



# CITY OF PORTSMOUTH

*Office Of The Mayor*

728 SECOND STREET  
PORTSMOUTH, OHIO 45662

TELEPHONE: 740-354-8807

FAX: 740-354-8809

**DAVID A. MALONE**

MAYOR

To: Mr. Dave Yost, Auditor of State  
From: David A. Malone, Mayor  
Re: Declaration of Fiscal Caution  
Date: January 19, 2012

Dear Mr. Yost,

On November 21, 2011, you met with myself, Auditor Trent Williams, Solicitor Mike Jones and other officials and staff of the city. In that meeting, pursuant to Section 118.025(A), Revised Code, you declared the City of Portsmouth to be in fiscal caution. That declaration was based on your review of the city's audited financial statement for 2010.

Based on significant deficiencies, material weaknesses, direct and material noncompliance with Ohio law related to deficit fund balances at December 31, 2010 in multiple funds and pursuant to Section 118.025 of the Revised Code, we were requested to provide a written proposal for discontinuing or correcting the fiscal practices and/or budgetary conditions that prompted this declaration and preventing the city from experiencing further fiscal difficulties that could result in a declaration of fiscal watch or fiscal emergency.

Enclosed within you will find documents which includes an anticipated budget (revenues and expenses) for the years 2012 and 2013 which reflects our intent to totally eliminate a deficit of \$1,400,000.00 within the general fund.

Also, in the insurance fund, which currently shows a deficit balance of \$815,000, we are asking city employees to begin paying yearly an additional \$1,800 each for insurance coverage which is estimated to generate approximately \$164,040 (for 6 months) added to a 3% above the actual premium cost from each city department (\$92,303) for a total of \$256,343.00 for 2012.

With no anticipated premium rate increase in 2013 and a full year employee pay-in added with 3% above actual premium rate will generate approximately \$408,960.

It is our expectation that as we continue to stay on this pay-in schedule, we will be able to eliminate the debt in the insurance fund and actually have a surplus within the fund in the year 2014.

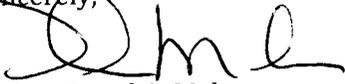
Please view the documents within to see the concerted effort that we are putting forth in eliminating our current deficits in these identified funds and ultimately our removal from fiscal caution designation. We are making every effort to provide a reasonable proposal to discontinue and correct the fiscal practices to prevent further fiscal decline.

Also, please note that we have named a nine member financial advisory team that will consistently meet to brainstorm ideas to further reduce expenses. This group have committed to monitoring the plans and practices to ensure that we stay on course with the two year deficit elimination proposal we are submitting to your office at this time.

Should you need any further information provided to you, please do not hesitate to contact me at your convenience. I look to hearing from you as related to the information we've provided and am very eager to hear an "all clear" from any fiscal declaration, though I understand there is much work that needs to be done before such announcement.

On behalf of myself, Auditor Trent Williams, Solicitor Mike Jones, Council President John Haas, the other members of Council and the citizens of our city, we say thank you for your willingness to work with us to bring us back to fiscal stability so that we can, once again be proud of our city. Peace and prosperity be with all of us!

Sincerely,

A handwritten signature in black ink, appearing to read 'Dmalone', written over the word 'Sincerely,'.

Mayor David A. Malone

# 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, OH 45662

Phone: (740) 354-7751 - Fax: (740) 353-4583  
Email: cityauditor@mail.com

*M. Trent Williams*  
City Auditor



*State of Ohio*

## Fiscal Caution Recovery Plan City of Portsmouth, Ohio Dated January 20, 2012

1. Updating the City's current cost allocation plan, including establishing a reasonable methodology for the allocation of the General Fund salaries and other costs to restricted funds.

The City of Portsmouth engaged Schonhardt and Associates to prepare an updated Central Service Cost Allocation Plan. A similar report was prepared in 2003 for the City by the Maximus Company. The City has received the report and will review the report with the department directors. The Mayor has also instructed the directors to review their currently allocated amounts and submit justifications with each amount in order to establish a policy and methodology that will reasonably establish and justify the amounts to be approved within the General fund and Enterprise fund operating budgets. This plan began with cutting of General fund "charge-offs" and continues with further cuts to be made in this 2012-year and the 2013 budget years as reflected in the 2010, 2011 and 2012 Charge-off Summaries. A copy of the Schonhardt report is also attached for your review.

2. Compliance with the Ohio budgetary law including appropriations adopted within certified estimated resources. The City should also monitor estimated and actual receipts and should obtain either an increased or reduced amended certificate of estimated resources when changes arise. These should also be accompanied by corresponding changes to appropriation if necessary.

The attached proposed budgets for years 2012 and 2013 reflect the City's intention to comply with appropriations being approved within certified estimated resources within and bring its operating budgets back into balance within two years. The City Auditor has also prepared an estimate of revenue for the next five years in preparation for the Mayor to develop a written five-year budgetary plan to establish long-term sustainability. The Mayor and Auditor will monitor the City's receipts and expenditures, and will obtain amended certificates and making recommendations to City Council to amend appropriations when necessary.

3. All purchase obligations certified as to the availability of funds and appropriations.

Through regular weekly staff meetings, the attached Purchasing Policy and Procedures has been and will continue to be reviewed with appropriate purchasing personnel. The Mayor and Auditor will monitor requisitions and invoices to ensure that purchasing personnel are following the attached guidelines when obligating City funds and emphasize that the importance of complying with these rules in order for the City to maintain proper budgetary controls.

4. Constantly reviewing the amounts needed to properly fund the City's insurance fund in order to avoid deficit spending on a cash basis.

The Mayor's office has calculated its health insurance premium to be budgeted at an increase of twenty percent over last year's premium cost. The actual cost for 2012 has been figured at about sixteen percent. The additional four percent will be transferred from the operating funds to the Insurance fund to help reduce its \$815,000 deficit. Actual claim costs will also be reviewed assessing any City claim portion to the operating funds from which the claim originated. Additionally, collective bargaining agreements are being negotiated that tentatively will see an increase in the employee premium share, increasing from the current single/family employee share of \$25/\$50 per month to \$80/\$200 per month. As collective bargaining agreements are three-year contracts, the time necessary to reduce the Insurance fund will be spread out over that same three-year period. Depending upon the actual amounts collected from increased revenue in the General fund, should there be additional year-end balance at the end of 2013, some or all of that balance may be used to eliminate the Insurance fund in year two.

5. A time frame and the steps needed to eliminate all fund deficits and implement the items in the proposal. Accompanying the proposal should be a forecast consistent with the time established to eliminate the deficits.

The time frames were discussed between the City administration and representatives of the Auditor of State's Local Government Services division that specifically the General fund deficit, standing at approximately \$1,400,000, would need to be eliminated over a two year period that would include that deficit reduction being at half of that amount each of the next two years. The attached General fund budget summary reflects that 50% of the current deficit has been reduced by end of current year 2012, with the remaining 50% being eliminated altogether at year-end 2013.

The steps taken in reaching this deficit in such short time have included the additional revenue from the recent passage of the City's income tax from 1.40% to 2.00% estimated to provide between \$2,500,000 and \$2,800,000 in its first full year of collection. However, a conservative estimate of only \$2,150,000 in additional revenue in this the first year of collections of the newly increased rate has been used in projecting 2012 General fund revenue. An original estimate of revenue was projected in November 2011 that provided total revenue of \$11,600,000 for 2012. Recently, upon further review having the full-completed year of 2011 revenue to utilize, the City Auditor amended his 2012 projection as shown in the attached General Fund Revenue Summary. This summary reflects additional income tax revenue as well as additional estate tax revenue totaling \$400,000.

The original income tax revenue increase estimate used the lesser baseline increase figure of \$2,500,000, which represents only 89% of the full \$2,800,000. Additionally, the original estimate was based on only approximately 74% of that figure, allowing for extensions, partial payments that may not materialize in the first partial year of collections and not fully until 2013 and 2012 4<sup>th</sup> quarter payroll payments paid in January 2013. However, it is estimated that about 87% of the city income tax is derived from payroll withholding and was therefore increased \$200,000, from \$1,950,000 to \$2,150,000, or 86% of the 89%, still a conservative estimate. The estate tax, although being phased out after this year, still has one full year that will generate possible considerable revenue. The Scioto County Auditor's office is already holding over \$109,000 in estate tax to the credit of the City that was generated after the cutoff time for distribution in 2011. Therefore the City Auditor increased the estimated revenue for estate tax to \$200,000. Given that the City has never received less than \$90,000, and typically much closer to an average of \$400,000, it is certainly reasonable to believe that the City will realize this estimate and probably a much larger amount.

However, also having the benefit of actual revenue figures, the Auditor reduced several projected smaller revenue accounts by \$200,000 where necessary to provide a more accurate projection of 2012 anticipated revenue, seeing a net change in the Auditor's estimate of \$200,000. This brings the General fund estimated 2012 revenue to \$11,800,000 to combine with the 2011 year-end deficit balance of -\$1,400,000 allowing for total estimated resources of only \$10,400,000.

The proposed General fund budget includes expenditures of \$11,099,402 for 2012, reducing the year-end deficit to \$699,402. The total estimated revenue for 2013 is \$12,000,000 with proposed expenditures of \$11,249,779 resulting in a 2013 year-end surplus balance of \$50,819.

Budgetary cuts to reduced these proposed expenditures for 2012 to reduce the General fund deficit by half in the first year of the plan included the following:

- Elimination of a janitor's position in Engineering (approx. \$45,000 in salary and benefits)
- Placing Community Development Director position with the Engineering department and cutting salary of that position (\$7,000)
- Not filling a Finance Clerk position in the Finance/Tax office (approx. \$48,000 along with \$15,000 in additional cuts totaling over \$61,000)
- Not filling Electrical Inspector position in Engineering (approx. \$65,000)
- Not filling two Firefighter positions created by retirement (\$135,000)
- Not filling a Records Clerk position within the Police department (\$50,000)
- Three expected opening positions due to retirement will not be filled within various departments this year (\$110,000)
- Vacant Police Officer positions will be held off until the second half of the year before being filled (\$200,000)
- Across the board cuts requested by City Council at a budget hearing (over \$200,000 in cuts)

- Ongoing positive labor negotiations that will provide additional savings over and above those specifically included within the currently proposed budget
- Layoffs in the Garage that have not been called back to work yet

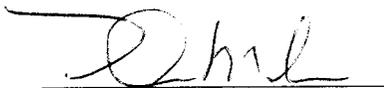
The year-end 2011 Water Funds #604-606 balances stand at approximately \$100,000. In our discussion with Local Government Services, it was stated that the two water-operating funds have identical revenue sources and may be used interchangeably for water purposes. The attached ordinance establishing the secondary fund, intended that the revenue would be accounted for in a separate fund in order to track the amount of the water rate increase at that time. However, expenditures were not limited to any specific purpose other than to have an additional fund to be used for water. The City Solicitor's opinion stating that as the funds can be used interchangeably, for the purposes of determining fiscal caution status, their fund balances may be combined so that a deficit in one could be covered by a surplus in the other, resulting in a positive fund balance between the combined funds. Additionally, the water revenue will be increase through a 3% rate increase beginning in January 2013 to sustain operations and eliminate future recurring deficits in either fund.

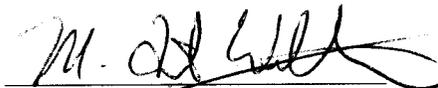
The Sewer fund deficit standing at approximately -\$475,000 at 2011 year-end will reduce its deficit to just over \$300,000 at 2012 year-end, eliminating its deficit entirely the following year, while beginning to build year-end balances due to a ten-percent sewer rate increase that will begin in February 2012, taking full effect in May 2012.

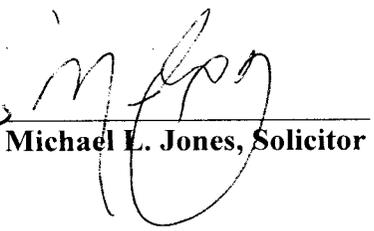
Attachments:

- Guidelines for Fiscal Caution
- 2010, 2011 and 2012 Payroll Charge-Off Summaries
- Central Service Cost Allocation Plan Introduction and Summaries
- General Fund Budget Summary of Revenue, Expenditures and Balances for 2012 and 2013
- General Fund Five-Year Revenue Forecast 2012 through 2016
- General Fund Revenue Summary 2011 through 2013
- General Fund Historical Revenue Report 1997 through 2011
- Summary of Purchasing Policy and Procedures
- Summary of 5 Year Water and Sewer Fund Activity Projected 2012 through 2016
- Ordinance #141 of 1998 Establishing Water Fund #606 – Revenue "C"
- City Solicitor Opinion Regarding Water Fund Interchangeability

Respectfully submitted,

  
 David A. Malone, Mayor

  
 M. Trent Williams, Auditor

  
 Michael L. Jones, Solicitor

**Portsmouth City Council:**

**John R. Haas, President**  
**Nicholas R. Basham**

**J. Richard Saddler, Vice Pres.**  
**James D. Kalb**

**Kevin W.W. Johnson**  
**R. Steven Sturgill**

September 29, 2011

## **Guidelines for Fiscal Caution**

The Auditor of State has established the following “fiscal practices and budgetary conditions” as guidelines that may result in the Auditor declaring a municipal corporation, county, or township in fiscal caution. Failure to correct any of the following situations could lead to the Auditor of State declaring a municipal corporation, county, or township in a state of fiscal watch or fiscal emergency under Chapter 118 of the Ohio Revised Code.

1. When the Auditor of State declares that a municipal corporation, county, or township financial records are unauditible, and has issued a letter to the municipal corporation, county, or township indicating the timeframe under which those records must be restored to an auditible condition, and the municipal corporation, county, or township has failed to do so within the timeframe specified in the letter.
2. When the Auditor of State identifies significant deficiencies, material weaknesses, direct and material noncompliance, or management letter comments which, in the opinion of the Auditor of State, the aggregate effect of such reported issues has a significant effect on the financial condition of the municipal corporation, county, or township.
3. When a deficit fund balance exists in the General fund that is greater than 2 percent of the entity’s prior year revenue, and/or when a deficit fund balance exists in any other fund that is greater than 2 percent of the prior year revenue, and there are not sufficient resources in the General fund that may be transferred to eliminate the deficit or in any other fund that may lawfully transfer resources to eliminate the deficit.

Under this condition, a deficit fund balance is a deficit as reported under the basis of accounting used to prepare the entity’s annual financial report.

4. When a low year-end carryover balance exists in the General fund such that the entity is unable to cover one month of expenditures, and/or when a low year-end carryover balance exists in any other fund such that the entity is unable to cover one month of expenditures, and there are not sufficient

resources in the General fund that may be transferred or in any other fund that may lawfully transfer resources to cover expenditures.

Under this condition, the low carryover balance should exist for two or more consecutive years.

5. When a municipal corporation, county, or township has not reconciled its accounting journals and ledgers with the treasury/bank for more than three months and is unable to reconcile the records within one month of written notification by the Auditor of State.

### **Notification of Declaration and request for written proposals to correct fiscal caution conditions**

Ohio Revised Code § 118.025(C) requires the Auditor of State's Office to notify a municipal corporation, county, or township of a declaration of fiscal caution and request written proposals to correct the condition(s) that resulted in the declaration of fiscal caution.

Once the Auditor of State determines that one or more of the fiscal caution conditions exists in a municipal corporation, county, or township, and has determined that such municipal corporation, county, or township shall be placed in fiscal caution, the governing body shall receive written notice of such declaration. The written notice will be sent to the mayor, council president, and fiscal officer of a municipality; the board of county commissioners and the county auditor for a county, and the township trustees and fiscal officer for a township; and shall include an explanation of the circumstances that led to the decision to place the municipal corporation, county, or township in fiscal caution. The written notification shall also request a written proposal from the entity for discontinuing or correcting the fiscal practice or budgetary conditions that prompted the declaration.

### **What does it mean to be in Fiscal Caution?**

State law requires a municipal corporation, county, or township to provide written proposals for discontinuing or correcting the practices and conditions that led to the declaration of fiscal caution. Municipal corporations, counties, or townships will be given sixty days to provide a written proposal to the Auditor of State. At the request of the municipal corporation, county, or township, the Auditor of State may grant additional time to submit the proposal.

The law also allows representatives of the Auditor of State to visit and inspect any municipal corporation, county, or township while under fiscal caution. As part of the inspection process, Auditor of State representatives may monitor a municipal corporation, county, or township on an as-needed basis as determined by the Auditor of State. In addition, the Auditor of State may provide technical assistance to a municipal corporation, county, or township in implementing proposals to eliminate the practices or budgetary conditions that prompted the declaration of fiscal caution and may make recommendations concerning those proposals.

If the Auditor of State finds that a municipal corporation, county, or township declared to be under fiscal caution has not made reasonable proposals or otherwise taken action to discontinue or correct the practices or conditions that led to the declaration of fiscal caution as set forth in the proposed plan, the Auditor of State may determine that the municipal corporation, county, or township should be in a state of fiscal watch.

### **Release from Fiscal Caution**

A municipal corporation, county, or township in fiscal caution cannot be released from fiscal caution until the Auditor of State has determined that the corrective actions have been or are being implemented and that the fiscal caution conditions no longer exist. The Auditor of State shall notify the governing body and fiscal officer of a municipal corporation, county, or township of the entity's release from fiscal caution in writing.

2010												
2010 Payroll Charge-off Summary	SCMR	State Highway	Flood Defense	Water Works	Water Works	Water Works	Water Works	Sanitation				
	Streets Maint	Streets Maint	Levy	Admin	Filtration	Distribution	Revenue C	Flood Defense	Admin	Sewage Treat	Sewer Maint	TOTAL
	231.335.5111	233.335.5111	265.225.5111	604.771.5111	604.772.5111	604.773.5111	606.900.5111	621.225.5111	621.775.5111	621.776.5111	621.777.5111	631.778.5111
101.103.5111	Executive	27,000		35,000					23,000			110,000
101.105.5111	Legal			36,000					13,000			49,000
101.107.5111	Finance	19,000		56,000					30,000		15,000	120,000
101.109.5111	Civil Service											0
101.112.5111	Eng D&C			23,000					28,000			51,000
101.114.5111	PS Admin	34,000									45,000	79,000
101.115.5111	Eng B Maint				6,000				6,000		5,000	17,000
101.117.5111	PS Garage	32,000				43,000		10,000		12,000	12,000	154,000
101.223.5115	Fire			200,000			730,000			100,000		1,030,000
101.331.5111	PS Traf Lights	130,000		12,000					1,000			143,000
101.333.5111	PS Grounds Maint	16,000		40,000							27,000	99,000
101.335.5111	PS Grounds Rec											0
101.440.5111	Health											0
101.661.5111	Com. Dev.			5,000						5,000		10,000
101.663.5111	Eng B Insp			22,000		22,000			8,000			52,000
231.335.5111	SCMR					37,000						37,000
604.774.5111	Water Collections								10,000			22,000
621.225.5111	Flood Defense Ops		87,000									87,000
TOTALS	258,000	0	87,000	429,000	6,000	102,000	730,000	10,000	119,000	117,000	39,000	2,060,000



2012 Payroll Charge-off Summary													2012									
	SCMR		State Highway		Flood Defense		Water Works		Water Works		Water Works		Waste Water		Waste Water		Waste Water		Sanitation		TOTAL	
	Streets Maint		Streets Maint		Levy	Admin	Filtration	Distribution	Flood Defense	Admin	Sewage Treat	Sewer Maint	Sanitation	Admin	Sewage Treat	Sewer Maint	Sanitation	Admin	Sewage Treat	Sewer Maint		Sanitation
231.335.5111			233.335.5111		265.225.5111	604.771.5111	604.772.5111	604.773.5111	621.225.5111	621.775.5111	621.776.5111	621.777.5111	631.778.5111									
101.103.5111	Executive	27,000				35,000								23,000			25,000					110,000
101.105.5111	Legal					36,000								13,000								49,000
101.107.5111	Finance	20,000				60,000								30,000			15,000					125,000
101.109.5111	Civil Service																					0
101.112.5111	Eng D&C						15,000															15,000
101.114.5111	PS Admin	34,000															45,000					79,000
101.115.5111	Eng B Maint																5,000					5,000
101.117.5111	PS Garage	11,000						43,000	10,000		11,000	11,000					20,000					106,000
101.223.5115	Fire						100,000															100,000
101.331.5111	PS Traf Lights	130,000					12,000															142,000
101.333.5111	PS Grounds Maint	16,000				40,000						27,000					16,000					99,000
101.335.5111	PS Grounds Rec																					0
101.440.5111	Health																					0
101.661.5111	Com. Dev.					5,000					5,000											10,000
101.663.5111	Eng B Insp					22,000		22,000														44,000
231.335.5111	SCMR							37,000						10,000								22,000
604.774.5111	Water Collections																					90,000
621.225.5111	Flood Defense Ops					90,000																90,000
TOTALS		238,000	0	90,000	325,000	0	102,000	10,000	76,000	16,000	38,000	138,000	1,033,000									

## Executive Summary

---

### City of Portsmouth, Ohio Central Service Cost Allocation Plan

November 2011

Donald J. Schonhardt & Associates  
5307 Franklin Street  
Hilliard, Ohio 43026-1409  
(614) 876-2020

***SCHONHARDT & ASSOCIATES***

---

---

# TABLE OF CONTENTS

---

## *Central Service Cost Allocation Plan*

### Description of Cost Allocation Model

A.	Functionalization of Central Service Departments	1
B.	Allocation of Actual Costs	1
C.	Allocation of Costs to Receiving Departments	2

### City Council

	Department Narrative	3
	Schedule A-1	4
	Schedule A-2	
	Financial Matters	5

### Civil Service Commission

	Department Narrative	6
	Schedule A-1	7
	Schedule A-2	
	Civil Service	8

### Executive

	Department Narrative	9
	Schedule A-1	10
	Schedules A-2	
	City Management	11

<u>Finance</u>		
	Department Narrative	12
	Schedule A-1	13
	Schedule A-2	
	Fiscal Services	14
	Audit Services	15
<u>Legal</u>		
	Department Narrative	16
	Schedule A-1	17
	Schedules A-2	
	Legal	18
	Municipal Court	19
<u>City Building</u>		
	Department Narrative	20
	Schedule A-1	21
	Schedules A-2	
	City Hall Maintenance	22
<u>General Administration</u>		
	Department Narrative	23
	Schedule A-1	24
	Schedules A-2	
	Audit Fees	26
	Labor Negotiations	27
	Unemployment	28
	EDP Services	29
	Liability Insurance	30
<u>City Garage</u>		
	Department Narrative	31
	Schedule A-1	32
	Schedules A-2	
	City Garage	33

<u>Public Service Administration</u>		
	Department Narrative	34
	Schedule A-1	35
	Schedules A-2	
	Service Administration	36
<u>City Engineer</u>		
	Department Narrative	37
	Schedule A-1	38
	Schedules A-2	
	Engineer Services	39
	Engineering Construction/Permits	40
	GIS	41
<u>Building Use</u>		
	Department Narrative	42
	Schedule A-1	43
	Schedules A-2	
	City Hall	44
	City Hall Annex	45
<u>Equipment Use</u>		
	Department Narrative	46
	Schedule A-1	47
	Schedule A-2	
	Use Charge	48
Summary of Allocated Central Service Costs by Function		
	Schedule A-3	49
Summary of Charges to Enterprise Departments		55

CITY OF PORTSMOUTH, OHIO  
CENTRAL SERVICE COST ALLOCATION PLAN

Description of Cost Allocation Model

The cost allocation model which was utilized for the Portsmouth cost allocation plan is a Microsoft EXCEL based model which employs a multiple iteration costing methodology. Costs are fully allocated among central service departments as well as being allocated "out" to the user departments. An example of this costing methodology is as follows. The Finance office provides accounting services to all City departments. It also "uses" administrative services provided by other City departments, such as the City Council office. The indirect costs of \$33,460 on page 54 for the Finance office represents the sum of all central service indirect costs allocable to that department. The multiple iterative capabilities of EXCEL have been utilized to repeat the allocation process among central service departments up to fifty (50) times or until all incoming allocable costs for each department are less than \$.001. This approach insures that administrative costs flowing between departments are fully allocated, and the true full costs of providing administrative services to all City departments are accurately identified. There are three components of the computerized costing model which are discussed below.

*A. Functionalization of Central Service Departments*

The starting point for cost allocation analysis is the examination of each central service department and the organization of each department into functional work areas, i.e. services that are provided to other City departments. After the department is organized into functional service areas, then interviews are conducted with department heads and staff to determine time and effort spent in each area. Where detailed time records exist they are utilized, but in lieu of written records, interviews providing time estimates are regarded as reliable indicators of time allocation.

*B. Allocation of Actual Costs*

Once the department is functionalized and staff time is allocated into the functions and converted into wage costs, then the other support budget line items are allocated into the functional areas based on the nature of the costs and their relevance to the central service activities. Fringe benefits are allocated based on wage percentages, while other support costs, such as contractual services and office supplies are allocated based on staff time in each activity, or may be allocated to one specific area if they relate to only that area. Expenditure reports, vouchers, ledgers and interviews with staff, along with Office of Management and Budget Circular A-87 (A-87) guidelines are utilized to develop the most accurate and equitable distribution of costs into the functional areas.

### *C. Allocation of Costs to Receiving Departments*

Once the functional costs are determined, they are then allocated to receiving departments based upon consistent and objective criteria. For example, accounting costs that have been identified are allocated to departments based on the number of expenditure entries in the computer system for each department. Allocation bases suggested by A-87 have been utilized wherever possible. In all cases, the objective was to allocate costs fairly, accurately and consistently given the availability of data and the principles dictated by A-87. The allocation bases are listed in each department narrative section and also as headings on Schedule A-2.

The following section details by department the central services which were identified (narrative) and the costs allocated to each service (Schedule A-1). Following each Schedule A-1 is a detail of where the functional costs are allocated (Schedule A-2). Following the individual department sections, the entire study cost flow is summarized in a master spreadsheet for reference (Schedule A-3). Throughout the report totals and/or subtotals may be off by +/- \$1 due to the rounding which is inherent in the allocation process.

The City of Portsmouth, Ohio  
Central Service Cost Allocation Plan  
Statement of Function and Benefit, City Council  
For the Fiscal Year Ended December 31, 2010

The City Council as the City's legislative body, is responsible for enacting resolutions and ordinances, budget appropriation legislation and development of City priorities. The Clerk of Council performs administrative tasks and advertises and records results of City Council action. The central service activity of the City Council has been functionalized simply as Financial Matters.

Indirect costs from other departments have been allocated to the functions based on the distribution of department cost, and are subsequently reallocated among central service departments until incoming costs approach zero.

Explanation of Line Item Expenditures:

- Fringe Benefits - Include the cost of employee benefits such as pension and Workers Compensation, provided to all employees.
- Utilities - Phone service allocated across all functions.
- Supplies - Office supplies used by all staff, allocated across all functions.

Explanation of Allocation Bases:

- The basis for allocation of costs related to Financial Matters is total expenditures by department.

---

Reference: OMB A-87, Attachment B, Paragraphs 3 and 11-A,B and H.

**CITY OF PORTSMOUTH, OHIO  
CENTRAL SERVICE COST ALLOCATION PLAN  
SCHEDULE A-3  
FOR THE FISCAL YEAR 2010**

**CENTRAL SERVICES**

Central Service Functions

	CITY COUNCIL FINANCIAL MATTERS	CIVIL SERVICE CIVIL SERVICE	EXECUTIVE CITY MANAGEMENT	FINANCE FISCAL SERVICES
<u>Receiving Departments</u>				
CITY COUNCIL	290	0	521	2,447
MAYOR	171	0	308	4,141
CITY GARAGE	723	0	1,299	20,211
CITY HALL MAINTENANCE	522	0	937	2,635
FINANCE	596	0	1,070	3,936
PUBLIC SERVICE ADMINISTRATION	413	0	742	5,356
CITY ENGINEER	139	0	249	4,056
LAW DIRECTOR	778	0	1,397	3,388
CAPITAL IMPROVEMENT	6,433	0	11,549	3,406
CDBG FUND	989	0	1,776	1,283
CIVIL SERVICE COMMISSION	49	0	88	804
POLICE DEPARTMENT	11,056	17,043	19,848	10,798
FIRE DEPARTMENT	8,464	0	15,195	13,742
CEMETERY	300	0	539	7,564
STREET CONSTRUCTION	339	0	608	2,738
INCOME TAX	971	0	1,744	8,026
FLOOD DEFENSE	1,809	0	3,248	633
HEALTH DEPARTMENT	1,885	0	3,384	4,929
INSPECTIONS	560	0	1,006	2,926
MUNICIPAL COURT	2,869	0	5,150	4,090
STREET MAINTENANCE FUND	2,834	0	5,088	5,973
ENGINEERING/CONSTRUCTION PERMIT	0	0	0	0
SANITATION FUND	4,237	0	7,606	13,468
WATER FUND	20,129	0	36,137	48,088
SEWER FUND	16,318	0	29,295	30,547
GENERAL GOVERNMENT	28,526	0	51,210	113,204
<b>TOTALS</b>	<b>111,402</b>	<b>17,043</b>	<b>199,991</b>	<b>318,392</b>

**CITY OF PORTSMOUTH, OHIO  
CENTRAL SERVICE COST ALLOCATION PLAN  
SCHEDULE A-3  
FOR THE FISCAL YEAR 2010**

**CENTRAL SERVICES**

Central Service Functions

	FINANCE AUDIT SERVICES	LEGAL LEGAL	LEGAL MUNICIPAL COURT	CITY BUILDING CITY HALL MAINTENANCE
<hr/>				
Receiving Departments				
CITY COUNCIL	159	1,785	0	8,984
MAYOR	268	3,569	0	3,155
CITY GARAGE	1,310	0	0	0
CITY HALL MAITENANCE	171	892	0	0
FINANCE	255	6,246	0	10,906
PUBLIC SERVICE ADMINISTRATION	347	0	0	0
CITY ENGINEER	263	2,677	0	8,112
LAW DIRECTOR	220	0	0	2,996
CAPITAL IMPROVEMENT	221	6,246	0	0
CDBG FUND	83	2,677	0	0
CIVIL SERVICE COMMISSION	52	0	0	0
POLICE DEPARTMENT	700	11,600	0	29,081
FIRE DEPARTMENT	891	7,139	0	0
CEMETERY	490	0	0	0
STREET CONSTRUCTION	177	892	0	0
INCOME TAX	520	892	0	3,960
FLOOD DEFENSE	41	3,569	0	0
HEALTH DEPARTMENT	319	0	0	71,274
INSPECTIONS	190	892	0	0
MUNICIPAL COURT	265	0	236,006	22,144
STREET MAINTENANCE FUND	387	892	0	0
ENGINEERING/CONSTRUCTION PERMIT	0	0	0	0
SANITATION FUND	873	0	0	0
WATER FUND	3,117	2,677	0	10,718
SEWER FUND	1,980	3,569	0	0
GENERAL GOVERNMENT	7,337	14,278	0	0
<hr/>				
<b>TOTALS</b>	<b>20,637</b>	<b>70,495</b>	<b>236,006</b>	<b>171,329</b>
<hr/>				

**CITY OF PORTSMOUTH, OHIO  
CENTRAL SERVICE COST ALLOCATION PLAN  
SCHEDULE A-3  
FOR THE FISCAL YEAR 2010**

**CENTRAL SERVICES**

Central Service Functions

GENERAL ADMINISTRATION AUDIT FEES	GENERAL ADMINISTRATION LABOR NEGOTIATIONS	GENERAL ADMINISTRATION UNEMPLOYMENT	GENERAL ADMINISTRATION EDP SERVICES
---	---	---	---

Receiving Departments

CITY COUNCIL	211	0	1,228	366
MAYOR	357	0	614	619
CITY GARAGE	1,743	0	819	3,022
CITY HALL MAINTENANCE	227	0	409	394
FINANCE	339	274	1,433	588
PUBLIC SERVICE ADMINISTRATION	462	46	614	801
CITY ENGINEER	350	183	1,023	606
LAW DIRECTOR	292	0	1,023	507
CAPITAL IMPROVEMENT	294	0	0	509
CDBG FUND	111	0	409	192
CIVIL SERVICE COMMISSION	69	0	205	120
POLICE DEPARTMENT	931	1,963	10,642	1,614
FIRE DEPARTMENT	1,185	1,644	7,981	2,055
CEMETERY	652	137	614	1,131
STREET CONSTRUCTION	236	639	2,865	409
INCOME TAX	692	137	409	1,200
FLOOD DEFENSE	55	0	0	95
HEALTH DEPARTMENT	425	0	6,139	737
INSPECTIONS	252	137	614	438
MUNICIPAL COURT	353	0	5,321	611
STREET MAINTENANCE FUND	515	137	614	893
ENGINEERING/CONSTRUCTION PERMIT	0	0	0	0
SANITATION FUND	1,161	228	1,228	2,014
WATER FUND	4,147	1,370	6,344	7,190
SEWER FUND	2,634	1,050	4,912	4,567
GENERAL GOVERNMENT	9,762	0	819	16,925
<b>TOTALS</b>	<b>27,457</b>	<b>7,944</b>	<b>56,278</b>	<b>47,602</b>

**CITY OF PORTSMOUTH, OHIO  
CENTRAL SERVICE COST ALLOCATION PLAN  
SCHEDULE A-3  
FOR THE FISCAL YEAR 2010**

Central Service Functions	CENTRAL SERVICES		PUBLIC SERVICE ADMINISTRATION SERVICE ADMINISTRATION	CITY ENGINEER ENGINEER SERVICES
	GENERAL ADMINISTRATION LIABILITY INSURANCE	CITY GARAGE CITY GARAGE		
<hr/>				
<b>Receiving Departments</b>				
CITY COUNCIL	849	0	726	0
MAYOR	425	869	429	0
CITY GARAGE	566	3,209	1,812	374
CITY HALL MAINTENANCE	283	0	1,307	270
FINANCE	991	0	1,494	0
PUBLIC SERVICE ADMINISTRATION	425	358	1,036	0
CITY ENGINEER	708	1,818	347	0
LAW DIRECTOR	708	0	1,950	0
CAPITAL IMPROVEMENT	0	0	16,116	3,323
CDBG FUND	283	0	2,478	511
CIVIL SERVICE COMMISSION	142	0	123	0
POLICE DEPARTMENT	7,358	106,889	27,696	5,712
FIRE DEPARTMENT	5,519	17,504	21,203	4,373
CEMETERY	425	13,473	753	155
STREET CONSTRUCTION	1,981	0	848	175
INCOME TAX	283	887	2,433	0
FLOOD DEFENSE	0	0	4,533	935
HEALTH DEPARTMENT	4,245	0	4,722	974
INSPECTIONS	425	0	1,404	289
MUNICIPAL COURT	3,679	6,759	7,186	1,482
STREET MAINTENANCE FUND	425	42,164	7,099	1,464
ENGINEERING/CONSTRUCTION PERMIT	0	0	0	0
SANITATION FUND	849	71,409	10,613	2,189
WATER FUND	4,387	77,833	50,426	10,399
SEWER FUND	3,396	52,735	40,879	8,430
GENERAL GOVERNMENT	566	27,551	71,459	0
<hr/>				
<b>TOTALS</b>	<b>38,914</b>	<b>423,458</b>	<b>279,071</b>	<b>41,054</b>

**CITY OF PORTSMOUTH, OHIO  
CENTRAL SERVICE COST ALLOCATION PLAN  
SCHEDULE A-3  
FOR THE FISCAL YEAR 2010**

**CENTRAL SERVICES**

Central Service Functions	CITY ENGINEER CONSTRUCTION/ PERMIT	CITY ENGINEER GIS	BUILDING USE CITY HALL
<u>Receiving Departments</u>			
CITY COUNCIL	0	209	2,273
MAYOR	0	123	798
CITY GARAGE	0	521	0
CITY HALL MAINTENANCE	0	376	0
FINANCE	0	430	2,759
PUBLIC SERVICE ADMINISTRATION	0	298	0
CITY ENGINEER	0	100	2,052
LAW DIRECTOR	0	561	758
CAPITAL IMPROVEMENT	0	0	0
CDBG FUND	0	713	0
CIVIL SERVICE COMMISSION	0	35	0
POLICE DEPARTMENT	0	7,965	7,358
FIRE DEPARTMENT	0	6,098	0
CEMETERY	0	216	0
STREET CONSTRUCTION	0	244	0
INCOME TAX	0	700	0
FLOOD DEFENSE	0	1,304	0
HEALTH DEPARTMENT	0	1,358	0
INSPECTIONS	0	404	0
MUNICIPAL COURT	0	2,067	5,603
STREET MAINTENANCE FUND	0	2,042	0
ENGINEERING/CONSTRUCTION PERMIT	41,054	0	0
SANITATION FUND	0	3,052	0
WATER FUND	0	14,502	1,710
SEWER FUND	0	11,757	0
GENERAL GOVERNMENT	0	20,552	0
<b>TOTALS</b>	<b>41,054</b>	<b>75,626</b>	<b>23,312</b>

**CITY OF PORTSMOUTH, OHIO  
CENTRAL SERVICE COST ALLOCATION PLAN  
SCHEDULE A-3  
FOR THE FISCAL YEAR 2010**

**CENTRAL SERVICES**

Central Service Functions

	BUILDING USE CITY HALL ANNEX	EQUIPMENT USE USE CHARGE	TOTALS
<u>Receiving Departments</u>			
CITY COUNCIL	0	850	\$20,897
MAYOR	0	20,697	36,545
CITY GARAGE	0	8,024	43,633
CITY HALL MAINTENANCE	0	0	8,424
FINANCE	0	2,142	33,460
PUBLIC SERVICE ADMINISTRATION	0	60,152	71,049
CITY ENGINEER	0	40,753	63,436
LAW DIRECTOR	0	0	14,578
CAPITAL IMPROVEMENT	0	0	48,097
CDBG FUND	0	0	11,505
CIVIL SERVICE COMMISSION	0	0	1,688
POLICE DEPARTMENT	0	0	278,255
FIRE DEPARTMENT	0	0	112,991
CEMETERY	0	0	26,450
STREET CONSTRUCTION	0	0	12,152
INCOME TAX	1,400	0	24,254
FLOOD DEFENSE	0	0	16,221
HEALTH DEPARTMENT	25,200	0	125,590
INSPECTIONS	0	0	9,537
MUNICIPAL COURT	0	0	303,583
STREET MAINTENANCE FUND	0	0	70,526
ENGINEERING/CONSTRUCTION PERMIT	0	0	41,054
SANITATION FUND	0	0	118,926
WATER FUND	1,400	0	300,573
SEWER FUND	0	0	212,069
GENERAL GOVERNMENT	0	0	362,188
TOTALS	28,000	132,618	\$2,367,685

**GENERAL FUND REVENUES**

	2010 Budgeted	2010 Actual	2011 Budgeted	2011 Actual As of 10/1/11	2012 Proposed	2013 Proposed
BALANCE, January 1	-540,658	-514,524	-731,630	(731,635.01)	-1,400,000	-699,402
City Income Tax	5,250,000	5,254,765	5,300,000	3,940,805.44	7,450,000	7,900,000
Real estate & Personal Property Tax	1,800,000	1,869,395	1,800,000	1,773,795.15	1,800,000	1,800,000
Local Government-State Sales/County	1,200,000	1,209,637	1,200,000	959,404.05	850,000	640,000
Court Collections	600,000	612,304	610,000	410,659.97	550,000	600,000
Inheritance Tax	250,000	96,110	100,000	904,352.82	200,000	0
Intangible Tax	0	8,309	0	8,460.04	0	0
Interest on Investments	10,000	621	1,000	-	0	0
Cable TV Franchise Fee	230,000	237,984	240,000	178,204.02	240,000	240,000
Board of Health	289,000	265,134	300,000	208,320.34	270,000	285,000
Miscellaneous Revenues	80,000	156,960	50,000	66,664.37	104,000	125,000
Cemetery-Burial Permits/Misc.	35,000	34,092	35,000	23,382.00	35,000	35,000
Liquor Permits	30,000	33,417	35,000	29,926.40	35,000	35,000
Building Permits	45,000	68,403	70,000	43,007.79	60,000	60,000
Police Fines	10,000	7,212	10,000	10,425.00	10,000	10,000
Electrical Permits	20,000	27,705	30,000	14,232.29	20,000	30,000
Police-Special Duty/Admn.	125,000	132,054	140,000	59,301.50	100,000	125,000
Police Reports & Fingerprinting	2,000	9,046	10,000	3,497.60	5,000	5,000
City Business Licenses	5,000	5,257	5,000	3,174.00	4,000	4,000
Rents, Leases & Concessions	20,000	19,313	20,000	19,384.33	20,000	20,000
Police Impound Fees	10,000	9,100	10,000	5,990.00	10,000	10,000
Campus Security	5,000	3,570	5,000	3,835.00	0	0
Plumbing Permits	20,000	11,866	20,000	12,961.00	15,000	20,000
Cigarette Tax	1,000	1,050	1,000	840.00	1,000	1,000
Sewer Permits	1,000	590	1,000	-	0	1,000
Police Record Checks	2,000	732	2,000	264.00	1,000	1,000
Fire Dept. Reports & Inspection Fees	4,000	4,360	5,000	1,777.95	3,000	3,000
Misc. Engineering Fees	6,000	4,590	10,000	10,166.00	10,000	10,000
Demolition Assessments	20,000	2,819	10,000	334.58	0	10,000
Donations	0	15,093	0	-	0	0
Special Revenue/ Sale of Assets	0	45,369	0	-	0	0
County payments/Prosecutors salary share	30,000	0	30,000	-	7,000	30,000
<b>Total Year Revenues</b>	<b>10,100,000</b>	<b>10,146,857</b>	<b>10,050,000</b>	<b>8,693,165.64</b>	<b>11,800,000</b>	<b>12,000,000</b>
Beginning Balance			-731,630	-731,635.01	-1,400,000	-699,402
<b>Total Year's Revenue and Beginning Balance</b>			<b>9,318,370</b>	<b>7,961,530.63</b>	<b>10,400,000</b>	<b>11,300,598</b>

**GENERAL FUND EXPENDITURES**

	2010 Budgeted	2010 Actual	2011 Budgeted	2011 Actuals As of 10/1/11	2012 Proposed	2013 Proposed
Legislative	91,604	90,504.36	117,085	70,897.73	125,010	125,010
Executive	81,315	53,493.59	74,576	69,894.20	76,489	76,489
Legal	264,045	242,924.12	247,889	190,152.35	263,451	263,451
Finance	214,602	186,121.63	231,065	201,405.85	241,965	241,965
Income Tax Department	301,573	303,164.00	137,560	132,425.41	146,710	146,710
Civil Service	17,200	15,355.37	13,974	9,443.74	13,650	13,650
Court Security	36,451	58,870.71	104,542	109,624.42	104,542	104,542
Municipal Court	899,978	895,352.01	866,520	628,820.89	883,579	883,579
Engineering/Design & Construction	44,792	43,296.75	54,042	23,008.64	76,760	76,760
Public Service Administration	58,770	129,022.13	46,549	50,323.70	49,271	49,271
Engineering/Building Maintenance	167,178	162,904.42	158,705	110,713.57	141,019	141,019
Public Service Garage	347,091	225,825.33	305,378	221,097.21	268,844	268,844
Police Department	3,472,557	3,450,891.30	3,167,049	2,532,592.83	3,082,777	3,145,000
Fire Department	2,831,619	2,641,883.04	3,630,188	2,773,302.07	3,654,846	3,695,000
Public Service Street Lights	186,000	217,294.71	216,000	171,660.58	215,500	215,500
Public Service Traffic Maintenance	130,195	133,666.65	136,114	134,718.05	149,655	149,655
Public Service Grounds Maintenance	90,529	93,786.07	87,091	107,373.66	99,736	99,736
Public Service Grounds Recreation	112,971	105,679.23	112,626	85,156.71	115,373	115,373
Health Department	705,004	706,865.71	641,696	439,027.51	627,367	627,367
Community Development	45,564	40,181.30	34,995	48,163.05	46,210	46,210
Engineering/Building Inspections	189,383	174,904.49	179,909	130,216.54	132,648	132,648
Unemployment	20,000	56,278.43	60,000	15,968.23	25,000	30,000
Legal Fees- Indigents	100,000	47,086.92	115,000	1,500.00	90,000	100,000
Audits and Examinations	30,000	27,456.85	50,000	52,989.27	55,000	55,000
Management Consultants	20,000	14,604.32	20,000	3,118.95	20,000	20,000
Central Computer/Support Agreements	40,000	41,941.70	45,000	22,153.90	40,000	45,000
Insurance- Vehicle, Property, Liability/Boiler	60,000	38,914.00	60,000	99,904.16	80,000	90,000
County Auditor Deduction	100,000	89,547.31	85,000	134,853.82	100,000	100,000
Central Storeroom	5,000	2,779.41	5,000	213.00	5,000	5,000
Community Agencies/Events	15,000	15,000.00	15,000	15,000.00	15,000	15,000
Real Estate Taxes	20,000	19,699.70	21,000	20,589.91	18,000	25,000
Miscellaneous Executive	35,000	20,671.01	14,000	11,669.41	15,000	14,000
Council's Discretionary	0	0.00	5,000	0.00	0	0
Retirements/Unanticipated absences	0	0.00	0	0.00	0	0
Air Pollution Subsidy	18,000	18,000.00	18,000	18,000.00	18,000	18,000
Tax Refunds			115,000	95,407.54	100,000	115,000
Demolition of Condemned Structures			0	0.00	3,000	0
<b>Total Annual Expenditures</b>	<b>10,751,421</b>	<b>10,363,966.57</b>	<b>11,191,553</b>	<b>8,731,386.90</b>	<b>11,099,402</b>	<b>11,249,779</b>

Beginning Balance	-1,400,000	-699,402
Estimated Revenues for 2012	11,800,000	12,000,000
Total of Revenues and Beginning Balance	10,400,000	11,300,598
Estimated Expenditures for 2012	11,099,402	11,249,779
<b>Projected Actual Year End Balance</b>	<b>-699,402</b>	<b>50,819</b>
Projected Year-end Balance w/o Beginning Balance	<u><b>700,598</b></u>	<u><b>750,221</b></u>

General Fund Revenue Description	Budgeted 2011	Projected 2011	Estimated 2012	Estimated 2013	Estimated 2014	Estimated 2015	Estimated 2016
City Income Tax	\$ 5,300,000	\$ 5,278,000	\$ 7,450,000	\$ 7,900,000	\$ 7,950,000	\$ 8,000,000	\$ 8,050,000
Real & Personal Property Tax	\$ 1,800,000	\$ 1,775,000	\$ 1,800,000	\$ 1,800,000	\$ 1,825,000	\$ 1,825,000	\$ 1,825,000
Local Government Funds	\$ 1,200,000	\$ 1,206,000	\$ 850,000	\$ 640,000	\$ 640,000	\$ 640,000	\$ 640,000
Court Collections	\$ 610,000	\$ 549,000	\$ 550,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000
Inheritance Tax	\$ 100,000	\$ 904,000	\$ 200,000	\$ -	\$ -	\$ -	\$ -
Intangible Tax	\$ -	\$ 8,000	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on Investments	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cable TV Franchise	\$ 240,000	\$ 235,000	\$ 240,000	\$ 240,000	\$ 250,000	\$ 250,000	\$ 250,000
Board of Health	\$ 300,000	\$ 256,000	\$ 270,000	\$ 285,000	\$ 300,000	\$ 300,000	\$ 300,000
Miscellaneous	\$ 50,000	\$ 81,000	\$ 104,000	\$ 125,000	\$ 119,000	\$ 119,000	\$ 119,000
Cemetery-Burial Permits/Misc.	\$ 35,000	\$ 38,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000
Liquor Permits	\$ 35,000	\$ 34,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000
Building Permits	\$ 70,000	\$ 51,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000
Police Fines	\$ 10,000	\$ 11,000	\$ 10,000	\$ 10,000	\$ 12,000	\$ 12,000	\$ 12,000
Electrical Permits	\$ 30,000	\$ 17,000	\$ 20,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Police-Special Duty	\$ 140,000	\$ 97,000	\$ 100,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000
Police Reports-Fingerprinting	\$ 10,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
City Business Licenses	\$ 5,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 5,000	\$ 5,000	\$ 5,000
Rents, Leases & Concessions	\$ 20,000	\$ 19,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Police Impound Fees	\$ 10,000	\$ 8,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Campus Security	\$ 5,000	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ -
Plumbing Permits	\$ 20,000	\$ 14,000	\$ 15,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Cigarette Tax	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Sewer Permits	\$ 1,000	\$ -	\$ -	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Police Record Checks	\$ 2,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 2,000	\$ 2,000	\$ 2,000
Fire Reports	\$ 5,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 5,000	\$ 5,000	\$ 5,000
Misc. Engineering Fees	\$ 10,000	\$ 13,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Demolitions	\$ 10,000	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Special Revenue/Sale of Assets	\$ -	\$ 33,000	\$ -	\$ -	\$ -	\$ -	\$ -
From County for Prosecutors	\$ 30,000	\$ 25,000	\$ 7,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
	\$ 10,950,000	\$ 10,670,000	\$ 11,800,000	\$ 12,000,000	\$ 12,100,000	\$ 12,150,000	\$ 12,200,000



GENERAL FUND REVENUES	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Unexpended Balance, January 1	380,218	429,879	981,539	1,037,813	1,757,871	544,171	70,465	25,505	42,659	247,673	4,881,254	5,549,733	5,205,395	5,254,765	5,278,303	0
Carryover Encumbrances	42,714	22,954	110,806	52,113	83,479	108,595	45,875	21,600	28,615	31,357	0	0	0	0	0	0
Unencumbered Balance, January 1	337,504	406,925	870,734	985,700	1,674,399	435,576	24,589	3,904	14,044	216,316	4,881,254	5,549,733	5,205,395	5,254,765	5,278,303	0
City Income Tax	3,915,510	3,920,552	4,065,051	4,272,358	4,276,189	4,351,458	4,459,291	4,599,168	4,930,370	4,743,176	4,881,254	4,881,254	4,881,254	4,881,254	4,881,254	4,881,254
Real & Personal Property Tax	1,460,409	1,468,318	1,537,375	1,610,682	1,564,659	1,795,414	1,694,014	1,663,071	1,790,950	1,799,910	1,769,200	1,889,310	1,919,909	1,869,395	1,775,214	0
State Sales/County Court Collections	948,375	1,005,296	1,024,346	1,079,385	1,104,032	1,037,770	1,013,555	1,013,555	1,013,555	1,013,555	1,087,765	1,414,387	1,193,546	1,209,637	1,205,622	0
State Sales Tax	515,269	601,136	527,575	600,746	585,973	501,239	552,593	546,143	702,272	633,280	640,757	624,141	581,417	612,304	548,548	0
Inheritance Tax	370,570	690,701	619,044	1,021,622	255,277	401,946	260,378	455,235	161,797	90,971	383,899	422,188	399,058	96,110	904,353	0
Intangible Tax	2,150	2,333	2,477	2,747	14,773	5,002	2,221	3,115	2,196	1,883	17,795	113,028	27,896	8,309	8,460	0
Interest on Investments	3,190	236,747	319,317	544,796	345,634	123,772	42,107	37,503	137,554	327,689	328,427	113,028	1,731	621	0	0
Revenue Assistance-State	269,980	282,058	306,035	316,484	321,575	305,684	301,801	301,801	301,801	301,801	301,801	228,289	231,655	237,984	235,198	0
Cable TV Franchise	160,027	167,559	164,528	210,096	199,054	179,379	188,158	200,507	210,124	214,751	214,751	282,866	263,743	267,798	256,196	0
Board of Health	145,934	152,949	147,950	149,247	205,748	239,944	244,303	247,322	237,328	241,737	300,675	300,675	300,675	154,196	80,695	0
Miscellaneous	248,431	686,305	71,072	207,874	2,325,874	280,989	2,076,487	210,955	95,230	95,230	83,147	112,973	104,989	154,196	80,695	0
State Sales Tax-Local Govt.	84,979	95,285	101,814	101,351	79,025	85,853	95,230	95,230	95,230	95,230	47,079	37,658	33,945	34,092	37,755	0
Cemetery-Burial Permits/Misc.	43,880	39,071	39,708	37,336	38,425	39,360	41,665	31,684	36,026	27,918	47,079	37,658	33,945	34,092	37,755	0
Liquor Permits	30,340	33,849	30,703	27,006	31,315	30,097	30,683	35,552	32,411	33,663	38,277	35,339	31,961	33,417	34,014	0
Building Permits	29,428	29,228	30,055	18,319	30,514	26,844	74,666	101,432	46,418	50,105	75,162	71,858	44,148	68,403	51,356	0
Police Fines	19,210	23,757	15,205	15,700	14,745	14,895	20,000	11,000	9,710	17,825	13,155	7,537	11,400	7,212	11,575	0
17th Street Community Center	0	2,039	5,055	6,390	1,622	0	0	0	0	0	0	0	0	0	0	0
Campground Fees	18,082	182	191	186	0	204	268	0	0	450	0	0	0	0	0	0
Electrical Permits	16,912	16,664	21,468	15,954	20,180	19,951	36,213	43,112	23,050	24,000	33,825	22,110	18,621	27,795	16,852	0
Police-Special Duty	43,244	79,594	170,263	116,651	11,934	103,087	116,673	145,305	121,800	102,182	143,478	119,745	123,350	132,054	96,940	0
Police Reports-Fingerprinting	1,040	1,118	1,449	1,203	1,307	1,151	1,055	1,266	1,932	1,659	1,524	1,167	1,046	9,046	4,773	0
City Business Licenses	8,649	9,494	12,533	6,377	4,574	4,567	5,123	3,854	4,126	4,425	3,663	5,146	5,490	5,257	3,752	0
Rents, Leases & Concessions	8,505	10,304	9,205	12,534	7,894	10,256	23,365	38,000	22,897	21,413	21,136	24,636	19,398	19,313	19,495	0
Police Impound Fees	10,650	12,705	10,550	11,253	13,366	13,703	13,235	11,617	12,399	16,511	12,996	10,067	10,300	9,100	7,538	0
Campus Security	2,960	10,955	3,138	6,324	5,894	5,894	5,513	5,007	5,022	5,000	5,000	5,000	5,000	3,570	3,835	0
Plumbing Permits	6,281	5,200	5,114	4,249	9,611	9,241	6,553	30,057	19,660	12,680	27,522	19,172	16,632	11,866	14,407	0
Cigarette Tax	1,409	1,304	1,099	1,164	1,043	1,038	1,150	944	993	922	855	741	721	1,050	915	0
Sewer Permits	1,596	4,092	4,540	1,665	2,320	2,893	3,035	3,035	805	805	820	895	830	590	0	0
Police Record Checks	2,692	1,846	1,703	1,284	1,608	1,450	1,619	1,672	1,932	1,860	1,784	1,466	1,318	732	424	0
Fire Reports	3,910	7,406	7,157	2,330	2,520	3,170	4,100	4,640	5,394	4,020	6,397	4,320	4,000	4,360	2,818	0
Misc. Engineering Fees	1,281	3,918	30,531	42,063	28,699	16,487	16,916	13,983	4,489	4,613	5,118	3,296	6,514	4,590	12,635	0
Demolitions	0	0	0	0	0	0	43,041	0	12,259	23,088	12,881	14,794	7,958	15,093	0	0
Donations/Grants	0	28,303	7,747	1,668	0	25,370	9,010	2,650	35,738	41,995	17,423	8,729	7,958	45,369	33,034	0
Special Revenue/Sale of Assets	0	0	0	0	0	0	0	0	0	0	0	22,637	0	474,793	25,000	0
From County for Prosecutors	0	0	0	0	0	0	28,206	0	28,206	29,688	27,000	28,000	25,000	0	0	0
Total Revenues	8,375,861	9,630,288	9,328,597	10,447,015	11,505,813	9,636,472	11,341,856	9,929,663	10,082,104	10,003,295	10,549,456	11,053,597	10,798,033	10,146,856	10,670,041	0
GRAND TOTAL (Revenues & Unexpended Balance)	8,756,079	10,060,167	10,310,136	11,484,828	13,263,690	10,180,643	11,412,321	9,955,168	10,124,762	10,250,968	10,549,456	11,053,597	10,798,033	10,146,856	10,670,041	0
GRAND TOTAL (Revenues & Unencumbered Balance)	8,715,365	10,037,214	10,199,330	11,432,715	13,180,211	10,072,048	11,366,446	9,933,567	10,096,147	10,219,611	10,549,456	11,053,597	10,798,033	10,146,856	10,670,041	0
Actual Year End Receipts	8,375,861	9,630,288	9,328,597	10,447,015	11,505,813	9,636,472	11,341,856	9,929,663	10,082,104	10,003,295	10,549,456	11,053,597	10,798,033	10,146,856	10,670,041	0
Actual Year End Expenses	8,395,460	9,078,628	9,272,323	9,726,951	12,719,519	10,110,178	11,386,816	9,912,509	9,877,090	10,167,723	10,549,456	11,053,597	10,798,033	10,146,856	10,670,041	0
Unexpended Balance, December 31	362,620	981,539	1,037,813	1,757,871	544,171	70,465	25,505	42,659	247,673	83,245	4,881,254	5,549,733	5,205,395	5,254,765	5,278,303	0
Carryover Encumbrances	22,954	110,806	52,113	83,479	108,595	45,875	21,600	28,615	31,357	31,357	0	0	0	0	0	0
Unencumbered Balance, December 31	339,666	870,734	985,700	1,674,399	435,576	24,589	3,904	14,044	216,316	83,245	4,881,254	5,549,733	5,205,395	5,254,765	5,278,303	0

\* FY 1998 reflects a change in fund balance due to conversion of chart of accounts that deleted two old funds, Fund #217, Special State & County State & County and Fund #781 Demolition Fund totaling \$567,259.53 added to the beginning General Fund Balance in 1998.  
 \*\* FY 2000 General Fund includes receipts of over \$1,000,000 in estate tax, far above the average year.  
 \*\*\* FY 2001 General Fund includes the receipt of a one time \$2,000,000 note received for OP&F accrued liability retirement.  
 \*\*\*\* FY 2003 General Fund includes a one time transfer from the CIP fund and transfers in from FEMA totaling \$1,922,593.30.  
 \*\*\*\*\* FY 2011 General Fund includes receipts of \$904,353 in estate tax, far above the average year.

# 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, OH 45662

Phone: (740) 354-7751 – Fax: (740) 353-4583  
Email: cityauditor@mail.com

*M. Trent Williams*  
City Auditor



*State of Ohio*

### NOTICE TO DEPARTMENT HEADS AND PURCHASING PERSONNEL

FROM: CITY AUDITOR

DATED: JANUARY 2, 2012

### RE: PURCHASING POLICY AND PROCEDURES

#### **Regular Nonrecurring Purchases – “REGULAR PURCHASE ORDERS”**

A regular nonrecurring purchase is any purchase of goods or services that can be anticipated in advance of the actual need and a separate requisition can be prepared specifying the individual items or services to be purchased. The goods or services may be purchased more than once during the year, but each purchase is planned in advance and is ordered on a separate Requisition/Purchase Order.

#### Steps

1. The need to purchase goods or service is determined by the operating department.
2. The originator determines the specific item(s) that are required and develops specifications for the item(s).
3. Multiple potential vendors are contacted to determine the availability of the goods or services and the price to be charged. If there is more than one vendor, then a separate Requisition/Purchase Order must be made out for each vendor involved.
4. The individual that has identified the need completes the top portion of the Requisition/Purchase Order provided they are all being supplied by a single vendor. The appropriation account to be charged should be entered for each item.
5. If the originator wants to deliver the Vendor copy of the approved P.O., such as when the goods are picked up at the Vendor's place of business, the originator should check the block indicating "Deliver Vendor Copy". If the goods are not going to be picked up at the vendor's place of business, the originator should check the block indicating "Mail Vendor Copy".
6. The originator submits the Requisition/Purchase Order to the appropriate Department Head for review and approval.
7. The Department of Division Head reviews the request and either approves or disapproves the request.
  - A. If the request is approved, the Department Head checks the "Approved" block and signs the form. He retains the Department copy for his records and forwards all remaining copies to the Mayor. Upon approval, the Mayor forwards the P.O. to the City Auditor for certification of funds and assignment of a P.O. number. Do not separate any of the remaining copies.
  - B. If the request is not approved, the Department Head checks the "Disapproved" block on the Requisition/Purchase Order and returns it to the originator. It is suggested that a brief explanation for the disapproval accompany the form.
8. The City Auditor receives the approved Requisition/Purchase Order from the Department Head and determines whether or not there is sufficient funding in the designated appropriation account to permit the purchase.
  - A. If there is sufficient funding, the City Auditor assigns a P.O. number, certifies the availability of funds, and encumbers the money. The Receiving copy of the Requisition/Purchase Order is forwarded to the Department Head verifying that funds have been appropriated and encumbered for the purchase.
  - B. If sufficient funds are not available in the approved budget account, the Requisition/Purchase Order will be returned to the Department Head indicating insufficient funding for the purchase. The Requisition/Purchase Order may be resubmitted by the Department Head after the funding problem has been resolved.

9. Upon receipt of the goods or services, the Originator will acknowledge the receipt by attaching the packing slip, receiving slip and invoice to the Receiving copy of the Requisition/Purchase Order, stamping the same approved for payment and forwarding it to the City Auditor. Only an original invoice will serve as the basis for processing payments to the vendor. Statements, packing slips and/or receiving slips alone will not serve as sufficient basis for the processing of payments.

#### **Frequent Recurring Purchases – “BLANKET PURCHASE ORDERS”**

A Blanket Purchase Order should be requested for regular purchases of goods and/or services that are used in the daily operation of the Department/Division. Typically, the goods or services purchased from a Blanket Purchase Order will have a relatively low per unit cost and their need cannot be specifically identified prior to the immediate necessity for the goods or service or the amount of work required to complete a separate Requisition/Purchase Order for individual purchases cannot be justified based on the cost or frequency of the purchases. Lumber required for minor routine building or park maintenance to be purchased from a local builders supply is an example of the type of item that should be purchased using a Blanket Purchase Order. Another example of the effective use of a Blanket Purchase Order is for the monthly payment of utility bills. Natural gas, electric, telephone, long distance and any other regular monthly recurring invoice should be encumbered through a Blanket Purchase Order. This will greatly reduce the time from receipt of invoice to check processing and help eliminate the possibility of late payments.

#### **Emergency Nonrecurring Purchases – “CONFIRMING PURCHASE ORDERS”**

A Confirming Purchase Order should be requested for emergency nonrecurring purchases of goods and/or services where a delay in the purchase would result in the disruption of essential services, which would create a hardship to the City or its residents. The emergency may occur during or after regular hours or on weekends and the same procedures will apply. Typically, goods or services purchased with a Confirming Purchase Order will be required immediately and will not be available from an existing Blanket Purchase Order. If the goods or services can be obtained from an existing Blanket Purchase Order, there is no need to complete a separate Confirming Purchase Order even in the event of an emergency. The repair of a transmission in a plow truck during a severe snowstorm by a vendor with whom no Blanket Purchase Order exists is an example of the appropriate use of a Confirming Purchase Order. A Confirming Purchase Order should not be used as an alternative to requesting a Regular or Blanket Purchase Order prior to the purchase of non-emergency goods or services. Non-emergency purchases should be requested through the Regular or Blanket Purchase Order procedure prior to the purchase.

#### **SUMMARY**

*Regular Purchase Order* = Primarily nonrecurring planned purchase of goods or services.

*Blanket Purchase Order* = Recurring purchase of goods or services or monthly routine charges such as utilities.

*Confirming Purchase Order* = Emergency nonrecurring purchases where prior fiscal approval is not possible.

The preceding procedures should serve as a guide to each department for all City of Portsmouth purchases. Please remember that fiscal officer certification must be received **prior to** entering into any contract for goods or services or confirmation of any order placed for goods or services. Any such contract or order may, at the discretion of the Auditor, be made void and no warrant shall be issued in payment of any amount due thereon. Please take steps to ensure all purchases made are compliant with these procedures.

Please do not hesitate to contact this office should you have any questions or concerns regarding these procedures. Thank you for your continuing assistance and cooperation.

Sincerely,



M. Trent Williams, Auditor

**Fund #604 and #606 Combined Water Funds - Revenue "B" and "C"**

	2012	2013	2014	2015	2016
Beginning Balance	\$ 100,000.00	\$ 26,937.00	\$ 56,937.00	\$ 86,937.00	\$ 66,937.00
Fund #604 Water Revenue "B"	\$ 4,500,000.00	\$ 4,600,000.00	\$ 4,635,000.00	\$ 4,635,000.00	\$ 4,635,000.00
Fund #606 Water Revenue "C"	\$ 820,000.00	\$ 830,000.00	\$ 845,000.00	\$ 845,000.00	\$ 845,000.00
Total Revenue	\$ 5,320,000.00	\$ 5,430,000.00	\$ 5,480,000.00	\$ 5,480,000.00	\$ 5,480,000.00
Total Revenue +Beg. Balance	\$ 5,420,000.00	\$ 5,456,937.00	\$ 5,536,937.00	\$ 5,566,937.00	\$ 5,546,937.00
Total Expenditures	\$ 5,393,063.00	\$ 5,400,000.00	\$ 5,450,000.00	\$ 5,500,000.00	\$ 5,500,000.00
Ending Balance	\$ 26,937.00	\$ 56,937.00	\$ 86,937.00	\$ 66,937.00	\$ 46,937.00

\*Revenue includes 3% water rate increase January 1, 2013, taking full effect on April 1, 2013

**Fund #621 Sewer Fund**

	2012	2013	2014	2015	2016
Beginning Balance	\$ (475,000.00)	\$ (308,373.00)	\$ 1,627.00	\$ 286,627.00	\$ 521,627.00
Portsmouth/NB Revenue	\$ 2,725,000.00	\$ 2,870,000.00	\$ 2,900,000.00	\$ 2,900,000.00	\$ 2,900,000.00
Rosemount/Misc Revenue	\$ 225,000.00	\$ 230,000.00	\$ 235,000.00	\$ 235,000.00	\$ 235,000.00
Total Revenue	\$ 2,950,000.00	\$ 3,100,000.00	\$ 3,135,000.00	\$ 3,135,000.00	\$ 3,135,000.00
Total Revenue +Beg. Balance	\$ 2,475,000.00	\$ 2,791,627.00	\$ 3,136,627.00	\$ 3,421,627.00	\$ 3,656,627.00
Total Expenditures	\$ 2,783,373.00	\$ 2,790,000.00	\$ 2,850,000.00	\$ 2,900,000.00	\$ 3,000,000.00
Ending Balance	\$ (308,373.00)	\$ 1,627.00	\$ 286,627.00	\$ 521,627.00	\$ 656,627.00

\*Revenue includes 10% sewer rate increase February 1, 2012, taking full effect on May 1, 2012

ORDINANCE

Year - 1998 Number -141-

Establishing two new funds to be designated Water Revenue C Fund No. 606 and Sewage System Revenue B Fund No. 622.

Whereas, the rates for water and waste water have been increased; and

Whereas, both the Mayor and Council have indicated a desire to have the increased revenue maintained separately from the revenue obtained by the City from the previous rate charged, hence the two aforementioned funds need to be established to accomplish said separation. Now, therefore,

BE IT ORDAINED by Council of the City of Portsmouth, Ohio:

SECTION I. That Council hereby establishes two new funds to be designated Water Revenue C Fund No. 606 and Sewage System Revenue B Fund No. 622.

SECTION II. That the City Clerk of the City of Portsmouth, Ohio, is hereby authorized and directed to forward a copy of this ordinance to the State Auditor, Columbus, Ohio.

SECTION III. This ordinance directing administrative action as provided for in Section 12 of the Charter of the City of Portsmouth, Ohio, shall be in force and effect from and after its passage.

Passed this 28<sup>th</sup> day of September, 1998.

Attest:

J. Kevin Hill  
City Clerk

A. J. Deppa  
President of Council

# The City of Portsmouth

*"Where the Ohio and Scioto Meet"*

## Department of Law

Municipal Building

Room 22  
728 Second Street  
Portsmouth, Ohio 45662

Telephone: (740) 353-5229  
Fax: (740) 353-0136  
Email: mljones@pmcourt.org



*State of Ohio*

### **MICHAEL L. JONES**

City Solicitor

TO: CITY AUDITOR  
FROM: CITY SOLICITOR  
DATE: JANUARY 20, 2012  
RE: OPINION RE: USE OF WATER FUNDS 604 AND 606

Water Revenue C Fund No. 606 was established by the Portsmouth City Council in 1998 pursuant to Ordinance Number 141. In my opinion, Fund No. 606 can be used interchangeably with Fund No. 604 for water system operations. Although these funds have been separated for record keeping purposes to track the revenues generated, both of these funds (Fund 604 and Fund 606) are available for water system maintenance and operations.

Additionally, as outlined in Section 1-22 of the Ohio Compliance Supplement (Budgetary and Certain Related Requirements), in order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the "creditor" fund) for the same purpose for which the fund receiving the cash (the "debtor" fund) was established. As these two funds are both to be used for the same purpose (operating and maintaining the City's water system), any legal advance or transfer between the two would meet this requirement.

Therefore, it is my opinion that these funds may be used interchangeably and should be analyzed together for the purposes of determining any fiscal condition status.

Sincerely,

A handwritten signature in black ink, appearing to be "Michael Jones", written over a large, stylized "M" that also serves as a decorative element.

Michael Jones