1)</sup>					
City of Portsmouth	20,909	20,909	20,909	20,909	20,909
Scioto County	79,195	79,195	79,195	79,195	79,195
<b>Income</b> <sup>(2) (a)</sup>					
Total Personal (in thousands)	423,219	437,207	451,195	477,896	484,566
Per Capita	20,241	20,910	21,579	22,856	23,175
<b>Unemployment Rate</b> <sup>(3)</sup>					
Federal	3.8%	4.8%	5.8%	6.0%	5.5%
State	3.7%	4.3%	5.7%	6.1%	6.0%
Scioto County	7.0%	7.8%	8.6%	9.0%	8.8%
<b>Civilian Work Force Estimates</b> <sup>(3)</sup>					
State	5,857,000	5,828,000	5,915,000	5,875,300	5,900,400
Scioto County	33,600	34,100	33,900	32,900	32,300

**Sources:**

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2009.

For the presentation of 2010 statistics, the City is using the latest information available.

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

(3) State Department of Labor Statistics

*City of Portsmouth*

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2006	2007	2008	2009	2010
20,909	20,909	20,909	20,909	20,226
79,195	79,195	79,195	79,195	79,499
499,328	534,476	576,273	595,405	575,956
23,881	25,562	27,561	28,476	28,476
4.6%	4.6%	5.8%	9.3%	9.6%
5.5%	5.6%	6.5%	10.2%	10.1%
7.6%	7.4%	8.3%	12.3%	12.8%
5,934,000	5,976,500	5,971,900	5,970,200	5,897,600
31,300	32,200	32,800	33,100	33,000



## *City of Portsmouth*

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

<u>Employer</u>	<u>Nature of Business</u>	<u>2010</u>	
		<u>Number of Employees</u>	<u>Rank</u>
Southern Ohio Medical Center	Health Care Services	2,164	1
Shawnee State University	Education	1,506	2
Scioto County Offices	Government	718	3
Community Action Organization	Government / Social Services	317	4
State of Ohio	Government	312	5
City of Portsmouth	Government	272	6
Portsmouth City Schools	Education	269	7
Osco Industries	Manufacturing	245	8
Hillview Retirement Center	Senior Retirement Center	237	9
Norfolk and Southern Railway	Railroad	160	10
<b>Total</b>		<u><u>6,200</u></u>	

<u>Employer</u>	<u>Nature of Business</u>	<u>2001</u>	
		<u>Number of Employees</u>	<u>Rank</u>
Southern Ohio Medical Center	Health Care Services	2,100	1
Scioto County Offices	Government	725	2
Shawnee State University	Education	522	3
State of Ohio	Government	372	4
Portsmouth City Schools	Education	330	5
City of Portsmouth	Government	300	6
Osco Industries	Manufacturing	250	7
Community Action Organization	Government / Social Services	191	8
United States Enrichment Corp.	Uranium Enrichment Plant	165	9
Mitchellace, Inc.	Manufacturing	140	10
<b>Total</b>		<u><u>5,095</u></u>	

**Sources:** City Auditor's Office

Total employment within the City is not available.

## *City of Portsmouth*

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Governmental Activities</b>				
Security of Persons and Property				
Police	46	47	46	48
Fire	39	38	43	39
Public Health and Welfare Services				
Health	33	34	35	33
General Government				
Legislative	7	7	7	7
Mayor	3	3	3	3
Finance	5	5	5	5
Legal	5	5	5	5
Court	28	28	24	23
Income Tax	3	3	3	3
Engineering	3	3	4	4
Administration	3	3	8	8
Garage	5	5	5	4
Transportation				
Streets	10	10	14	14
Cemetery Grounds	4	4	4	3
Recreational Grounds	3	3	6	6
Community Environment				
Building Inspection	3	3	3	3
Community Development	2	2	2	2
<b>Business-Type Activities</b>				
Utilities				
Water	34	33	37	39
Sewer	32	30	30	30
Sanitation	16	17	18	13
<i>Total Employees</i>	<u>284.0</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*

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<u>2009</u>	<u>2010</u>
52	52
36	39
33	30
7	6
3	3
5	4
5	5
24	25
3	3
4	3
7	6
5	6
14	15
3	3
2	2
3	2
2	1
38	36
23	22
13	11
<u>282.0</u>	<u>272.0</u>

## *City of Portsmouth*

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

	2001	2002	2003	2004
<b>Governmental Activities</b>				
General Government				
Licenses and Permits				
Number of Building Permits	541	632	879	412
Security of Persons and Property				
Police				
Number of Patrol Units	33	35	32	30
Criminal/Juvenile Citations and Charges	2,620	1,896	2,291	1,946
Traffice Citations Issued	2,356	2,239	2,118	1,579
Parking Tickets Written	734	775	1,165	654
Fire				
Number of Calls Answered	809	738	763	699
Number of Fire Inspections	228	172	111	125
Number of Investigations	n/a	17	22	10
<b>Business-Type Activities</b>				
Water				
Number of Service Connections	14,489	14,338	14,289	14,136
Average Daily Consumption (thousands of gallons)	7M	7M	7M	7M
Maximum Daily Capacity (thousands of gallons)	12M	12M	12M	12M
Sewer				
Number of Service Connections	9,117	9,117	8,580	8,580
Average Daily Sewage Treatment (thousands of gallons)	5	5	5	5
Maximum Daily Plant Capacity (thousands of gallons)	10	10	10	10
Solid Waste				
Number of Customers Served	7,800	7,800	7,700	7,700

Source: City Auditor's Office

*City of Portsmouth*

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2005	2006	2007	2008	2009	2010
326	336	166	305	612	508
27	27	27	27	27	27
2,346	2,202	1,912	1,668	1,327	1,991
2,955	1,392	2,052	1,441	1,267	1,966
614	946	616	385	487	347
683	717	747	782	785	810
131	154	121	126	99	115
50	30	20	22	32	21
14,140	13,963	13,963	13,900	13,900	13,900
7M	7M	6M	6M	6M	6M
12M	12M	12M	12M	12M	12M
8,580	8,318	8,362	8,353	8,360	8,360
5	5	5	5	5	5
10	10	10	10	10	10
7,700	7,327	7,597	7,600	7,600	7,600

## *City of Portsmouth*

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

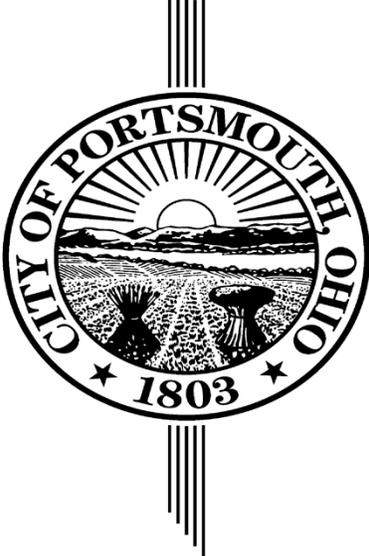
	2001	2002	2003	2004
<b>Governmental Activities</b>				
General Government				
Public Land and Buildings				
Land (acres)	7,680	7,680	7,680	7,680
Security of Persons and Property				
Police				
Stations	1	1	1	1
Vehicles	33	35	32	30
Fire				
Stations	3	3	3	3
Vehicles	10	10	10	10
Transportation				
Street				
Streets (lane miles)	220	220	220	220
Street Lights	1,485	1,488	1,485	1,475
Leisure Time Activities				
Recreation/Seniors				
Land (acres)	223	223	223	223
Parks	17	17	17	17
Number of Ball Fields (Lighted)	4	4	4	6
Number of Ball Fields (Unlighted)	7	7	7	5
Number of Tennis Courts (Lighted)	4	4	4	4
Number of Tennis Courts (Unlighted)	8	8	8	8
Public Health and Welfare				
Cemeteries				
Cemeteries	1	1	1	1
Land (acres)	40	40	40	40
<b>Business-Type Activities</b>				
Utilities				
Water				
Number of Filtration/Purification Plants	1	1	1	1
Waterlines (Miles)	400	400	400	400
Number of Hydrants	865	865	865	865
Sewer				
Number of Sewage Treatment Plants	2	2	2	2
Sewerlines (Miles)	30	30	30	30
Storm Water Drainage				
Storm Drains (Miles)	30	30	30	30

Source: City Auditor's Office

*City of Portsmouth*

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2005	2006	2007	2008	2009	2010
7,680	7,680	7,680	7,680	7,680	7,680
1	1	1	1	1	1
27	27	27	27	27	27
3	3	3	3	3	3
10	10	10	14	17	17
220	220	220	220	220	220
1,475	1,475	1,475	1,476	1,476	1,476
223	223	223	223	223	223
17	17	17	17	17	17
7	7	7	7	7	7
4	4	4	4	4	4
4	4	4	4	0	0
8	8	8	8	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  
AUGUST 18, 2011