

City of Portsmouth

Scioto County

Single Audit

January 1, 2004 through December 31, 2004

Fiscal Year Audited Under GAGAS: 2004

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**Auditor of State
Betty Montgomery**

City Council
City of Portsmouth
728 Second Street
Portsmouth, Ohio 45662

We have reviewed the *Independent Auditor's Report* of the City of Portsmouth, Scioto County, prepared by Balestra, Harr & Scherer CPAs, Inc., for the audit period January 1, 2004 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

August 30, 2005

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**CITY OF PORTSMOUTH
SCIOTO COUNTY**

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CITY OF PORTSMOUTH
SCIOTO COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR YEAR ENDED DECEMBER 31, 2004

Federal Grantor / Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed through Ohio Department of Development</i>			
Community Development Block Grants/State's Program	A-F-03-067-1	14.228	\$ 130,318
Total U.S. Department of Housing and Urban Development			<u>130,318</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Passed through Office of Criminal Justice</i>			
Local Law Enforcement Block Grant Program	SH-WX-0121	16.592	56,239
	LB-BX-1286	16.592	20,640
	LB-BX-2500	16.592	6,566
Total Local Law Enforcement Block Grant Program			<u>76,879</u>
Total U.S. Department of Justice			<u>76,879</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed through Ohio Department of Public Safety</i>			
State and Community Highway Safety Grant	2003-J8C-J/6	20.600	42,084
Total U.S. Department of Transportation			<u>42,084</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
<i>Passed through Ohio Environmental Protection Agency</i>			
Air Pollution Control Program Support	N/A	66.001	150,671
Total U.S. Environmental Protection Agency			<u>150,671</u>

**CITY OF PORTSMOUTH
SCIOTO COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR YEAR ENDED DECEMBER 31, 2004**

Federal Grantor / Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed through Ohio Department of Health</i>			
Center for Disease Control and Prevention Investigations and Technical Assistance			
Public Health Infrastructure	73-2-001-2-BI	93.283	<u>164,326</u>
Total Center for Disease Control and Prevention Investigations and Technical Assistance			<u>164,326</u>
HIV Prevention Activities Health Department Based	73-2-001-CF	93.940	535,455
Preventive Health and Health Services Block Grant:			
Cardiovascular Health	73-2-001-2-ED	93.991	62,000
Injury Prevention	73-2-001-2-EE	93.991	<u>27,997</u>
Total Preventive Health and Health Services Block Grant:			<u>89,997</u>
Abstinence Education	N/A	93.110	15,551
Maternal and Child Health Services Block Grant	73-2-001-1-AI	93.994	<u>268,243</u>
Total U.S. Department of Health and Human Services			<u>1,073,572</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Passed through Ohio Emergency Management Agency</i>			
Public Assistance Grant	1453-DR-145-64304	97.036	<u>31,304</u>
Total U.S. Department of Homeland Security			<u>31,304</u>
Total Federal Awards Expenditures			<u><u>\$ 1,504,828</u></u>

N/A - Pass through entity number could not be located

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

**CITY OF PORTSMOUTH
SCIOTO COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE A - BASIS OF ACCOUNTING

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

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

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City passed through the Ohio Department of Development. No new loans were issued during our audit period. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property. At December 31, 2004, the gross amount of loans outstanding under this program was \$339,744.

NOTE C -- MATCHING REQUIREMENTS

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

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Ohio Society of Certified Public Accountants

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

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

To the members of 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, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 21, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 2004-005 through 2004-006.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider items 2004-005 through 2004-006 listed above to be material weaknesses.

City of Portsmouth
Scioto County

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

Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2004-001 through 2004-004.

We noted certain additional matters that we reported to the management of the City in a separate letter dated June 21, 2005.

This report is intended solely for the information and use of management, City Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these parties.



Balestra, Harr & Scherer, CPAs, Inc.
June 21, 2005

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

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

To the Members of 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 are applicable to each of its major federal programs for the year ended December 31, 2004. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

As described in item 2004-007 in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding reporting that are applicable to its Maternal and Child Health Services Block Grant and the Community Development Block Grant. Compliance with such requirements is necessary, in our opinion, for the City to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

The results of our auditing procedures also disclosed another instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2004-008.

Internal Control Over Compliance

The management of the City 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 requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2004-007.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

We also noted certain matters that do not require inclusion in this report that we have reported to management of the City in a separate letter dated June 21, 2005.

Schedule of Federal Awards Expenditures

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City as of and for the year ended December 31, 2004, and have issued our report thereon dated June 21, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial and, in our opinion, it is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
June 21, 2005

**CITY OF PORTSMOUTH
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2004**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	Yes
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified for HIV Prevention Activities Health Department Based Qualified for Maternal and Child Health Service block grant
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	HIV Prevention Activities Health Department Based – CFDA #93.940 Maternal and Child Health Service Block Grant – CFDA #93.994
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

CITY OF PORTSMOUTH
SCIOTO COUNTY

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

FOR THE YEAR ENDED DECEMBER 31, 2004
(Continued)

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

FINDING NUMBER 2004-001

Noncompliance Citation

Ohio Rev. Code Chapter 5705 sets forth a scheme that provides for a uniform budget and appropriation process to assure that a governmental entity expends no more than it expects to receive in revenue. While federal and state loans and grants are deemed appropriated and in the process of collection so as to be available for expenditure, they must still be recorded. (Ohio Rev. Code Section 5705.42). Thus, a mechanism is still required to account for receipt and expenditure. That mechanism is an amendment of, or a supplement to, the entity's estimated resources, or its appropriation measure, which shall comply with all provisions of law governing the taxing authority in making an original appropriation. (Ohio Rev. Code Section 5705.40). An original appropriation measure must be passed by the taxing authority, and any amendment of, or supplement to, that measure also requires legislative action. (Ohio Rev. Code Section 5705.38).

The City passed an annual appropriation resolution at the beginning of the year; however, this did not include several of the grant funds and Municipal Court funds. Instead, these funds were considered to be appropriated when received. Each of these funds, at some point in the past, was approved to be appropriated in this manner. However, the City's Charter did not address this type of approval, and thus, the City was subject to the code sections listed above.

We identified Ordinances 1995-45, 1996-36, 1996-62, 1997-69, 1997-149, 1997-198, 1998-12, and 1998-175, in which City Council effectively delegated appropriation authority to the City Auditor for certain funds.

C. B. Transportation, Inc. v. Butler County Board of Mental Retardation (C.P. 1979), 60 Ohio Misc. 71, 397 N.E.2d 781 citing *Burkholder v. Lauber* (1965), 6 Ohio Misc. 152 held that the board or officer whose judgment and discretion is required, was chosen because they were deemed fit and competent to exercise that judgment and discretion and unless power to substitute another in their place has been given, such board or officer cannot delegate these duties to another. Following such reasoning, a local government's governing board would be prohibited from delegating duties statutorily assigned to it, such as the ability to amend appropriations as provided for in Ohio Rev. Code Section 5705.40.

Therefore, City Council must formally appropriate these amounts and should consult with its legal counsel to take proper steps to do so. The audited budgetary statements do not include amounts City Council did not appropriate.

We recommend that the City follow the budgetary scheme of Chapter 5705 of the Revised Code and amend its appropriation measure to record these funds.

**CITY OF PORTSMOUTH
SCIOTO COUNTY**

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

**FOR THE YEAR ENDED DECEMBER 31, 2004
(Continued)**

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

FINDING NUMBER 2004-002

Noncompliance Citation

Ohio Rev. Code Section 5705.39 states the total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is to become 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.

However, the Capital Improvement (301) fund had appropriations in excess of total estimated resources at year end.

FINDING NUMBER 2004-003

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

There were several instances noted throughout the year and at year end in which expenditures exceeded appropriations. The following funds had no appropriations and as a result had material instances of this type of occurrence at May 31, 2004: CDBG (243), State Grant-Health (252), Flood Defense (265), WW-CIP (605). At December 31, 2004 the WW-CIP (605) had no appropriations and therefore had expenditures which exceeded appropriations in a material amount at year end.

The City Auditor should not certify the availability of funds and should deny payment requests exceeding appropriations. The City Auditor may request Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

CITY OF PORTSMOUTH
SCIOTO COUNTY

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

FOR THE YEAR ENDED DECEMBER 31, 2004
(Continued)

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

FINDING NUMBER 2004-004

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (D)(1) states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer attached that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by Ohio Rev. Code Section 5705.41 (D)(1):

Then and Now Certificate: If the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of the "then and now" certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$3,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority 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 taxing authority.

Numerous expenditures tested were not properly certified.

We recommend the City implement policies to ensure that all purchases first have monies certified by the City Auditor before purchasing or ordering an item. We also recommend the use of a "then and now" certificate in instances of emergency or absence of proper authority.

**CITY OF PORTSMOUTH
SCIOTO COUNTY**

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

**FOR THE YEAR ENDED DECEMBER 31, 2004
(Continued)**

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

FINDING NUMBER 2004-005

Material Weakness

The Court's system would not generate a receivables report as of December 31, 2004. The Clerk of Municipal Court indicated that he planned to obtain software that would enable him to generate reports as of selected dates to remedy this situation for the future.

Additionally, a review of the report provided indicated that the receivables totaled more than \$2.2 million. The City recorded two-thirds of the amount as its collectible receivables. However there was no substantiation to support the assertion that two thirds of the receivables were collectable.

Based on the review of the receivables amounts, an analysis was performed to determine if the Portsmouth Municipal Court's estimate of collectable receivables was reasonable. We analyzed receipts for several months to determine the amounts collected on cases from previous years. We used this analysis to develop an estimate of the amount that the Municipal Court would likely receive. We determined this amount to be only approximately three percent of the total receivables reported in the system. This low rate of collection has resulted in lost revenues for Portsmouth Municipal Court and the City of Portsmouth which could be used to provide essential services to the citizens.

We recommend Portsmouth Municipal Court more closely monitor the Court's receivables and the collection process. The Municipal Court should analyze the receivables and determine the best method to collect all possible revenues. We further recommend Portsmouth Municipal Court consider various collection options including possibly contracting the services of a third-party collection agency. While the collection agency would retain a percentage of collected revenues, this would likely lead to increased collection and revenue for the Portsmouth Municipal Court and the City of Portsmouth.

**CITY OF PORTSMOUTH
SCIOTO COUNTY**

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

FOR THE YEAR ENDED DECEMBER 31, 2004

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

FINDING NUMBER 2004-006

Reportable Condition

Estimated receipts and appropriations should be posted to the accounting system so that they reflect Council approved amounts per the Certificate of Estimated Resources and the Appropriation Ordinance.

We noted several discrepancies between the approved amounts and the amounts entered into the system for various funds tested. This could result in misstatement in the City's budgetary statements and lead to inaccurate financial decisions made by City Council and management.

We recommend the City Auditor post appropriations to reflect the appropriations approved by the City Council in an accurate and timely manner and the City Auditor ensure all estimated receipts posted to the system reflect the amounts on the Certificate of Estimated Resources.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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Finding Number	2004-007
CFDA Title and Number	Maternal and Child Health Service Block Grant – CFDA #93.994
Federal Award Number	73-2-001-A1
Federal Agency	United States Department of Health and Human Services
Pass-Through Agency	Ohio Department of Health

Noncompliance/Material Weakness - Reporting

There are no financial reporting requirements from the local level to the Federal government. Financial reporting at the local level is directly to Ohio Department of Health (ODH) through periodic Certified Expenditure Reports and an Annual Reconciliation Expenditure Report.

- The expenditure reports are to be submitted quarterly unless the sub grantee is directed otherwise in the RFP or Notice of Award.
- The information in the expenditure reports must correspond with the sub grantee's accounting records and supporting documentation.

**CITY OF PORTSMOUTH
SCIOTO COUNTY**

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

**FOR THE YEAR ENDED DECEMBER 31, 2004
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)
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Finding Number	2004-007 (Continued)
CFDA Title and Number	Maternal and Child Health Service Block Grant – CFDA #93.994
Federal Award Number	73-2-001-A1
Federal Agency	United States Department of Health and Human Services
Pass-Through Agency	Ohio Department of Health

- Reports of project expenditures and revenues must be on the same accounting basis (i.e., cash or accrued expenditure) as the agency's accounting system. The accounting basis used can not be changed without ODH approval.
- The periodic expenditure report must be submitted in duplicate to the ODH Grants Administration Unit within fifteen (15) calendar days following the end of the reporting period.
- The annual expenditure report must be submitted in duplicate forty-five (45) calendar days following the end of the grant year to the ODH Grants Administration Unit. (ODH GAPP Manual section 505.1, and 505 introduction)

The Certified Expenditure Reports include financial information pertaining to the program (including: current period and year to date expenditures, outstanding obligations, grant and program income receipts for the period and year to date, available cash balance, and other financial information).

The fourth quarterly (or last periodic) Certified Expenditure Report will be considered an interim final expenditure report. If the final Annual Reconciliation Expenditure Report is not received within 45 calendar days after the end of the grant year, the fourth quarterly Certified Expenditure Report will be considered as the final. (ODH GAPP Manual section 506.3)

Both the City's quarterly and the final expenditure reports did not tie to the City's accounting ledgers or the spreadsheets maintained by the Health Department. Although the City tracks all CFHS program expenditures in account 252.443, the expenditures in that account are not just federal expenditures required to be reported to the State of Ohio. It also includes expenditures from program income, Medicaid revenue, and donations received from the women's clinic. With these expenditures included in that account, the health department had no way to identify specific expenditures that were federal. Due to this, the health department had to estimate its expenditures on their quarterly and final expenditure reports. However, the Health Department did not use a consistent manner when estimating the expenditures so the amounts reported could not be substantiated. We noted several line item expenditures in the final and quarterly reports submitted which did not agree to the City's accounting records.

**CITY OF PORTSMOUTH
SCIOTO COUNTY**

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

FOR THE YEAR ENDED DECEMBER 31, 2004

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)
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Finding Number	2004-007 (Continued)
CFDA Title and Number	Maternal and Child Health Service Block Grant – CFDA #93.994
Federal Award Number	73-2-001-A1
Federal Agency	United States Department of Health and Human Services
Pass-Through Agency	Ohio Department of Health

We also noted the amounts reported as program income did not agree to the accounting records in the final and one quarterly report.

Without proper support of expenditures and revenues reported to the State of Ohio, there is an increased risk of questioned costs. In order to decrease the incorrect reporting of federal expenditures, the expenditures should be tracked in a manner that allows one to easily identify them as a federal program expenditure. One should also be able to identify which grant period the monies are being charged against. However, the City has commingled its federal, state, and program income from the Child and Family Health Services (CFHS) Program into one fund on the City's ledgers. Due to this, it is difficult to identify which expenditures are federal. It is also difficult to determine which grant year the expenditure pertains to. Without separate identification of federal expenditures, difficulty arises in determining which expenditures are subject to federal guidelines.

We recommend the City begin tracking the federal portion of the CFHS grant in a separate fund to allow for proper tracking of expenditures. This will allow for better monitoring of expenditures and the cash balances. We also recommend the City's Health Department begin reporting to the State those expenditures supported by the City's accounting records. If an estimate must be made, we recommend documenting the method in which the estimate is calculated and consistently applying that estimate for all expenditures reported.

**CITY OF PORTSMOUTH
SCIOTO COUNTY**

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

FOR THE YEAR ENDED DECEMBER 31, 2004

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)
--

Finding Number	2004-008
CFDA Title and Number	Community Development Block Grants/State Program – CFDA # 14.228
Federal Award Number	A-F-03-067-1
Federal Agency	United States Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance Citation – Cash Management

According to the State of Ohio Department of Development, Office of Housing and Community Partnership Financial Management Rule and Regulation 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. Escrow accounts are permitted only in the case of rehabilitation of private property. For the purpose of the Fifteen Day Rule only, funds deposited into an escrow account will be considered expended, but it should be noted that funds may only be in an escrow account for 20 days.

The City maintained a balance that well exceeded the \$5,000 for the entire year in the CDBG checking account. For example, the account balance exceeded \$30,000 in the month of April, \$100,000 in July, \$103,000 in August, and \$157,000 in October. They did not expend monies that were drawn down in a timely manner to bring the balance down to the \$5,000 balance limit.

We recommend the City develop a cash management system to ensure compliance with the Fifteen Day Rule which relates to prompt disbursement of funds. We further recommend that the City Auditor disburse federal funds in a more timely manner in order to avoid this non-compliance.

**CITY OF PORTSMOUTH
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315 (b)
FOR THE YEAR ENDED DECEMBER 31, 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2003-001	Noncompliance of Ohio Rev. Code Section 1901.26(B)(1)	Yes	
2003-002	Noncompliance of Ohio Rev. Code Section 5705.38, 5705.40 & 5705.42	No	Not corrected. Repeated as Finding Number 2004 - 001
2003-003	Noncompliance of Ohio Rev. Code Section 5705.39	No	Not corrected. Repeated as Finding Number 2004- 002
2003-004	Noncompliance of Ohio Rev. Code Section 5705.41 (B)	No	Not corrected. Repeated as Finding Number 2004 - 003
2003-005	Noncompliance of Ohio Rev. Code Section 5705.41 (D) (1)	No	Not corrected. Repeated as Finding Number 2004 - 004
2003-006	Bank Reconciliations were not accurate for Municipal Court	Yes	
2003-007	Several discrepancies between the approved estimated receipts and appropriations and the amounts entered into the accounting system	No	Not corrected. Repeated as Finding Number 2004 - 006
2003-008	Monitoring of the Municipal Court receivables and collection process	No	Not corrected. Repeated as Finding Number 2004 - 005
2003-009	Questioned Cost for Federal Emergency Management Agency Program – Period of Availability	Yes	
2003-010	Questioned Cost for Federal Emergency Management Agency Program – Allowable Costs/ Cost Principles – 44 CFR Section 206.228(a)(1)(i)	Yes	
2003-011	Questioned Cost for Federal Emergency Management Agency Program – Allowable Costs/ Cost Principles – 44 CFR Sections 206.228()(2)(i)-(ii) & (a)(3)(ii)	Yes	

**CITY OF PORTSMOUTH
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315 (b)
FOR THE YEAR ENDED DECEMBER 31, 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2003-012	Finding for Adjustment for Federal Emergency Management Agency – Reporting	Yes	
2003-013	Noncompliance Citation for Federal Emergency Management Agency – Reporting	Yes	
2003-014	Noncompliance Citation for Maternal and Child Health Service Block Grant – Allowable Costs/ Cost Principles	Yes	
2003-015	Noncompliance Citation/Material Weakness for Maternal and Child Health Service Block Grant – Reporting	No	Not corrected. Repeated as Finding Number 2004 - 007
2003-016	Noncompliance Citation for Community Development Block Grants/State Program – Cash Management	No	Not corrected. Repeated as Finding Number 2004 - 008

**CITY OF PORTSMOUTH
SCIOTO COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 § .315 (c)
FOR THE YEAR ENDED DECEMBER 31, 2004**

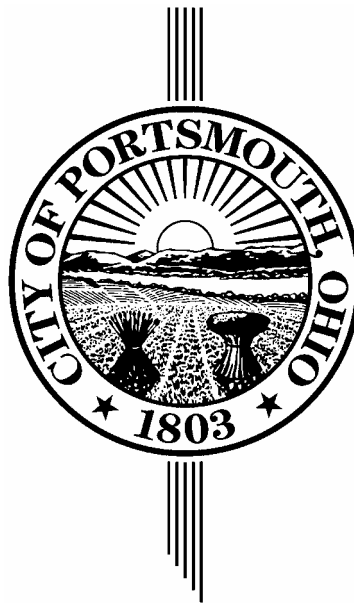
Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person(s)
2004-001	This condition, which was not noted by audit until late in 2004, has been corrected with a year-end appropriation amendment ordinance in 2004 and further corrected by appropriation ordinances at the beginning of year 2005 for grant funds.	December 31, 2005	City Auditor
2004-002	The Auditor certifies projected revenues to the Mayor and City Council before the budget is approved. The Auditor will recommend that appropriations approved not exceed estimated revenues. Appropriations were reduced by Ordinance and did not exceed actual resources at year-end. The final Certificate of estimate Resources was not approved by the Budget Commission until January. The Auditor will see that the final estimated resources are approved by the Budget Commission by year-end to cover appropriations as needed.	December 31, 2005	City Auditor
2004-003	This condition was resolved by the year-end amended appropriations ordinance for 2004 and further corrected for 2005 with beginning of year appropriations ordinance for grant funds. Fund #605 is a water projects fund, with funds derived from bond proceeds. The bond proceed ordinance from 2003 gave appropriation authority for all projects within this fund in the 2003 ordinance. The original appropriation given in this ordinance is in effect until completion of several water projects funded by the bond proceeds.	December 31, 2005	City Auditor
2004-004	Purchasing policies are in place through the City's Account Code Systems Manual. The City utilizes "Confirming" purchase orders that function essentially as "Then and Now" certificates. The City Auditor has issued policy memoranda regarding City purchasing practices and will follow up with purchasing personnel through monitoring and training.	December 31, 2005	City Auditor
2004-005	The Portsmouth Municipal Court monitors the receivables to the penny, however collecting the money is a difficult task. The Court currently utilizes warrant blocks, license forfeitures, written fine agreements, probation, monthly mailing to defendants, and fine hearing to collect receivables. The Court hopes to enter into an agreement with an outside collection agency sometime before the end of year 2005. The Court has contacted several collection agencies and is now in the process of writing criteria for bid proposals. The Court will always strive to collect this money to the best of its ability.	December 31, 2005	Municipal Court Clerk

**CITY OF PORTSMOUTH
SCIOTO COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 § .315 (c)
FOR THE YEAR ENDED DECEMBER 31, 2004**

2004-006	As the City's system does not allow its reports to reflect both original and updated revenue, the City has chosen to reflect only the original budgeted revenue for use in comparison of projected revenue to actual. Appropriations did not match throughout each month of the year, but were reconciled at year-end through Ordinance #2004-82 in December.	December 31, 2005	City Auditor
2004-007	The City will report only those expenditures supported by the City's accounting records. The Health Department will work with the City Auditor to establish a way to record the expenditures in the accounting records to facilitate this.	December 31, 2005	Health Commissioner
2004-008	A balance of \$100,000 which was a waiver amount from the City's BRLF account that was approved by ODOD/OHCP to be used as the City share of the Portsmouth Welcome Center. The amount was approved in mid-2004 and was immediately transferred into the CDBG checking account for payment for the project. The documentation for payment was delayed and not made until June 2005. The amount should have been transferred back to the BRLF account until payment was needed, but was left in the checking account until paid. This is now corrected as payment made.	December 31, 2005	City Auditor, Community Development Director

Scioto County, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2004



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2004**

Prepared by:

M. TRENT WILLIAMS

City Auditor

Finance Department:

Constance J. Snipes
Deputy Auditor

Barbara A. Doyle
Finance Clerk II

Jennifer E. Spriggs
Finance Clerk I

Brenda D. Buffington
Finance Clerk I

Income Tax Department:

John F. Queen
Tax Commissioner

David A. Lester
Deputy Tax Commissioner

Emily E. Conley
Finance Clerk I



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SCIOTO COUNTY, OHIO

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INTRODUCTORY SECTION



The City of Portsmouth

"Where the Ohio and Scioto Meet"

Department of Finance

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

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

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



State of Ohio

M. Trent Williams, City Auditor

June 21, 2005

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

As City Auditor, it is my pleasure to present the ninth Comprehensive Annual Financial Report (CAFR) of the City of Portsmouth, Ohio for the fiscal year ended December 31, 2004. 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.

The Report

This Comprehensive Annual Financial Report (CAFR) is designed to assist and guide the reader in understanding its contents. The report is comprised of the following three major sections:

1. *The Introductory Section* includes this letter of transmittal which presents the City's organization, operational structure and accomplishments; an organizational chart; a list of elected officials; and the GFOA Certificate of Achievement.
2. *The Financial Section* contains the Independent Auditor's Report, Management's Discussion and Analysis, basic financial statements and notes that provide an overview of the City's financial position and operating results, the combining statements for nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.
3. *The Statistical Section* presents social, economic and historical data in a multi-year format useful in identifying financial trends and data relative to the fiscal capacity of the City.

CITY OF PORTSMOUTH, OHIO

Letter of Transmittal

For the Year Ended December 31, 2004

This CAFR was prepared in accordance with generally accepted accounting principles established by statements of the Governmental Accounting Standards Board (GASB) and other authoritative pronouncements.

The Reporting Entity

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

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, 2004***

Form of Government

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

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 three enterprise activities: water treatment and distribution, wastewater collection and treatment, and solid waste collection and disposal 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.

ECONOMIC CONDITION AND OUTLOOK

Business and Industry

Among the principal products and services provided by Portsmouth area businesses are shoelaces, castings, concrete products, and health services. Portsmouth is served by one daily and two weekly newspapers and by three local radio stations. Cable television is available, offering education and community access channels in addition to entertainment channels. Financial services are provided to the city by six banks and two credit unions. A complete range of medical services is provided to the Portsmouth area by the Southern Ohio Medical Center (SOMC). The Medical Center recently completed and opened a new wing at Scioto Memorial Hospital. The new addition houses an expanded, well equipped, emergency room and trauma center as well as a new intensive care unit and maternity facility. Several new physician office buildings and service facilities have been erected on the Scioto Memorial Campus and East Campus. SOMC has expanded its Mercy Hospital Campus with the addition of a new Dialysis Center and a new Cancer Center and offers alternatives to its Mercy LIFE Center fitness and rehabilitation location with similar facilities recently constructed outside the city. SOMC recently unveiled its 10 year plan that promises to be a tremendous benefit in meeting the health care needs of the Southern Ohio region.

***Letter of Transmittal
For the Year Ended December 31, 2004***

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 9.0% for the 2004 calendar year, which is substantially above the state average of 6.1% and the national average of 5.5%. While the unemployment number is high in comparison to the state and national average, it is just 0.4% higher than the 8.6% rate recorded in 2003. The state of the local economy has been improving and local initiatives are serving to promote a renewed spirit of pride in the community.

Utilities

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

- Electric American Electric Power
- Telephone Verizon
- Natural Gas Columbia Gas of Ohio, Inc.

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 14,136 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 8,580 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 and the Rosemount area located in Clay Township.

Solid waste collection and disposal is operated by the City of Portsmouth providing service to approximately 7,700 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. Plans are in motion now to provide a visitors center to accommodate those viewing the 2000 feet of spectacular Portsmouth history.

CITY OF PORTSMOUTH, OHIO

Letter of Transmittal

For the Year Ended December 31, 2004

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

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

Portsmouth is ideally located on the Ohio and Scioto Rivers for all types of water related activities, including fishing, boating and water skiing. There are camping facilities along the river which are usually filled to capacity during the summer months. These facilities are owned and operated by the City. The annual River Days Festival is held over the Labor Day weekend and draws many visitors to our area.

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

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

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

Education

Portsmouth City Schools and Sciotoville Community Schools are comprised of four elementary schools, one middle school and two high schools, with a total combined enrollment of approximately 2,535 students. The pupil-teacher ratio is approximately thirteen 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 five new school buildings. New facilities will include one new high school, one new middle school and three new elementary school buildings in the Portsmouth and Sciotoville areas. The bond issue will provide the local share of financing of the construction with the large majority of the costs to be paid by state school facility funds.

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

CITY OF PORTSMOUTH, OHIO

Letter of Transmittal

For the Year Ended December 31, 2004

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. Two new apartment style dormitories have been constructed at the SSU campus enabling the university to offer much needed additional student housing. Two more are currently under construction. Shawnee State enrollment is steadily growing and the university plans to continue its student housing expansion to accommodate the increasing demand.

Employee Relations

The City of Portsmouth has contracts with five employee bargaining units. These groups are Local 512 of the International Association of Firefighters, Lodge 33 of the Fraternal Order of Police, Local 1039 AFSCME, Ohio Council 8, 1039-A AFSCME Dispatchers and 1039-C Finance Department Employees. Contract periods are varied for these groups.

MAJOR INITIATIVES

Present

The City's largest project during 2004 was the completion of the Franklin Furnace Waterline Extension. This project was highlighted by the construction of a 12" main extending from Franklin Furnace, on the east end of the county to the end of old US Route 52, approximately 4 miles into Lawrence County, just east of Scioto County. This waterline extension provides a more adequate supply of water service to three existing major industrial sites, Sunoco (formerly Aristech), Cal Pine, Dow Chemical and Duke Energy as well as to provide service for future industrial growth being developed in the far eastern end of the county and just into Lawrence County at the site of the Haverhill Industrial Park. This is the site of the recently completed development of the new Sun Coke facility, who already is considering further expansion of its oven production capacity.

The second largest water project item completed in the late part of 2004 was a new 900,000 gallon water tank on Sunrise Hill above the Sunrise Reservoir. This glass lined tank replaces an older metal tank and will provide more adequate water pressure and enhanced fire protection service in the higher elevated areas of the City.

The City continued to make major 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. Among the major enhancements to the sewer system was the replacement of nine hundred feet of 48" storm sewer under Orizaba Lane as well as a power line replacement and transformer upgrade to the #6 pump station of the Flood Defense system.

The Public Service department has completed the implementation of a new system within its Sanitation division. The new system provides for the acquisition of two new side-loading, semi-automated sanitation trucks as well as providing new 96 gallon, wheeled garbage containers to each residence within the City served by the sanitation system. The City completed the construction of the new Offnere Street boat launching ramp to provide recreational boaters with an additional point of entry to the Ohio River.

***Letter of Transmittal
For the Year Ended December 31, 2004***

The City sold the Chillicothe Street viaduct property in 2000, that already has seen the construction of a telemarketing office, employing several hundred part-time workers. This site has also will seen the completion of two new restaurants and work is underway at the development site for the construction of a new multi-screen movie theatre.

Future

The City continues its water line upgrade project by continuing replacement of various 6" lines throughout the City, system wide meter replacements and various filtration plant enhancements. Planned improvements also include the construction of a new 500,000 gallon water tank in the Wheelersburg area. The State Department of Transportation will begin the widening of the US Route 23 north and south from the Chillicothe Street Viaduct to the northern City limits. This project will include new lighting as well as new water lines being installed by the City.

The Filtration plant has completed a pilot study for the MIEX (Magnetic Ion Exchange) technology that would provide for long-term, more efficient removal of disinfection by-products within the City's water system. The preliminary engineering for the MIEX system will begin in 2004 with the system projected to be in effect by the end of 2006. Several physical upgrades are planned for the plant to include repairs of concrete throughout the facility.

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 underway now 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. A feasibility study was begun in 2003 that will be used in the future development of an all new, modern \$25 million facility.

Renovations to the new Municipal Building annex were completed in 2001 allowing for demolition of the former Griffin Hall. The demolition was necessary for the construction of a new U.S. Grant Bridge by the State of Ohio. The modern bridge, with wider lane capacity, spanning the Ohio River from Chillicothe Street in downtown Portsmouth to South Shore, Kentucky is projected to be open in late 2006. As the replacement of the structure with a new, state-funded steel, cable-stayed bridge takes place, the Carl Perkins Bridge, erected in 1987, just two miles west of the Grant Bridge will keep Portsmouth connected to its southern neighbor.

Currently renovations are being made to a large downtown building that will be home to a number of senior apartments. The new dormitory facilities at Shawnee State University continue to multiply. Several new businesses have begun to spring up in the downtown and Boneyfiddle districts of Portsmouth. The City has recently acquired a large building in the downtown area and plans to convert this building to its new City Hall. The project has recently completed the planning and architectural stage with tentative plans to bring the remaining city offices together in the renovated building by 2006. The City has also acquired the former Adelphia Cable Television downtown office and plans to develop the structure into a separate Police station in the latter part of 2005.

*Letter of Transmittal
For the Year Ended December 31, 2004*

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.

Cash Management

Cash management is a vital component of the City of Portsmouth's overall financial strategy. The primary objective of the City's investment activity is the preservation and protection of invested capital. The City pools its cash for maximum investment efficiency.

CITY OF PORTSMOUTH, OHIO

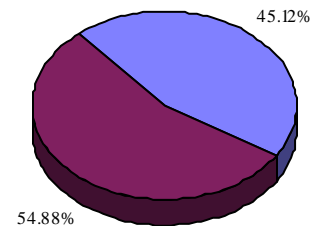
Letter of Transmittal

For the Year Ended December 31, 2004

Funds are invested with member banks of the Federal Reserve System in Certificates of Deposit at the highest possible rate of interest. To avoid risk, investments are diversified and invested to ensure that funds are available at all times to provide for efficient and timely operation of City functions.

The City's cash was invested at December 31, 2004 as follows:

<u>Cash Resources</u>	<u>2004</u>	<u>%</u>
Cash and Cash Equivalents	\$3,266,793	45.12%
Repurchase Agreement	3,973,493	54.88%
Total	<u>\$7,240,286</u>	<u>100.00%</u>



Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority.

Risk Management

The City has provided bodily injury, personal injury, general liability, boiler and machinery coverage and fleet (automotive) insurance through the Portsmouth Insurance Agency. Police and fire professional liability and elected officials liability are also covered by the Portsmouth Insurance Agency.

All City employees are bonded in varying amounts dependent on the scope of their activity. Elected officials are bonded as required by Charter.

OTHER INFORMATION

Independent Audit

The basic financial statements of the City of Portsmouth were audited by Balestra, Harr, Scherer, CPAs, Inc. The auditor's unqualified opinion has been included in this report.

***Letter of Transmittal
For the Year Ended December 31, 2004***

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 ninth Comprehensive Annual Financial Report, meets the high standards set by the GFOA Certificate of Achievement program, and I am submitting the report to the GFOA.

Public Disclosure

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

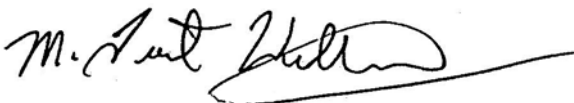
This report is the result of hard work and dedication on the part of many employees and individuals. Special thanks to David Green, Scioto County Auditor, and staff; Margaret Gordley, Scioto County Treasurer, and staff, the employees of the Portsmouth Auditor's office and all other City employees who 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.

I especially 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,



M. Trent Williams
City Auditor

CITY OF PORTSMOUTH, OHIO

List of Principal Officials For the Year Ended December 31, 2004

<u>Position</u>	<u>Name</u>	<u>Term of Office</u>	<u>Years with City</u>	
<u>Executive</u> (Elected)				
Mayor	James D. Kalb	07/07/04 - 01/01/06	9	
City Auditor	M. Trent Williams	01/05/04 - 01/06/08	6	
City Solicitor	David W. Kuhn	01/05/04 - 01/06/08	16	
<u>Legislative</u> (Elected)				
President of Council	Howard E. Baughman	<u>Ward</u> 5th	01/07/02 - 01/01/06	5
Vice-President of Council	Martin J. Mohr	6th	01/05/04 - 01/07/08	2
Member of Council	Timothy W. Loper	1st	11/18/04 - 01/01/06	0
Member of Council	David A. Malone	2nd	01/05/04 - 01/07/08	1
Member of Council	Robert W. Mollette	3rd	11/18/04 - 01/01/06	0
Member of Council	Jerrold L. Albrecht	4th	07/27/04 - 01/07/08	0
<u>Judicial</u> (Elected)				
Municipal Court Judge	Russell D. Kegley		02/03/03 - 12/31/05	2
Municipal Court Judge	Richard T. Schisler		01/01/04 - 12/31/09	25
<u>Administrative</u> (Appointed)				
Police Chief	Charles H. Horner, Jr.		Indefinite	24
Fire Chief	Robert A. Storey		Indefinite	31
Public Service Director	Christopher L. Murphy		Indefinite	4
Director of Water	Samuel J. Sutherland		Indefinite	156
Director of Waste Water	Michael D. Shaw		Indefinite	28
Community Development Director	Jennifer D. Hanlon		Indefinite	2
City Clerk	Jo Ann Aeh		Indefinite	19
Municipal Court Clerk	R. Leroy Kegley		Indefinite	26
Health Commissioner	Donald J. Walden		Indefinite	25
Income Tax Commissioner	John F. Queen		Indefinite	31

Executive Offices:

James D. Kalb, Mayor

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

M. Trent Williams, Auditor

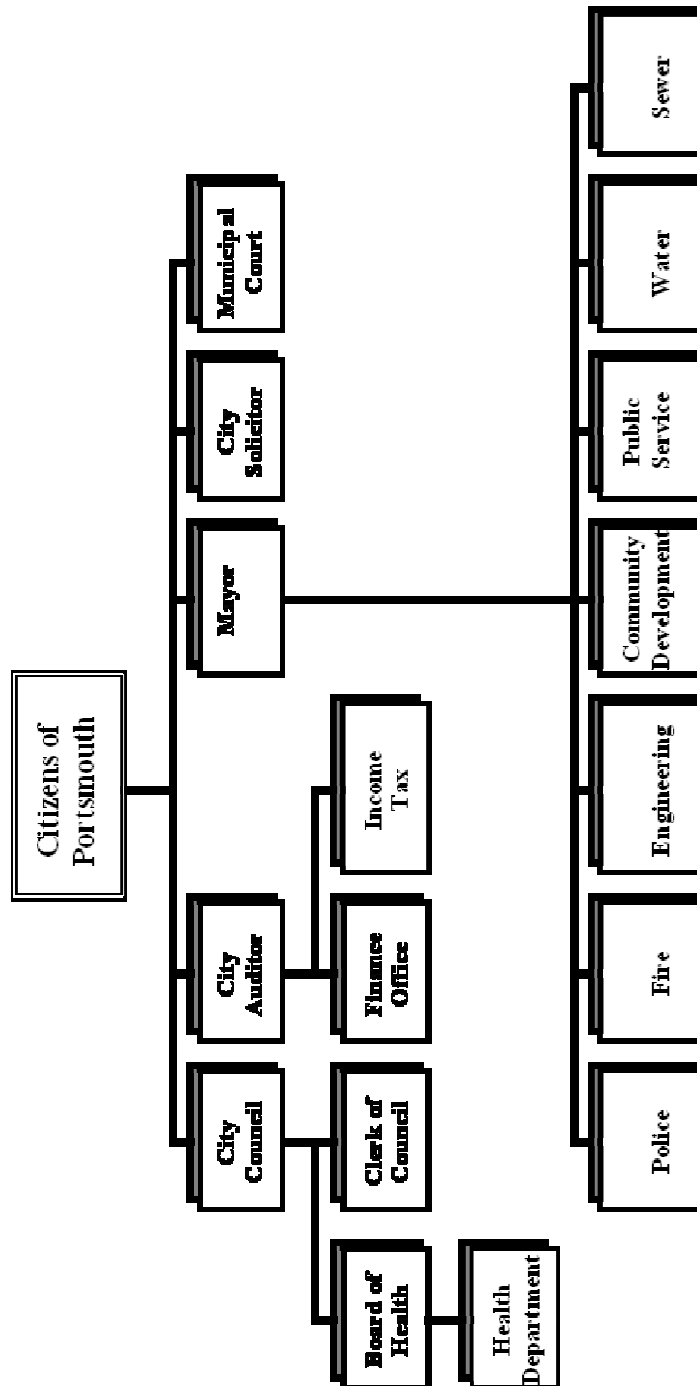
City of Portsmouth
728 Second Street, Room 3
Portsmouth, Ohio 45662
Ph: 740-354-7751 Fax: 740-353-4583
Email: cityauditor@mail.com

David W. Kuhn, Solicitor

City of Portsmouth
728 Second Street, Room 22
Portsmouth, Ohio 45662
Ph: 740-353-5229 Fax: 740-353-0136
Email: dkuhn@portsmouth-municipal-court.com

CITY OF PORTSMOUTH, OHIO

*City Organizational Chart
For the Year Ended December 31, 2004*



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, 2003

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.

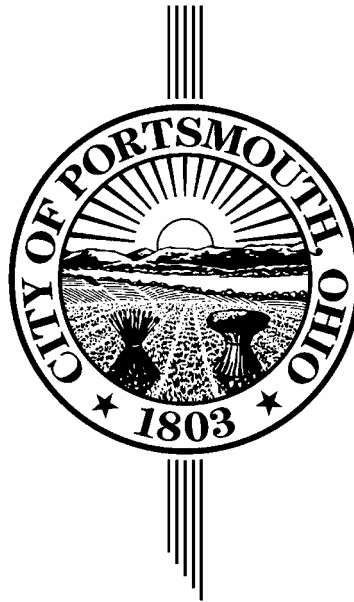


Nancy L. Zjelde

President

Jeffrey R. Emmer

Executive Director



FINANCIAL SECTION



BALESTRA, HARR & SCHERER CPAs, INC.

CERTIFIED PUBLIC ACCOUNTANTS

528 South West Street, P.O. Box 687

Piketon, Ohio 45661

Telephone (740) 289-4131

Fax (740) 289-3639

www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Portsmouth, Ohio, (the "City"), as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Portsmouth, Ohio, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, 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 21, 2005, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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



Balestra, Harr & Scherer CPAs, Inc.
June 21, 2005

The discussion and analysis of the City of Portsmouth's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2004. 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 2004 are as follows:

- ❑ In total, net assets increased \$909,578. Net assets of governmental activities increased \$484,152, which represents a 3.9% increase from 2003. Net assets of business-type activities increased \$425,426, or 4.0% from 2003.
- ❑ General revenues accounted for \$10,680,469 in revenue or 43.6% of all revenues. Program specific revenues in the form of charges for services, and grants and contributions accounted for \$13,810,498, 56.4% of total revenues of \$24,490,967.
- ❑ The City had \$15,645,566 in expenses related to governmental activities; only \$5,449,249 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$10,680,469 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$10,179,477 in revenues and other financing sources and \$9,709,116 in expenditures and other financing uses. The general fund's fund balance increased from \$813,115 to \$1,268,470.

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, and sanitation 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, 2004**

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, and Sanitation, all of which 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 2004 compared to 2003:

	Governmental		Business-type		Total	
	Activities		Activities			
	2004	2003	2004	2003	2004	2003
Current and other assets	\$9,589,662	\$9,482,451	\$6,291,026	\$6,277,501	\$15,880,688	\$15,759,952
Capital assets, Net	8,585,057	8,620,384	12,132,460	11,575,936	20,717,517	20,196,320
Total assets	18,174,719	18,102,835	18,423,486	17,853,437	36,598,205	35,956,272
Long-term debt outstanding	2,723,564	2,720,664	6,061,399	6,484,622	8,784,963	9,205,286
Other liabilities	2,484,618	2,899,786	1,289,243	721,397	3,773,861	3,621,183
Total liabilities	5,208,182	5,620,450	7,350,642	7,206,019	12,558,824	12,826,469
Net assets						
Invested in capital assets, net of related debt	8,487,318	8,518,643	8,634,184	7,868,348	17,121,502	16,386,991
Restricted	4,957,419	4,490,806	1,960,378	0	6,917,797	4,490,806
Unrestricted	(478,200)	(527,064)	478,282	2,779,070	82	2,252,006
Total net assets	\$12,966,537	\$12,482,385	\$11,072,844	\$10,647,418	\$24,039,381	\$23,129,803

CITY OF PORTSMOUTH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for 2004 compared to 2003:

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues						
Program Revenues:						
Charges for Services and Sales	\$2,131,042	\$2,080,874	\$8,361,249	\$8,396,131	\$10,492,291	\$10,477,005
Operating Grants and Contributions	3,317,742	3,553,865	0	0	3,317,742	3,553,865
Capital Grants and Contributions	465	197,450	0	0	465	197,450
Total Program Revenues	5,449,249	5,832,189	8,361,249	8,396,131	13,810,498	14,228,320
General revenues:						
Property Taxes	2,272,297	1,933,630	0	0	2,272,297	1,933,630
Income Taxes	5,662,745	5,921,082	0	0	5,662,745	5,921,082
Other Local Taxes	242,771	188,158	0	0	242,771	188,158
Shared Revenues	2,368,891	1,995,887	0	0	2,368,891	1,995,887
Investment Earnings	41,254	47,865	0	0	41,254	47,865
Miscellaneous	92,511	154,729	0	0	92,511	154,729
Total General Revenues	10,680,469	10,241,351	0	0	10,680,469	10,241,351
Total Revenues	16,129,718	16,073,540	8,361,249	8,396,131	24,490,967	24,469,671
Program Expenses						
Security of Persons and Property	6,630,365	6,827,105	0	0	6,630,365	6,827,105
Public Health and Welfare Services	2,641,865	2,625,762	0	0	2,641,865	2,625,762
Leisure Time Activities	80,252	80,977	0	0	80,252	80,977
Community Environment	760,350	453,348	0	0	760,350	453,348
Transportation	1,210,575	2,344,695	0	0	1,210,575	2,344,695
General Government	4,172,082	3,562,433	0	0	4,172,082	3,562,433
Interest and Fiscal Charges	150,077	150,330	0	0	150,077	150,330
Water	0	0	4,710,690	4,202,204	4,710,690	4,202,204
Sewer	0	0	2,012,912	2,263,503	2,012,912	2,263,503
Sanitation	0	0	1,212,221	1,395,465	1,212,221	1,395,465
Total Expenses	15,645,566	16,044,650	7,935,823	7,861,172	23,581,389	23,905,822
Change in Net Assets before transfers	484,152	28,890	425,426	534,959	909,578	563,849
Transfers	0	(156,180)	0	156,180	0	0
Total Change in Net Assets	484,152	(127,290)	425,426	691,139	909,578	563,849
Beginning Net Assets	12,482,385	12,609,675	10,647,418	9,956,279	23,129,803	22,565,954
Ending Net Assets	\$12,966,537	\$12,482,385	\$11,072,844	\$10,647,418	\$24,039,381	\$23,129,803

Governmental Activities

Net assets of the City's governmental activities increased by \$484,152. The increase in Net Assets is a result of maintaining revenues and expenses at prior year levels.

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

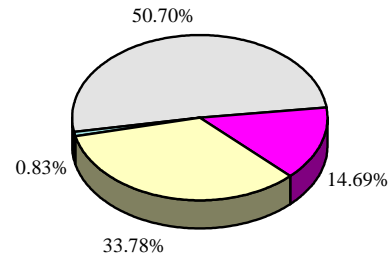
CITY OF PORTSMOUTH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

Income taxes and property taxes made up 35.1% and 14.1% respectively of revenues for governmental activities for the City in fiscal year 2004. The City's reliance upon tax revenues is demonstrated by the following graph indicating 50.7% of total revenues from general tax revenues:

Revenue Sources	2004	Percent of Total
General Tax Revenues	\$8,177,813	50.70%
Shared Revenue	2,368,891	14.69%
Program Revenues	5,449,249	33.78%
General Other	133,765	0.83%
Total Revenue	\$16,129,718	100.00%



Business-Type Activities

Net assets of the business type activities increased by \$425,426. The increase was possible by maintaining expenses at prior year levels.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$4,712,535, which is an increase from last year's balance of \$3,927,358. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2004 and 2003:

	Fund Balance December 31, 2004	Fund Balance December 31, 2003	Increase (Decrease)
General	\$1,268,470	\$813,115	\$455,355
General Obligation Bond Retirement	98,936	102,150	(3,214)
Capital Improvement	791,032	341,121	449,911
Other Governmental	2,554,097	2,670,972	(116,875)
Total	\$4,712,535	\$3,927,358	\$785,177

CITY OF PORTSMOUTH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

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

	2004	2003	Increase
	Revenues	Revenues	(Decrease)
Property and Other Taxes	\$6,285,066	\$6,229,377	\$55,689
Intergovernmental Revenue	2,290,906	1,951,316	339,590
Charges for Services	477,055	429,472	47,583
Licenses and Permits	285,971	230,950	55,021
Investment Earnings	37,503	42,427	(4,924)
Fines and Forfeitures	645,833	604,900	40,933
All Other Revenue	77,895	71,575	6,320
Total	<u>\$10,100,229</u>	<u>\$9,560,017</u>	<u>\$540,212</u>

General Fund revenues in 2004 increased approximately 5.65% compared to revenues in fiscal year 2003. This increase was primarily due to the large increase in estate taxes received during 2004. An increase in construction in the City also contributed to the increase in various building permits.

	2004	2003	Increase
	Expenditures	Expenditures	(Decrease)
Security of Persons and Property	\$6,037,715	\$6,258,671	(\$220,956)
Public Health and Welfare Services	431,118	484,252	(53,134)
Community Environment	255,233	244,410	10,823
Transportation	267,319	1,521,921	(1,254,602)
General Government	2,699,731	2,955,067	(255,336)
Total	<u>\$9,691,116</u>	<u>\$11,464,321</u>	<u>(\$1,773,205)</u>

General Fund expenditures decreased by \$1,773,205 or 15.5% compared to the prior year primarily due to an ice storm in 2003 which caused significant debris in the streets and considerable expense for the City. In addition the City implemented a hiring freeze in 2004 to reduce expenses and build up its fund balance.

General Obligation Bond Retirement Fund – The General Obligation Bond Retirement Fund balance decreased from \$102,150 to \$98,936. The fund remained stable compared to 2003.

Capital Improvement Fund - The Capital Improvement Fund balance increased from \$341,121 to \$791,032. The increase is the result of transferring \$455,472 to retire the City's note payable from this fund.

CITY OF PORTSMOUTH, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

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

During the course of fiscal year 2004 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of \$9,905,285 did not change over the original budget estimates. The actual revenues of \$9,929,662 were not significantly different than the final budget basis revenue.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2004 the City had \$20,717,517 net of accumulated depreciation invested in buildings, equipment and vehicles. Of this total, \$8,585,057 was related to governmental activities and \$12,132,460 to the business-type activities. The following table shows fiscal year 2004 and 2003 balances:

	Governmental Activities		Increase (Decrease)
	2004	2003	
Land	\$612,891	\$612,891	\$0
Buildings	5,771,469	5,771,469	0
Improvements	2,125,765	2,125,765	0
Machinery and Equipment	7,118,973	7,052,403	66,570
Infrastructure	443,913	143,682	300,231
Less: Accumulated Depreciation	(7,487,954)	(7,085,826)	(402,128)
Totals	<u>\$8,585,057</u>	<u>\$8,620,384</u>	<u>(\$35,327)</u>

The primary increases occurred in machinery and equipment which includes the purchase of several police vehicles.

	Business-Type Activities		Increase (Decrease)
	2004	2003	
Land	\$55,424	\$55,424	\$0
Construction in Progress	409,712	21,752	387,960
Buildings	1,007,674	1,007,674	0
Improvements other than Buildings	23,924,495	23,411,585	512,910
Machinery and Equipment	3,194,077	3,097,811	96,266
Less: Accumulated Depreciation	(16,458,922)	(16,018,310)	(440,612)
Totals	<u>\$12,132,460</u>	<u>\$11,575,936</u>	<u>\$556,524</u>

Business type capital assets increased by \$556,524. The major addition was the Sunrise Water Tank and preliminary studies for a sewer plant. Additional information on the City's capital assets can be found in Note 8.

CITY OF PORTSMOUTH, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2004

Unaudited

Debt

At December 31, 2004, the City had \$1,960,000 in General Obligation Bonds outstanding, \$45,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2004 and 2003:

	2004	2003
Governmental Activities:		
General Obligation Bond	\$1,960,000	\$2,005,000
Bond Anticipation Note	65,000	0
Compensated Absences	665,825	613,923
Capital Leases	32,739	101,741
Total Governmental Activities	<u>\$2,723,564</u>	<u>\$2,720,664</u>
Business-Type Activities:		
Ohio Public Works Commission Loan	\$495,000	\$525,000
Water Refunding Revenue Bond	4,900,285	5,255,333
Compensated Absences	94,193	119,674
Capital Leases	571,921	584,615
Total Business-Type Activities	<u>6,061,399</u>	<u>6,484,622</u>
Totals	<u><u>\$8,784,963</u></u>	<u><u>\$9,205,286</u></u>

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.5% of the total assessed value of real and personal property. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total assessed value of property. At December 31, 2004, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 11.

ECONOMIC FACTORS

New construction continues as the central economic theme in the City of Portsmouth. Groundbreakings around the City in late 2003 produced major new construction jobs in 2004. Among the major projects in progress include five new school buildings being erected on three campuses in the downtown and Sciotoville areas that will accommodate all Portsmouth city school students from kindergarten through grade twelve. Two new United Methodist churches are being built in the downtown and Sciotoville. The Southern Ohio Medical Center continues the implementation of its long-term expansion plan with the addition of the new Cancer Center on Kinney's Lane and hospital expansion and additional doctors offices on the Scioto Memorial campus.

An ongoing long-term state facilitated project begun in 2001 and continuing in 2004 is the reconstruction of the US Grant Bridge. The span over the Ohio River, connecting Portsmouth to its southern neighbor in Kentucky, was scheduled to be completed in mid 2004 but is still under construction. The Ohio Department of Transportation has attributed the delay to poor weather conditions and high water, prohibiting continuous periods of scheduled work. This delay has no doubt contributed to lost business over the past few years for area merchants on both sides of the Ohio River. The bridge, when complete, will reopen a main artery from the South Shore, Kentucky area to downtown Portsmouth and should provide an economic boost to both areas.

Four new businesses can be found on the north entrance of the downtown area. In what formerly was a vacant piece of ground near the Chillicothe Street viaduct has become home to a marketing company and a national restaurant in 2004. Another full service national restaurant opened its doors in early 2005, with construction nearly complete on a new, eight screen, state of the art movie theatre. The theatre is being erected with possibilities of 4 additional screens to be added if sales volume will warrant the added screens. The theatre, to open in mid 2005, will be the first movie facility in operation in the city of Portsmouth, since the close of the Columbia Theatre, nearly three decades ago.

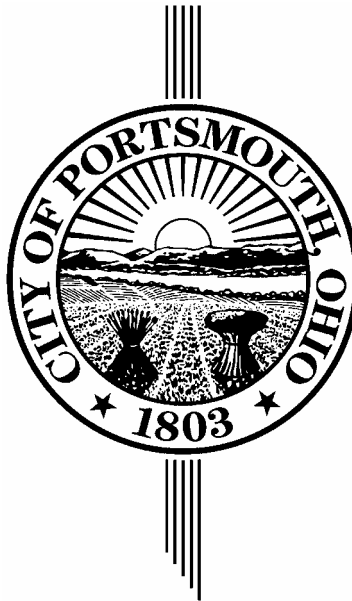
One particularly notable project begun in late 2003 is the complete restoration of the Columbia Theatre. The historic theatre has been completely gutted and is being restored as the Columbia Music Hall and will provide an additional area entertainment venue. The Columbia looks to provide nightly entertainment options ranging from popular music concerts, musicals and drama to comedy acts and select sporting events. The downtown theatre is located adjacent to the Roy Rogers Esplanade just a few blocks from the Shawnee State University campus and is projected to open in late 2004 or by early 2005.

Other major projects within the City include student, senior and inmate housing. More and more Shawnee State University students are finding available dorm space along Third Street with the addition of two more modern student dormitories being erected by Campus View. Hillview Retirement Center continues its expansion with the addition of "Water's Edge", an independent living apartment complex scheduled to open in 2005. The Scioto County Sheriff is overseeing the development and construction of a new sheriff's office and jail at the north entrance of downtown that will provide needed jail space while keeping sheriff deputy jobs inside the City.

Finally, plans have been made and ground broken in 2004 for the addition of the Portsmouth Welcome Center in the Boneyfiddle area of downtown. The Welcome Center, to open in 2005, is located in the former Kenrick's building on Second Street and will compliment the Floodwall Murals with information, shops and restrooms for visitors. The building will also house the offices of the Portsmouth Area Chamber of Commerce as well as the Portsmouth Area Convention and Visitors Bureau.

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, City Auditor of the City of Portsmouth.



CITY OF PORTSMOUTH, OHIO

**Statement of Net Assets
December 31, 2004**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 2,947,975	\$ 1,650,371	\$ 4,598,346
Receivables:			
Taxes	3,194,887	0	3,194,887
Accounts	214,374	1,908,045	2,122,419
Intergovernmental	2,594,654	0	2,594,654
Loans	339,744	0	339,744
Internal Balances	(16,524)	16,524	0
Inventory of Supplies at Cost	49,813	342,943	392,756
Prepaid Items	64,185	50,619	114,804
Deferred Charge	0	161,776	161,776
Restricted Assets:			
Cash and Cash Equivalents	200,554	2,160,748	2,361,302
Capital Assets:			
Capital Assets Not Being Depreciated	612,891	465,136	1,078,027
Capital Assets Being Depreciated, Net of Accumulated Depreciation	7,972,166	11,667,324	19,639,490
Total Assets	18,174,719	18,423,486	36,598,205
Liabilities:			
Accounts Payable	135,019	157,418	292,437
Accrued Wages and Benefits	641,710	274,615	916,325
Intergovernmental Payable	2,216	0	2,216
Refundable Deposits	0	200,370	200,370
Unearned Revenue	1,636,400	0	1,636,400
Accrued Interest Payable	69,273	56,840	126,113
Revenue Anticipation Note Payable	0	600,000	600,000
Long-term Liabilities:			
Due within one year	140,998	568,734	709,732
Due in more than one year	2,582,566	5,492,665	8,075,231
Total Liabilities	5,208,182	7,350,642	12,558,824
Net Assets:			
Invested in Capital Assets, Net of Related Debt	8,487,318	8,634,184	17,121,502
Restricted For:			
Capital Projects	805,756	0	805,756
Debt Service	80,398	1,960,378	2,040,776
Expendable	173,511	0	173,511
Nonexpendable	26,843	0	26,843
Other Purposes	3,870,911	0	3,870,911
Unrestricted (Deficit)	(478,200)	478,282	82
Total Net Assets	\$ 12,966,537	\$ 11,072,844	\$ 24,039,381

See accompanying notes to the basic financial statements

CITY OF PORTSMOUTH, OHIO

**Statement of Activities
For the Year Ended December 31, 2004**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 6,630,365	\$ 972,970	\$ 50,259	\$ 0
Public Health and Welfare Services	2,641,865	378,409	1,971,825	0
Leisure Time Activities	80,252	71,325	0	0
Community Environment	760,350	289,795	307,424	0
Transportation	1,210,575	35,534	935,083	465
General Government	4,172,082	383,009	53,151	0
Interest and Fiscal Charges	150,077	0	0	0
Total Governmental Activities	15,645,566	2,131,042	3,317,742	465
Business-Type Activities:				
Water	4,710,690	4,739,065	0	0
Sewer	2,012,912	2,545,913	0	0
Sanitation	1,212,221	1,076,271	0	0
Total Business-Type Activities	7,935,823	8,361,249	0	0
Totals	\$ 23,581,389	\$ 10,492,291	\$ 3,317,742	\$ 465

General Revenues

Property Taxes Levied for:

General Purposes

Special Purpose

Debt Service

Income Taxes

Other Local Taxes

Shared Revenues

Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

CITY OF PORTSMOUTH, OHIO

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (5,607,136)	\$ 0	\$ (5,607,136)
(291,631)	0	(291,631)
(8,927)	0	(8,927)
(163,131)	0	(163,131)
(239,493)	0	(239,493)
(3,735,922)	0	(3,735,922)
(150,077)	0	(150,077)
<u>(10,196,317)</u>	<u>0</u>	<u>(10,196,317)</u>
0	28,375	28,375
0	533,001	533,001
0	(135,950)	(135,950)
<u>0</u>	<u>425,426</u>	<u>425,426</u>
<u>(10,196,317)</u>	<u>425,426</u>	<u>(9,770,891)</u>
1,504,051	0	1,504,051
270,803	0	270,803
497,443	0	497,443
5,662,745	0	5,662,745
242,771	0	242,771
2,368,891	0	2,368,891
41,254	0	41,254
92,511	0	92,511
<u>10,680,469</u>	<u>0</u>	<u>10,680,469</u>
484,152	425,426	909,578
<u>12,482,385</u>	<u>10,647,418</u>	<u>23,129,803</u>
<u>\$ 12,966,537</u>	<u>\$ 11,072,844</u>	<u>\$ 24,039,381</u>

CITY OF PORTSMOUTH, OHIO

**Balance Sheet
Governmental Funds
December 31, 2004**

	General	General Obligation Bond Retirement	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 130,895	\$ 98,936	\$ 560,510	\$ 2,107,934	\$ 2,898,275
Receivables:					
Taxes	2,572,403	43,424	292,536	286,524	3,194,887
Accounts	142,202	0	0	72,172	214,374
Intergovernmental	1,154,250	6,499	0	1,433,905	2,594,654
Loans	0	0	0	339,744	339,744
Due from Other Funds	10,059	0	0	24,453	34,512
Inventory of Supplies, at Cost	24,857	0	0	24,956	49,813
Prepaid Items	44,163	0	0	15,429	59,592
Restricted Assets:					
Cash and Cash Equivalents	0	0	0	200,554	200,554
Total Assets	\$ 4,078,829	\$ 148,859	\$ 853,046	\$ 4,505,671	\$ 9,586,405
Liabilities:					
Accounts Payable	\$ 29,219	\$ 0	\$ 47,290	\$ 58,510	\$ 135,019
Accrued Wages and Benefits Payable	489,397	0	0	152,313	641,710
Intergovernmental Payable	2,216	0	0	0	2,216
Due to Other Funds	24,453	0	0	10,059	34,512
Deferred Revenue	2,265,074	49,923	14,724	1,730,692	4,060,413
Total Liabilities	2,810,359	49,923	62,014	1,951,574	4,873,870
Fund Balances:					
Reserved for Encumbrances	28,615	0	141,802	39,067	209,484
Reserved for Prepaid Items	44,163	0	0	15,429	59,592
Reserved for Supplies Inventory	24,857	0	0	24,956	49,813
Reserved for Debt Service	0	98,936	0	0	98,936
Reserved for Endowments	0	0	0	26,843	26,843
Unreserved, Undesignated in:					
General Fund	1,170,835	0	0	0	1,170,835
Capital Projects Fund	0	0	649,230	0	649,230
Special Revenue Funds	0	0	0	2,274,291	2,274,291
Permanent Fund	0	0	0	173,511	173,511
Total Fund Balances	1,268,470	98,936	791,032	2,554,097	4,712,535
Total Liabilities and Funds Balances	\$ 4,078,829	\$ 148,859	\$ 853,046	\$ 4,505,671	\$ 9,586,405

See accompanying notes to the basic financial statements

CITY OF PORTSMOUTH, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2004***

Total Governmental Fund Balances	\$ 4,712,535
<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.	8,585,057
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	2,424,013
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.	37,769
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	(1,960,000)
Long-Term Bond Anticipation Notes Payable	(65,000)
Capital Leases Payable	(32,739)
Compensated Absences Payable	(665,825)
Accrued Interest Payable	(69,273)
	<u>(2,792,837)</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$ 12,966,537</u></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, 2004**

	General	General Obligation Bond Retirement	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 6,285,066	\$ 529,944	\$ 1,256,973	\$ 308,997	\$ 8,380,980
Intergovernmental Revenues	2,290,906	71,284	0	3,122,602	5,484,792
Charges for Services	477,055	0	0	192,049	669,104
Licenses and Permits	285,971	0	75	0	286,046
Investment Earnings	37,503	0	0	3,751	41,254
Special Assessments	0	465	0	0	465
Fines and Forfeitures	645,833	0	0	368,087	1,013,920
All Other Revenue	77,895	0	27,581	203,022	308,498
Total Revenue	10,100,229	601,693	1,284,629	4,198,508	16,185,059
Expenditures:					
Current:					
Security of Persons and Property	6,037,715	0	0	311,867	6,349,582
Public Health and Welfare Services	431,118	0	0	2,108,489	2,539,607
Leisure Time Activities	0	0	0	72,782	72,782
Community Environment	255,233	0	0	422,103	677,336
Transportation	267,319	0	0	842,992	1,110,311
General Government	2,699,731	0	0	503,628	3,203,359
Capital Outlay	0	0	1,275,007	0	1,275,007
Debt Service:					
Principal Retirement	0	45,000	69,002	0	114,002
Interest and Fiscal Charges	0	104,435	11,181	0	115,616
Total Expenditures	9,691,116	149,435	1,355,190	4,261,861	15,457,602
Excess (Deficiency) of Revenues Over Expenditures	409,113	452,258	(70,561)	(63,353)	727,457
Other Financing Sources (Uses):					
Sale of Capital Assets	8,312	0	0	0	8,312
General Obligation Notes Issued	0	0	65,000	0	65,000
Transfers In	70,936	0	455,472	19,452	545,860
Transfers Out	(18,000)	(455,472)	0	(72,388)	(545,860)
Total Other Financing Sources (Uses)	61,248	(455,472)	520,472	(52,936)	73,312
Net Change in Fund Balances	470,361	(3,214)	449,911	(116,289)	800,769
Fund Balances at Beginning of Year	813,115	102,150	341,121	2,670,972	3,927,358
Increase (Decrease) in Inventory Reserve	(15,006)	0	0	(586)	(15,592)
Fund Balances End of Year	\$ 1,268,470	\$ 98,936	\$ 791,032	\$ 2,554,097	\$ 4,712,535

See accompanying notes to the basic financial statements

CITY OF PORTSMOUTH, OHIO

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For the Year Ended December 31, 2004***

Net Change in Fund Balances - Total Governmental Funds \$ 800,769

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	563,818	
Depreciation Expense	<u>(598,262)</u>	(34,444)

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. (883)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (63,653)

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.

Long Term Bond Anticipation Notes Payable Issued (65,000)

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	45,000	
Capital Leases Payable	<u>69,002</u>	114,002

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (34,461)

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	(51,902)	
Change in Inventory	<u>(15,592)</u>	(67,494)

Internal Service Funds used by management to charge the costs of insurance and use of supplies to individual funds are not reported in the statement of activities. Governmental fund expenditures and related internal service revenues are eliminated. The net revenue (expense) of the internal service funds is allocated among the governmental activities. (164,684)

Change in Net Assets of Governmental Activities \$ 484,152

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, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 6,119,500	\$ 6,119,500	\$ 6,275,337	\$ 155,837
Intergovernmental Revenue	1,960,616	1,960,616	2,109,198	148,582
Charges for Services	415,355	415,355	477,055	61,700
Licenses and Permits	202,763	202,763	285,971	83,208
Investment Earnings	65,000	65,000	37,503	(27,497)
Fines and Forfeitures	775,551	775,551	587,455	(188,096)
All Other Revenues	139,000	139,000	77,895	(61,105)
Total Revenues	<u>9,677,785</u>	<u>9,677,785</u>	<u>9,850,414</u>	<u>172,629</u>
Expenditures:				
Current:				
Security of Persons and Property	6,062,487	6,062,487	6,051,979	10,508
Public Health and Welfare Services	436,277	436,276	438,508	(2,232)
Community Environment	267,746	267,746	254,823	12,923
Transportation	245,882	245,882	286,522	(40,640)
General Government	<u>2,761,958</u>	<u>2,783,558</u>	<u>2,738,501</u>	<u>45,057</u>
Total Expenditures	<u>9,774,350</u>	<u>9,795,949</u>	<u>9,770,333</u>	<u>25,616</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(96,565)	(118,164)	80,081	198,245
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	8,312	8,312
Transfers In	227,500	227,500	70,936	(156,564)
Transfers Out	<u>(171,000)</u>	<u>(171,000)</u>	<u>(170,791)</u>	<u>209</u>
Total Other Financing Sources (Uses):	<u>56,500</u>	<u>56,500</u>	<u>(91,543)</u>	<u>(148,043)</u>
Net Change in Fund Balance	(40,065)	(61,664)	(11,462)	50,202
Fund Balance at Beginning of Year	19,477	19,477	19,477	0
Prior Year Encumbrances	<u>21,600</u>	<u>21,600</u>	<u>21,600</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,012</u>	<u>\$ (20,587)</u>	<u>\$ 29,615</u>	<u>\$ 50,202</u>

See accompanying notes to the basic financial statements

CITY OF PORTSMOUTH, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2004**

	Business-Type Activities Enterprise Funds			Total	Governmental Activities - Internal Service
	Water	Sewer	Sanitation		Funds
ASSETS					
Current assets:					
Cash and Cash Equivalents	\$ 894,081	\$ 755,474	\$ 816	\$ 1,650,371	\$ 49,700
Accounts receivable (net of allow for uncollectibles)	1,078,826	594,352	234,867	1,908,045	0
Inventory of Supplies at Cost	328,905	13,162	876	342,943	0
Prepaid Items	28,113	11,338	11,168	50,619	4,593
Total current assets	<u>2,329,925</u>	<u>1,374,326</u>	<u>247,727</u>	<u>3,951,978</u>	<u>54,293</u>
Noncurrent assets:					
Restricted Assets:					
Cash and Cash Equivalents	2,160,748	0	0	2,160,748	0
Total restricted assets	<u>2,160,748</u>	<u>0</u>	<u>0</u>	<u>2,160,748</u>	<u>0</u>
Deferred Charges	161,776	0	0	161,776	0
Capital assets:					
Capital Assets Not Being Depreciated	41,275	423,861	0	465,136	0
Capital Assets Being Depreciated, Net of accumulated depreciation	<u>9,997,754</u>	<u>822,525</u>	<u>847,045</u>	<u>11,667,324</u>	<u>0</u>
Total capital assets	<u>10,039,029</u>	<u>1,246,386</u>	<u>847,045</u>	<u>12,132,460</u>	<u>0</u>
Total noncurrent assets	<u>12,361,553</u>	<u>1,246,386</u>	<u>847,045</u>	<u>14,454,984</u>	<u>0</u>
Total assets	<u>14,691,478</u>	<u>2,620,712</u>	<u>1,094,772</u>	<u>18,406,962</u>	<u>54,293</u>
LIABILITIES					
Current liabilities:					
Accounts Payable	91,462	45,610	20,346	157,418	0
Accrued Wages and Benefits	152,722	84,437	37,456	274,615	0
Refundable Deposits	200,370	0	0	200,370	0
Accrued Interest Payable	45,601	11,239	0	56,840	0
Revenue Anticipation Note Payable	0	600,000	0	600,000	0
Capital Leases Payable - Current	45,280	10,906	113,784	169,970	0
Revenue Bond Payable - Current	360,048	0	0	360,048	0
OPWC Loans Payable - Current	0	30,000	0	30,000	0
Compensated Absences Payable - Current	5,380	2,043	1,293	8,716	0
Total Current Liabilities	<u>900,863</u>	<u>784,235</u>	<u>172,879</u>	<u>1,857,977</u>	<u>0</u>
Noncurrent Liabilities:					
Capital Leases Payable	0	128,184	273,767	401,951	0
Revenue Bonds Payable	4,540,237	0	0	4,540,237	0
OPWC Loans Payable	0	465,000	0	465,000	0
Compensated Absences Payable	39,477	43,937	2,063	85,477	0
Total noncurrent liabilities	<u>4,579,714</u>	<u>637,121</u>	<u>275,830</u>	<u>5,492,665</u>	<u>0</u>
Total Liabilities	<u>5,480,577</u>	<u>1,421,356</u>	<u>448,709</u>	<u>7,350,642</u>	<u>0</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	7,215,618	738,753	679,813	8,634,184	0
Restricted for Debt Service	1,960,378	0	0	1,960,378	0
Unrestricted	34,905	460,603	(33,750)	461,758	54,293
Total Net Assets	<u>\$ 9,210,901</u>	<u>\$ 1,199,356</u>	<u>\$ 646,063</u>	<u>11,056,320</u>	<u>\$ 54,293</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds				16,524	
Total Net Assets per the government-wide Statement of Net Assets				<u>\$ 11,072,844</u>	

See accompanying notes to the basic financial statements

CITY OF PORTSMOUTH, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2004**

	Business-Type Activities Enterprise Funds			Total	Governmental
	Water	Sewer	Sanitation		Activities - Internal Service Funds
Operating Revenues:					
Charges for Services	\$ 4,708,894	\$ 2,533,081	\$ 1,076,221	\$ 8,318,196	\$ 8,904
Other Operating Revenues	17,849	10,673	50	28,572	0
Total Operating Revenues	4,726,743	2,543,754	1,076,271	8,346,768	8,904
Operating Expenses:					
Personal Services	2,456,973	1,450,688	698,161	4,605,822	235,234
Contractual Services	842,886	293,128	372,489	1,508,503	0
Materials and Supplies	783,313	159,765	63,161	1,006,239	2,878
Depreciation	360,304	75,210	68,798	504,312	0
Total Operating Expenses	4,443,476	1,978,791	1,202,609	7,624,876	238,112
Operating Income (Loss)	283,267	564,963	(126,338)	721,892	(229,208)
Non-Operating Revenue (Expenses):					
Interest Income	12,322	2,159	0	14,481	0
Interest and Fiscal Charges	(235,184)	(11,239)	0	(246,423)	0
Total Non-Operating Revenues (Expenses)	(222,862)	(9,080)	0	(231,942)	0
Change in Net Assets	60,405	555,883	(126,338)	489,950	(229,208)
Net Assets Beginning of Year	9,150,496	643,473	772,401	10,566,370	283,501
Net Assets End of Year	\$ 9,210,901	\$ 1,199,356	\$ 646,063	\$ 11,056,320	\$ 54,293
Change in Net Assets - Total Enterprise Funds				489,950	
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds				(64,524)	
Change in Net Assets - Total Enterprise Funds				<u>\$ 425,426</u>	

See accompanying notes to the basic financial statements

CITY OF PORTSMOUTH, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2004**

	Business-Type Activities			Total	Governmental
	Enterprise Funds				-Activities
	Water	Sewer	Sanitation		Internal Service
				Funds	
<u>Cash Flows from Operating Activities:</u>					
Cash Received from Customers	\$4,663,139	\$2,477,570	\$1,067,307	\$8,208,016	\$8,904
Cash Payments for Goods and Services	(1,587,209)	(563,770)	(266,889)	(2,417,868)	(38,860)
Cash Payments to Employees	(2,436,866)	(1,471,161)	(703,564)	(4,611,591)	0
Customer Deposits Received	76,580	0	0	76,580	0
Customer Deposits Refunded	(77,621)	0	0	(77,621)	0
Net Cash Provided (Used) by Operating Activities	638,023	442,639	96,854	1,177,516	(29,956)
<u>Cash Flows from Noncapital Financing Activities:</u>					
Transfers In from Other Funds	31,830	3,850	6,594	42,274	0
Principal Paid on Lease Payable	0	0	(65,421)	(65,421)	0
Principal Paid on Ohio Public Works Commission Loan	0	(30,000)	0	(30,000)	0
Net Cash Provided (Used) by Noncapital Financing Activities	31,830	(26,150)	(58,827)	(53,147)	0
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Proceeds from Revenue Anticipation Notes	0	600,000	0	600,000	0
Acquisition and Construction of Assets	(588,828)	(443,708)	0	(1,032,536)	0
Principal Paid on Mortgage Revenue Bond	(390,000)	0	0	(390,000)	0
Capital Lease Payment	(42,317)	(10,374)	(52,276)	(104,967)	0
Interest Paid on All Debt	(185,525)	0	0	(185,525)	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,206,670)	145,918	(52,276)	(1,113,028)	0
<u>Cash Flows from Investing Activities:</u>					
Receipt of Interest	12,322	2,159	0	14,481	0
Net Cash Provided by Investing Activities	12,322	2,159	0	14,481	0
Net Increase (Decrease) in Cash and Cash Equivalents	(524,495)	564,566	(14,249)	25,822	(29,956)
Cash and Cash Equivalents at Beginning of Year	3,579,324	190,908	15,065	3,785,297	79,656
Cash and Cash Equivalents at End of Year	\$3,054,829	\$755,474	\$816	\$3,811,119	\$49,700
<u>Reconciliation of Cash and Cash Equivalent per the Balance Sheet:</u>					
Cash and Cash Equivalents	\$894,081	\$755,474	\$816	\$1,650,371	\$49,700
Restricted Cash and Cash Equivalents	2,160,748	0	0	2,160,748	0
Cash and Cash Equivalents at End of Year	\$3,054,829	\$755,474	\$816	\$3,811,119	\$49,700

(Continued)

CITY OF PORTSMOUTH, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2004**

	Business-Type Activities Enterprise Funds			Total	Governmental -Activities Internal Service
	Water	Sewer	Sanitation		Funds
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>					
<u>Provided (Used) by Operating Activities:</u>					
Operating Income (Loss)	\$283,267	\$564,963	(\$126,338)	\$721,892	(\$229,208)
Adjustments to Reconcile Operating Income (Loss) to					
Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	360,304	75,210	68,798	504,312	0
Changes in Assets and Liabilities:					
Increase in Accounts Receivable	(63,604)	(66,184)	(8,964)	(138,752)	0
Decrease in Inventory	24,434	2,942	551	27,927	0
(Increase) Decrease in Prepaid Items	(5,703)	6,263	1,057	1,617	199,252
Increase (Decrease) in Accounts Payable	12,352	(122,687)	5,046	(105,289)	0
Decrease in Intergovernmental Payable	0	(5,200)	0	(5,200)	0
Increase (Decrease) in Accrued Wages and Benefits	31,184	10,252	(1,599)	39,837	0
Decrease in Customer Deposits	(1,041)	0	0	(1,041)	0
Increase in Lease Payable	0	0	157,694	157,694	0
Increase (Decrease) in Compensated Absences	(3,170)	(22,920)	609	(25,481)	0
Total Adjustments	354,756	(122,324)	223,192	455,624	199,252
Net Cash Provided (Used) by Operating Activities	<u>\$638,023</u>	<u>\$442,639</u>	<u>\$96,854</u>	<u>\$1,177,516</u>	<u>(\$29,956)</u>

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2004, the Water fund had outstanding liabilities of \$28,300 for certain capital assets.

During 2004, the Sanitation Fund entered into a \$157,694 capital lease for tipper carts.

See accompanying notes to the basic financial statements

CITY OF PORTSMOUTH, OHIO

**Statement of Net Assets
Fiduciary Funds
December 31, 2004**

	<u>Private Purpose</u>	<u>Agency</u>
Assets:		
Cash and Cash Equivalents	\$ 85,798	\$ 0
Receivables:		
Accounts	0	165,322
Due from Other Funds	0	4,901
Restricted Assets:		
Cash and Cash Equivalents	0	194,840
Total Assets	<u>85,798</u>	<u>365,063</u>
Liabilities:		
Due to Other Funds	0	4,901
Intergovernmental Payable	0	57,366
Claims Payable	77,232	0
Due to Others	0	302,796
Total Liabilities	<u>77,232</u>	<u>365,063</u>
Net Assets:		
Unrestricted	<u>8,566</u>	<u>0</u>
Total Net Assets	<u>\$ 8,566</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

CITY OF PORTSMOUTH, OHIO

***Statement of Changes in Net Assets
Fiduciary Funds
For the Year Ended December 31, 2004***

	<u>Private Purpose</u>
Additions:	
Total Additions	<u>\$ 0</u>
Deductions:	
Total Deductions	<u> 0</u>
Change in Net Assets	0
Net Assets at Beginning of Year	<u> 8,566</u>
Net Assets End of Year	<u><u>\$ 8,566</u></u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

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, 2004 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,"* 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, 2004***

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.

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, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

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

C. Basis of Presentation – Financial Statements

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

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, 2004***

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, 2004 but which are not intended to finance 2004 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 proprietary funds and fiduciary funds. 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, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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

1. Tax Budget

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

2. Estimated Resources

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

On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2004.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

The appropriation ordinance establishes spending controls at the by fund level by department for most funds. However, the legal level of budgetary control for some of the special revenue funds is at the fund level. The appropriation ordinance may be amended during the year as additional information becomes available provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments within a fund may be modified during the year by an ordinance of City Council. Several supplemental appropriations were made during 2004. 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, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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:

	<u>Net Change in Fund Balance</u>
	<u>General Fund</u>
GAAP Basis (as reported)	\$470,361
Increase (Decrease):	
Accrued Revenues at December 31, 2004 received during 2005	(1,686,505)
Accrued Revenues at December 31, 2003 received during 2004	1,436,690
Accrued Expenditures at December 31, 2004 paid during 2005	545,285
Accrued Expenditures at December 31, 2003 paid during 2004	(751,883)
2003 Prepays for 2004	47,368
2004 Prepays for 2005	(44,163)
Outstanding Encumbrances	(28,615)
Budget Basis	<u><u>(\$11,462)</u></u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

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

G. Inventory

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

H. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets and Depreciation (Continued)

1. Property, Plant and Equipment - Governmental Activities (Continued)

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. Only current year additions to street were included. Infrastructure did not include curbs and gutter, sidewalks, drainage systems and lighting systems. 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.

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. 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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. 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 Water Fund
Mortgage Revenue Bond Payable	Water Fund
Ohio Public Works Commission Loans Payable	Sewer Fund Sanitation Fund
Compensated Absences	General Fund, Water Fund, Sewer Fund, Sanitation Fund
Capital Leases Payable	Capital Improvement Fund Water Fund, Sewer Fund, Sanitation Fund

J. Compensated Absences

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

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned, but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences (Continued)

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 funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." The noncurrent portion of the liability is not reported.

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction 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.

L. Pensions

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

M. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. 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.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Reservations of Fund Balance

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

O. Restricted Assets

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

P. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water treatment and distribution, wastewater collection and treatment, maintenance of storm water collection systems and collection of solid waste refuse. 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.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficit

The fund deficits of \$1,619 in the Municipal Court Probation Services Fund, \$15,000 in the Fire Pension Fund and \$15,000 in the Police Pension Fund (special revenue funds) arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. A deficit does not exist under the cash basis of accounting. Transfers are provided when cash is required, not when accruals occur.

B. Excess Expenditures over Appropriations

For the year ended December 31, 2004, expenditures exceeded appropriations at the legal level of budgetary control as follows:

<u>Fund</u>	<u>Excess</u>
General Fund:	
Public Health and Welfare Services:	
Health	\$2,232
Community Environment:	
Administration	1,570
Transportation:	
Traffic Lights	21,019
Cemetery Grounds	15,114
Recreational Grounds	4,507
General Government:	
Public Service	1,683
Special Revenue Funds:	
Abstinence Education Fund	10,059

The excess expenditures were funded from available fund balances.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 3 - 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 "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 no later than the end of the current period of designation of depositories.

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

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. Based upon criteria described in GASB Statement No. 3, "*Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements,*" collateral held in single financial institution collateral pools with securities being held by the pledging financial institutions' agent in the pool's name are classified as Category 3.

The GASB has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 Uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the City's name.)

Investments:

- Category 1 Insured or registered, with securities held by the City or its agent in the City's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

A. Deposits

At year end the carrying amount of the City's deposits was \$3,266,793 and the bank balance was \$3,925,612. Federal depository insurance covered \$200,000 of the bank balance. All remaining deposits were classified as Category 3. All statutory requirements for the deposit of money had been followed, non compliance with federal requirements would potentially subject the City to a successful claim by the Federal Deposit Insurance Corporation.

Investment earnings of \$36,722 earned by other funds was credited to the General Fund as required by state statute.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

B. Investments

The City's investments at December 31, 2004 were as follows:

<u>Categorized Investments</u>	<u>Category 3</u>	<u>Fair Value</u>
Repurchase Agreement	\$3,973,493	\$3,973,493
Total Investments	<u>\$3,973,493</u>	<u>\$3,973,493</u>

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

A reconciliation between classifications of cash and investments on the financial statements and the classifications per items A and B of this note are as follows:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Balance Sheet	\$7,240,286	\$0
Investments:		
Repurchase Agreement	<u>(3,973,493)</u>	<u>3,973,493</u>
Per GASB Statement No. 3	<u>\$3,266,793</u>	<u>\$3,973,493</u>

NOTE 4 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2004 were levied after October 1, 2003 on assessed values as of January 1, 2003, 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 2004. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 4 - TAXES (Continued)

A. Property Taxes (Continued)

Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually: the first payment is due April 30; the remainder payable by September 20.

Public utility real and tangible personal property taxes 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, 2004 was \$12.5 per \$1,000 of assessed value. The assessed value upon which the 2004 tax collections were based was \$207,459,910. This amount constituted \$170,532,520 in real property assessed value, \$14,908,310 in public utility assessed value and \$22,019,080 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 .125% (12.5 mills) of assessed value.

B. Income Tax

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

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

NOTE 5 - RECEIVABLES

Receivables at December 31, 2004 consisted of taxes, intergovernmental, accounts receivable, and loans.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivables and payables balances at December 31, 2004 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$10,059	\$24,453
Nonmajor Special Revenue Funds	<u>24,453</u>	<u>10,059</u>
	34,512	34,512
Agency Funds:		
Law Library Fund	4,901	0
Municipal Court Fund	<u>0</u>	<u>4,901</u>
Total Agency Funds	<u>4,901</u>	<u>4,901</u>
Totals	<u><u>\$49,472</u></u>	<u><u>\$39,413</u></u>

On the Statement of Net Assets, the Business-Type Activities reported an internal balance at December 31, 2004 of \$16,524, which was offset in the Governmental Activities by the same amount. The Due from Other Funds in the General Fund is for an overdraft in a Special Revenue Fund. The Due to Other Funds is for reimbursement of expenditures made by another fund for the General Fund.

NOTE 7 - TRANSFERS

Following is a summary of Transfers in and out for all funds for 2004:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Fund	\$70,936	\$18,000
General Bond Retirement Fund	0	455,472
Capital Improvement Fund	455,472	0
Nonmajor Governmental Funds	<u>19,452</u>	<u>72,388</u>
Totals	<u><u>\$545,860</u></u>	<u><u>\$545,860</u></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.

CITY OF PORTSMOUTH, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 8 - CAPITAL ASSETS

A. Governmental Capital Assets

Summary by category of changes in Governmental Capital Assets:

Historical Cost:

Class	December 31, 2003	Additions	Deletions	December 31, 2004
<i>Capital assets not being depreciated:</i>				
Land	\$612,891	\$0	\$0	\$612,891
Subtotal	612,891	0	0	612,891
<i>Capital assets being depreciated:</i>				
Buildings	5,771,469	0	0	5,771,469
Improvements	2,125,765	0	0	2,125,765
Machinery and Equipment	7,052,403	263,587	(197,017)	7,118,973
Infrastructure	143,682	300,231	0	443,913
Subtotal	15,093,319	563,818	(197,017)	15,460,120
Total Cost	\$15,706,210	\$563,818	(\$197,017)	\$16,073,011
<i>Accumulated Depreciation:</i>				
Class	December 31, 2003	Additions	Deletions	December 31, 2004
Buildings	(\$1,191,034)	(\$114,199)	\$0	(\$1,305,233)
Improvements	(468,659)	(76,884)	0	(545,543)
Machinery and Equipment	(5,422,541)	(393,437)	196,134	(5,619,844)
Infrastructure	(3,592)	(13,742)	0	(17,334)
Total Depreciation	(\$7,085,826)	(\$598,262) *	\$196,134	(\$7,487,954)
<i>Net Value:</i>	\$8,620,384			\$8,585,057

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$172,713
Leisure Time Activities	7,470
Community Development	80,297
Transportation	71,672
Public Health & Welfare	66,310
General Government	199,800
Total Depreciation Expense	\$598,262

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 8 - CAPITAL ASSETS (Continued)

B. Business Type Capital Assets

Summary by Category at December 31, 2004:

Historical Cost:

Class	December 31, 2003	Additions	Deletions	December 31, 2004
<i>Capital assets not being depreciated:</i>				
Land	\$55,424	\$0	\$0	\$55,424
Construction in Progress	21,752	409,712	(21,752)	409,712
Subtotal	77,176	409,712	(21,752)	465,136
<i>Capital assets being depreciated:</i>				
Buildings	1,007,674	0	0	1,007,674
Improvements other than Buildings	23,411,585	576,610	(63,700)	23,924,495
Machinery and Equipment	3,097,811	96,266	0	3,194,077
Subtotal	27,517,070	672,876	(63,700)	28,126,246
Total Cost	\$27,594,246	\$1,082,588	(\$85,452)	\$28,591,382

Accumulated Depreciation:

Class	December 31, 2003	Additions	Deletions	December 31, 2004
Buildings	(\$310,430)	(\$20,717)	\$0	(\$331,147)
Improvements other than Buildings	(13,933,553)	(289,064)	63,700	(14,158,917)
Machinery and Equipment	(1,774,327)	(194,531)	0	(1,968,858)
Total Depreciation	(\$16,018,310)	(\$504,312)	\$63,700	(\$16,458,922)
<i>Net Value:</i>	\$11,575,936	\$578,276	(\$21,752)	\$12,132,460

NOTE 9 – DEFINED BENEFIT PENSION PLANS

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

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

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

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in one of the three pension plans administered by the Ohio PERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

The Ohio PERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the Ohio PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2004, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 8.5%. The 2004 employer contribution rate for local government employer units was 13.55%, of covered payroll, 9.55% to fund the pension and 4.0% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the Ohio PERS for the years ending December 31, 2004, 2003 and 2002 were \$832,146, \$847,901 and \$873,483, respectively, which were equal to the required contributions for each year.

The Ohio PERS provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2004 employer contribution rate (identified above) that was used to fund health care for the year 2004 was 4.0% of covered payroll which amounted to \$245,652.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System’s latest actuarial review performed as of December 31, 2003. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2003 was 8.0%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 369,885. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2003 is \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures Ohio PERS’ health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 2004, 2003 and 2002 were \$304,216, \$303,163 and \$311,008 for police and \$396,614, \$400,725 and \$406,228 for firefighters, respectively, which were equal to the required contributions for each year.

The OP&F Fund provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The health care coverage provided by the OP&F Fund is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 2004 covered payroll that was used to fund postemployment health care benefits was \$120,906 representing 7.75% of covered payroll for police and \$128,073 representing 7.75% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. As of December 31, 2003, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,662 for police and 10,474 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 2003 were \$150,853,148, which was net of member contributions of \$17,207,506.

CITY OF PORTSMOUTH, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 10 - 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.

	Maturity Date	Balance January 1, 2004	Issued	(Retired)	Balance December 31, 2004
Capital Improvement Fund Note Payable:					
2.13% Administration Building	12/15/2004	\$0	\$450,000	(\$450,000)	\$0
Sewer Fund Note Payable:					
2.15% Sewer Improvement	2/15/2005	0	600,000	0	600,000

The Notes Payable were issued for building improvements and sewer system improvements.

NOTE 11 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2004 were as follows:

	Balance December 31, 2003	Additions	(Deletions)	Balance December 31, 2004	Amount due Within One Year
Business-Type Activities Long-Term Debt:					
Ohio Public Works Commission Loans:					
2000 0.0% Wastewater Improvement 2021	\$525,000	\$0	(\$30,000)	\$495,000	\$30,000
Water Refunding Revenue Bond:					
2003 1.6-4.15% Waterworks Improvement 2015	5,500,000	0	(390,000)	5,110,000	395,000
Deferred Loss on Refunding	(244,667)	0	34,952	(209,715)	(34,952)
Total Revenue Bonds Payable	5,255,333	0	(355,048)	4,900,285	360,048
Compensated Absences	119,674	195,528	(221,009)	94,193	8,716
Capital Lease - Enterprise Funds	584,615	157,694	(170,388)	571,921	169,970
Total Business-Type Long-Term Debt	<u>\$6,484,622</u>	<u>\$353,222</u>	<u>(\$76,445)</u>	<u>\$6,061,399</u>	<u>\$568,734</u>
Governmental Activities Long-Term Debt:					
General Obligation Bond					
2001 3.6-5.5% Police and Fireman's Disability and Pension 2027	\$2,005,000	\$0	(\$45,000)	\$1,960,000	\$45,000
2004 3.78 Bond Anticipation Note 2007	0	65,000	0	65,000	20,868
Compensated Absences	613,923	1,001,375	(949,473)	665,825	42,391
Capital Lease Payable	101,741	0	(69,002)	32,739	32,739
Total Governmental Activities	<u>\$2,720,664</u>	<u>\$1,066,375</u>	<u>(\$1,063,475)</u>	<u>\$2,723,564</u>	<u>\$140,998</u>

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 11 - 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, 2004 follows:

Business-Type Activities:				
Years	Mortgage Revenue Bond		OPWC Loans	
	Principal	Interest	Principal	Interest
2005	\$395,000	\$178,456	\$30,000	\$0
2006	405,000	169,443	30,000	0
2007	415,000	158,155	30,000	0
2008	425,000	145,024	30,000	0
2009	440,000	130,418	30,000	0
2010-2014	2,475,000	377,031	150,000	0
2015-2019	555,000	11,516	150,000	0
2020-2024	0	0	45,000	0
Totals	\$5,110,000	\$1,170,043	\$495,000	\$0

Governmental Activities:				
Years	General Obligation Bonds		Bond Anticipation Note	
	Principal	Interest	Principal	Interest
2005	\$45,000	\$102,635	\$20,868	\$2,464
2006	50,000	100,768	21,657	1,668
2007	50,000	98,642	22,475	850
2008	55,000	96,468	0	0
2009	55,000	94,020	0	0
2010-2014	325,000	427,160	0	0
2015-2019	420,000	333,800	0	0
2020-2024	550,000	206,250	0	0
2025-2027	410,000	45,925	0	0
Totals	\$1,960,000	\$1,505,668	\$65,000	\$4,982

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 11 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

B. Defeased Debt

In April 2003, the City defeased \$2,485,000 of General Obligation Bonds and \$594,400 of Mortgage Revenue Bonds for Water System Improvements dated April 1, 1996 (the "1996 Bonds") and July 1, 2001 (the "2001 Bonds"), respectively through the issuance of \$5,500,000 of Mortgage Revenue Bonds for Water System Improvement (the "2003 Bonds"). A portion of the net proceeds of the 2003 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$2,185,000 at December 31, 2004, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

NOTE 12 - CAPITALIZED LEASES

The City leases twenty-three vehicles, and sewer cleaning equipment, all classified as machinery and equipment under capital leases. The cost of the equipment obtained under capital leases is \$311,090 included in the General Activities Capital Assets, \$212,556 in the Water Fund, \$209,331 in the Sewer Fund, and \$585,419 in the Sanitation Fund. The related liability is included in the Governmental Activities Long-Term Liabilities, the Water Fund, the Sewer Fund, and the Sanitation Fund.

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, 2004

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2005	\$33,867	\$195,465
2006	0	147,017
2007	0	251,683
2008	0	34,925
Minimum Lease Payments	33,867	629,090
Less amount representing interest at the City's incremental borrowing rate of interest	(1,128)	(57,169)
Present value of minimum lease payments	<u>\$32,739</u>	<u>\$571,921</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 13 - 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 14 - INSURANCE AND RISK MANAGEMENT

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

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

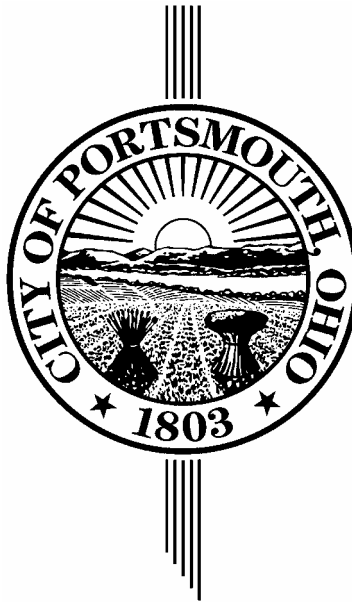
NOTE 15 – CONDUIT DEBT

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the state, nor any political subdivision thereof is obligated in any manner for repayment on the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements.

As of December 31, 2004, there was one series of Industrial Revenue Bonds outstanding, with a principal amount payable of \$1,000,000.

NOTE 16 - SUBSEQUENT EVENTS

On February 28, 2005, the City authorized and issued \$315,000 of revenue anticipation note for sewer system improvements.



*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Municipal Court Grants Fund

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

Municipal Court Special Projects Fund

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

Municipal Court Probation Services Fund

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

Municipal Court Programs Fund

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

Municipal Court Computer Fund

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

Fire Pension Fund

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

Police Pension Fund

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

D.A.R.E. State Grant Fund

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

Local Law Block Grant Fund

To account for grant monies to be used specifically for the improvement of public safety and the reduction of crime.

(Continued)

Special Revenue Funds

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.

Street Construction, Maintenance and Repair Fund

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

State Highway Improvement Fund

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

Environmental State Grants Fund

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

Community Development Fund

To account for Federal and State grants which are designated 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.

Abstinence Education Fund

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

(Continued)

Special Revenue Funds

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.

Litter Control Grant Fund

To account for monies received from the Ohio Department of Natural Resources for the purpose of litter control.

Wellness Block Grant Fund

To account for receipt of funds from the Scioto County Family and Children First Council to be used to cover the costs of education and supplies related to the Wellness Education Program.

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.

Flood Defense Fund

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

Council Trust for Recreation Fund

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

Playground Trust Fund

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

Permanent Fund

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, 2004**

	Nonmajor Special Revenue Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 2,107,934	\$ 0	\$ 2,107,934
Receivables (net of allowance for doubtful accounts):			
Taxes	286,524	0	286,524
Accounts	72,172	0	72,172
Intergovernmental	1,433,905	0	1,433,905
Loans	339,744	0	339,744
Due from Other Funds	24,453	0	24,453
Inventory of Supplies, at Cost	24,956	0	24,956
Prepaid Items	15,429	0	15,429
Restricted Assets:			
Cash and Cash Equivalents	0	200,554	200,554
Total Assets	<u>\$ 4,305,117</u>	<u>\$ 200,554</u>	<u>\$ 4,505,671</u>
Liabilities:			
Accounts Payable	\$ 58,510	\$ 0	\$ 58,510
Accrued Wages and Benefits Payable	152,113	200	152,313
Due to Other Funds	10,059	0	10,059
Deferred Revenue	1,730,692	0	1,730,692
Total Liabilities	<u>1,951,374</u>	<u>200</u>	<u>1,951,574</u>
Fund Balances:			
Reserved for Encumbrances	39,067	0	39,067
Reserved for Prepaid Items	15,429	0	15,429
Reserved for Supplies Inventory	24,956	0	24,956
Reserved for Endowments	0	26,843	26,843
Unreserved, Undesignated in:			
Special Revenue Funds	2,274,291	0	2,274,291
Permanent Funds	0	173,511	173,511
Total Fund Balances	<u>2,353,743</u>	<u>200,354</u>	<u>2,554,097</u>
Total Liabilities and Funds Balances	<u>\$ 4,305,117</u>	<u>\$ 200,554</u>	<u>\$ 4,505,671</u>

CITY OF PORTSMOUTH, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2004**

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$ 308,997	\$ 0	\$ 308,997
Intergovernmental Revenues	3,122,602	0	3,122,602
Charges for Services	188,199	3,850	192,049
Investment Earnings	2,373	1,378	3,751
Fines and Forfeitures	368,087	0	368,087
All Other Revenue	203,022	0	203,022
Total Revenue	4,193,280	5,228	4,198,508
Expenditures:			
Current:			
Security of Persons and Property	311,867	0	311,867
Public Health and Welfare Services	2,097,806	10,683	2,108,489
Leisure Time Activities	72,782	0	72,782
Community Environment	422,103	0	422,103
Transportation	842,992	0	842,992
General Government	503,628	0	503,628
Total Expenditures	4,251,178	10,683	4,261,861
Excess (Deficiency) of Revenues Over Expenditures	(57,898)	(5,455)	(63,353)
Other Financing Sources (Uses):			
Transfers In	19,452	0	19,452
Transfers Out	(72,388)	0	(72,388)
Total Other Financing Sources (Uses)	(52,936)	0	(52,936)
Net Change in Fund Balances	(110,834)	(5,455)	(116,289)
Fund Balances at Beginning of Year	2,465,163	205,809	2,670,972
Increase (Decrease) in Inventory Reserve	(586)	0	(586)
Fund Balances End of Year	\$ 2,353,743	\$ 200,354	\$ 2,554,097

CITY OF PORTSMOUTH, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2004**

	Municipal Court Grants	Municipal Court Special Project	Municipal Court Probation Services	Municipal Court Programs
Assets:				
Cash and Cash Equivalents	\$ 22,703	\$ 124,596	\$ 6,744	\$ 16,386
Receivables (net of allowance for doubtful accounts):				
Taxes	0	0	0	0
Accounts	0	36,710	17,714	5,928
Intergovernmental	13,548	0	0	0
Loans	0	0	0	0
Due from Other Funds	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	0	496	0	0
Total Assets	\$ 36,251	\$ 161,802	\$ 24,458	\$ 22,314
Liabilities:				
Accounts Payable	\$ 0	\$ 5,555	\$ 10,372	\$ 0
Accrued Wages and Benefits Payable	2,588	2,989	3,449	3,417
Due to Other Funds	0	0	0	0
Deferred Revenue	0	25,400	12,256	4,102
Total Liabilities	2,588	33,944	26,077	7,519
Fund Balances:				
Reserved for Encumbrances	0	0	0	0
Reserved for Prepaid Items	0	496	0	0
Reserved for Supplies Inventory	0	0	0	0
Unreserved, Undesignated in:				
Special Revenue Funds	33,663	127,362	(1,619)	14,795
Total Fund Balances	33,663	127,858	(1,619)	14,795
Total Liabilities and Funds Balances	\$ 36,251	\$ 161,802	\$ 24,458	\$ 22,314

CITY OF PORTSMOUTH, OHIO

<u>Municipal Court Computer</u>	<u>Fire Pension</u>	<u>Police Pension</u>	<u>D.A.R.E. State Grant</u>	<u>Local Law Block Grant</u>	<u>COPS Fast Grant</u>
\$ 21,341	\$ 0	\$ 0	\$ 3,216	\$ 11,288	\$ 65,787
0	56,355	56,355	0	0	0
7,693	0	0	0	0	0
0	3,899	3,899	0	0	119,954
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
3,023	0	0	0	0	0
<u>\$ 32,057</u>	<u>\$ 60,254</u>	<u>\$ 60,254</u>	<u>\$ 3,216</u>	<u>\$ 11,288</u>	<u>\$ 185,741</u>
\$ 4,749	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
532	15,000	15,000	0	0	1,213
0	0	0	0	0	0
5,323	60,254	60,254	0	0	119,954
<u>10,604</u>	<u>75,254</u>	<u>75,254</u>	<u>0</u>	<u>0</u>	<u>121,167</u>
0	0	0	0	0	0
3,023	0	0	0	0	0
0	0	0	0	0	0
<u>18,430</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>3,216</u>	<u>11,288</u>	<u>64,574</u>
<u>21,453</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>3,216</u>	<u>11,288</u>	<u>64,574</u>
<u>\$ 32,057</u>	<u>\$ 60,254</u>	<u>\$ 60,254</u>	<u>\$ 3,216</u>	<u>\$ 11,288</u>	<u>\$ 185,741</u>

(Continued)

CITY OF PORTSMOUTH, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2004**

	Indigent Drivers Alcohol Treatment	Enforcement and Education	Mandatory Fines	Law Enforcement
Assets:				
Cash and Cash Equivalents	\$ 14,397	\$ 14,021	\$ 45,496	\$ 6,579
Receivables (net of allowance for doubtful accounts):				
Taxes	0	0	0	0
Accounts	2,926	435	766	0
Intergovernmental	0	0	144	0
Loans	0	0	0	0
Due from Other Funds	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	0	0	0	91
Total Assets	\$ 17,323	\$ 14,456	\$ 46,406	\$ 6,670
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	85	0	0
Due to Other Funds	0	0	0	0
Deferred Revenue	2,024	301	530	0
Total Liabilities	2,024	386	530	0
Fund Balances:				
Reserved for Encumbrances	0	0	0	0
Reserved for Prepaid Items	0	0	0	91
Reserved for Supplies Inventory	0	0	0	0
Unreserved, Undesignated in:				
Special Revenue Funds	15,299	14,070	45,876	6,579
Total Fund Balances	15,299	14,070	45,876	6,670
Total Liabilities and Funds Balances	\$ 17,323	\$ 14,456	\$ 46,406	\$ 6,670

CITY OF PORTSMOUTH, OHIO

Street Construction, Maintenance and Repair	State Highway Improvement	Environmental State Grants	Community Development	Tourism and Cultural Development	Abstinence Education
\$ 71,296	\$ 0	\$ 131,293	\$ 374,740	\$ 8,417	\$ 0
0	0	0	0	8,596	0
0	0	0	0	0	0
414,350	30,066	348,597	158,700	0	100,428
0	0	0	339,744	0	0
0	0	0	24,453	0	0
11,685	0	3,249	0	0	0
5,668	0	1,909	1,511	0	0
<u>\$ 502,999</u>	<u>\$ 30,066</u>	<u>\$ 485,048</u>	<u>\$ 899,148</u>	<u>\$ 17,013</u>	<u>\$ 100,428</u>
\$ 826	\$ 0	\$ 757	\$ 127	\$ 0	\$ 0
33,978	2,675	26,718	1,069	0	2,216
0	0	0	0	0	10,059
276,000	20,000	247,800	491,444	0	86,252
<u>310,804</u>	<u>22,675</u>	<u>275,275</u>	<u>492,640</u>	<u>0</u>	<u>98,527</u>
0	0	5,167	0	0	0
5,668	0	1,909	1,511	0	0
11,685	0	3,249	0	0	0
<u>174,842</u>	<u>7,391</u>	<u>199,448</u>	<u>404,997</u>	<u>17,013</u>	<u>1,901</u>
<u>192,195</u>	<u>7,391</u>	<u>209,773</u>	<u>406,508</u>	<u>17,013</u>	<u>1,901</u>
<u>\$ 502,999</u>	<u>\$ 30,066</u>	<u>\$ 485,048</u>	<u>\$ 899,148</u>	<u>\$ 17,013</u>	<u>\$ 100,428</u>

(Continued)

CITY OF PORTSMOUTH, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2004**

	State Grant Health	Rural AIDS State Grant	Litter Control Grant	Wellness Block Grant
Assets:				
Cash and Cash Equivalents	\$ 316,933	\$ 30,356	\$ 0	\$ 995
Receivables (net of allowance for doubtful accounts):				
Taxes	0	0	0	0
Accounts	0	0	0	0
Intergovernmental	230,868	0	0	0
Loans	0	0	0	0
Due from Other Funds	0	0	0	0
Inventory of Supplies, at Cost	4,837	5,185	0	0
Prepaid Items	1,643	697	121	0
Total Assets	\$ 554,281	\$ 36,238	\$ 121	\$ 995
Liabilities:				
Accounts Payable	\$ 30,512	\$ 5,486	\$ 0	\$ 0
Accrued Wages and Benefits Payable	28,512	10,415	0	0
Due to Other Funds	0	0	0	0
Deferred Revenue	144,128	0	0	0
Total Liabilities	203,152	15,901	0	0
Fund Balances:				
Reserved for Encumbrances	300	0	0	0
Reserved for Prepaid Items	1,643	697	121	0
Reserved for Supplies Inventory	4,837	5,185	0	0
Unreserved, Undesignated in:				
Special Revenue Funds	344,349	14,455	0	995
Total Fund Balances	351,129	20,337	121	995
Total Liabilities and Funds Balances	\$ 554,281	\$ 36,238	\$ 121	\$ 995

CITY OF PORTSMOUTH, OHIO

<u>F.E.M.A. Grant</u>	<u>Regional HIV Prevention</u>	<u>Flood Defense</u>	<u>Council Trust for Recreation</u>	<u>Playground Trust</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 2,652	\$ 1,843	\$ 692,048	\$ 117,470	\$ 7,337	\$ 2,107,934
0	0	165,218	0	0	286,524
0	0	0	0	0	72,172
0	0	9,452	0	0	1,433,905
0	0	0	0	0	339,744
0	0	0	0	0	24,453
0	0	0	0	0	24,956
0	0	0	270	0	15,429
<u>\$ 2,652</u>	<u>\$ 1,843</u>	<u>\$ 866,718</u>	<u>\$ 117,740</u>	<u>\$ 7,337</u>	<u>\$ 4,305,117</u>
\$ 0	\$ 0	\$ 0	\$ 126	\$ 0	\$ 58,510
0	0	0	2,201	56	152,113
0	0	0	0	0	10,059
0	0	174,670	0	0	1,730,692
<u>0</u>	<u>0</u>	<u>174,670</u>	<u>2,327</u>	<u>56</u>	<u>1,951,374</u>
0	0	6,600	27,000	0	39,067
0	0	0	270	0	15,429
0	0	0	0	0	24,956
<u>2,652</u>	<u>1,843</u>	<u>685,448</u>	<u>88,143</u>	<u>7,281</u>	<u>2,274,291</u>
<u>2,652</u>	<u>1,843</u>	<u>692,048</u>	<u>115,413</u>	<u>7,281</u>	<u>2,353,743</u>
<u>\$ 2,652</u>	<u>\$ 1,843</u>	<u>\$ 866,718</u>	<u>\$ 117,740</u>	<u>\$ 7,337</u>	<u>\$ 4,305,117</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, 2004**

	Municipal Court Grants	Municipal Court Special Project	Municipal Court Probation Services	Municipal Court Programs
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	52,703	0	0	0
Charges for Services	0	0	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	0	142,339	49,802	97,879
All Other Revenue	0	0	0	0
Total Revenue	52,703	142,339	49,802	97,879
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare Services	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	0	0	0	0
General Government	47,226	147,987	72,527	100,793
Total Expenditures	47,226	147,987	72,527	100,793
Excess (Deficiency) of Revenues Over Expenditures	5,477	(5,648)	(22,725)	(2,914)
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	5,477	(5,648)	(22,725)	(2,914)
Fund Balances at Beginning of Year	28,186	133,506	21,106	17,709
Increase (Decrease) in Inventory Reserve	0	0	0	0
Fund Balances End of Year	\$ 33,663	\$ 127,858	\$ (1,619)	\$ 14,795

CITY OF PORTSMOUTH, OHIO

<u>Municipal Court Computer</u>	<u>Fire Pension</u>	<u>Police Pension</u>	<u>D.A.R.E. State Grant</u>	<u>Local Law Block Grant</u>	<u>COPS Fast Grant</u>
\$ 0	\$ 55,512	\$ 55,512	\$ 0	\$ 0	\$ 0
0	7,249	7,249	0	0	51,542
0	0	0	0	0	0
0	0	0	0	120	0
41,861	0	0	0	0	0
0	0	0	0	0	0
<u>41,861</u>	<u>62,761</u>	<u>62,761</u>	<u>0</u>	<u>120</u>	<u>51,542</u>
0	74,761	74,761	0	31,606	28,802
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
37,154	0	0	0	0	0
<u>37,154</u>	<u>74,761</u>	<u>74,761</u>	<u>0</u>	<u>31,606</u>	<u>28,802</u>
4,707	(12,000)	(12,000)	0	(31,486)	22,740
0	0	0	0	1,452	0
0	0	0	0	0	0
0	0	0	0	1,452	0
4,707	(12,000)	(12,000)	0	(30,034)	22,740
16,746	(3,000)	(3,000)	3,216	41,322	41,834
0	0	0	0	0	0
<u>\$ 21,453</u>	<u>\$ (15,000)</u>	<u>\$ (15,000)</u>	<u>\$ 3,216</u>	<u>\$ 11,288</u>	<u>\$ 64,574</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, 2004**

	Indigent Drivers Alcohol Treatment	Enforcement and Education	Mandatory Fines	Law Enforcement
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	24,558	2,360	6,604	2,684
All Other Revenue	0	0	0	9,589
Total Revenue	24,558	2,360	6,604	12,273
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	8,618
Public Health and Welfare Services	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	0	0	0	0
General Government	16,389	7,472	0	0
Total Expenditures	16,389	7,472	0	8,618
Excess (Deficiency) of Revenues Over Expenditures	8,169	(5,112)	6,604	3,655
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers Out	0	0	0	(1,452)
Total Other Financing Sources (Uses)	0	0	0	(1,452)
Net Change in Fund Balances	8,169	(5,112)	6,604	2,203
Fund Balances at Beginning of Year	7,130	19,182	39,272	4,467
Increase (Decrease) in Inventory Reserve	0	0	0	0
Fund Balances End of Year	\$ 15,299	\$ 14,070	\$ 45,876	\$ 6,670

CITY OF PORTSMOUTH, OHIO

Street Construction, Maintenance and Repair	State Highway Improvement	Environmental State Grants	Community Development	Tourism and Cultural Development	Abstinence Education
\$ 0	\$ 0	\$ 0	\$ 0	\$ 42,264	\$ 0
814,848	58,235	654,167	140,300	0	19,561
0	0	0	0	0	0
770	385	0	1,086	0	0
0	0	0	0	0	0
95	0	7,567	95,476	0	0
<u>815,713</u>	<u>58,620</u>	<u>661,734</u>	<u>236,862</u>	<u>42,264</u>	<u>19,561</u>
0	0	0	0	0	0
0	0	564,595	0	0	17,660
0	0	0	0	0	0
0	0	0	378,101	44,002	0
786,735	56,257	0	0	0	0
0	0	0	0	0	0
<u>786,735</u>	<u>56,257</u>	<u>564,595</u>	<u>378,101</u>	<u>44,002</u>	<u>17,660</u>
28,978	2,363	97,139	(141,239)	(1,738)	1,901
0	0	18,000	0	0	0
0	0	0	0	0	0
0	0	18,000	0	0	0
28,978	2,363	115,139	(141,239)	(1,738)	1,901
162,065	5,028	93,058	547,747	18,751	0
1,152	0	1,576	0	0	0
<u>\$ 192,195</u>	<u>\$ 7,391</u>	<u>\$ 209,773</u>	<u>\$ 406,508</u>	<u>\$ 17,013</u>	<u>\$ 1,901</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, 2004**

	State Grant Health	Rural AIDS State Grant	Litter Control Grant	Wellness Block Grant
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	601,411	251,718	0	0
Charges for Services	155,691	0	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	87,736	0	75	0
Total Revenue	844,838	251,718	75	0
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare Services	850,650	253,959	1,247	4,183
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	0	0	0	0
General Government	0	0	0	0
Total Expenditures	850,650	253,959	1,247	4,183
Excess (Deficiency) of Revenues Over Expenditures	(5,812)	(2,241)	(1,172)	(4,183)
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	(5,812)	(2,241)	(1,172)	(4,183)
Fund Balances at Beginning of Year	361,644	20,791	1,293	5,576
Increase (Decrease) in Inventory Reserve	(4,703)	1,787	0	(398)
Fund Balances End of Year	\$ 351,129	\$ 20,337	\$ 121	\$ 995

CITY OF PORTSMOUTH, OHIO

<u>F.E.M.A. Grant</u>	<u>Regional HIV Prevention</u>	<u>Flood Defense</u>	<u>Council Trust for Recreation</u>	<u>Playground Trust</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 0	\$ 0	\$ 155,709	\$ 0	\$ 0	\$ 308,997
70,936	373,666	19,017	0	0	3,122,602
0	0	0	32,508	0	188,199
0	0	0	0	12	2,373
0	0	0	0	0	368,087
0	0	0	2,484	0	203,022
<u>70,936</u>	<u>373,666</u>	<u>174,726</u>	<u>34,992</u>	<u>12</u>	<u>4,193,280</u>
2,636	0	90,683	0	0	311,867
0	405,512	0	0	0	2,097,806
0	0	0	71,601	1,181	72,782
0	0	0	0	0	422,103
0	0	0	0	0	842,992
31,304	0	0	42,776	0	503,628
<u>33,940</u>	<u>405,512</u>	<u>90,683</u>	<u>114,377</u>	<u>1,181</u>	<u>4,251,178</u>
36,996	(31,846)	84,043	(79,385)	(1,169)	(57,898)
0	0	0	0	0	19,452
<u>(70,936)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(72,388)</u>
<u>(70,936)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(52,936)</u>
(33,940)	(31,846)	84,043	(79,385)	(1,169)	(110,834)
36,592	33,689	608,005	194,798	8,450	2,465,163
0	0	0	0	0	(586)
<u>\$ 2,652</u>	<u>\$ 1,843</u>	<u>\$ 692,048</u>	<u>\$ 115,413</u>	<u>\$ 7,281</u>	<u>\$ 2,353,743</u>

CITY OF PORTSMOUTH, OHIO

**Combining Balance Sheet
Nonmajor Permanent Funds
December 31, 2004**

	<u>Cemetery Trust</u>	<u>Mausoleum Trust</u>	<u>Total Nonmajor Permanent Funds</u>
Assets:			
Restricted Assets:			
Cash and Cash Equivalents	\$ 195,916	\$ 4,638	\$ 200,554
Total Assets	<u>\$ 195,916</u>	<u>\$ 4,638</u>	<u>\$ 200,554</u>
Liabilities:			
Accrued Wages and Benefits Payable	\$ 200	\$ 0	\$ 200
Total Liabilities	<u>200</u>	<u>0</u>	<u>200</u>
Fund Balances:			
Reserved for Endowments	22,339	4,504	26,843
Unreserved, Undesignated in:			
Permanent Funds	<u>173,377</u>	<u>134</u>	<u>173,511</u>
Total Fund Balances	<u>195,716</u>	<u>4,638</u>	<u>200,354</u>
Total Liabilities and Funds Balances	<u>\$ 195,916</u>	<u>\$ 4,638</u>	<u>\$ 200,554</u>

CITY OF PORTSMOUTH, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Permanent Funds
For the Year Ended December 31, 2004***

	Cemetery Trust	Mausoleum Trust	Total Nonmajor Permanent Funds
Revenues:			
Charges for Services	\$ 3,850	\$ 0	\$ 3,850
Investment Earnings	1,378	0	1,378
Total Revenue	<u>5,228</u>	<u>0</u>	<u>5,228</u>
Expenditures:			
Current:			
Public Health and Welfare Services	10,683	0	10,683
Total Expenditures	<u>10,683</u>	<u>0</u>	<u>10,683</u>
Excess (Deficiency) of Revenues Over Expenditures	(5,455)	0	(5,455)
Fund Balances at Beginning of Year	<u>201,171</u>	<u>4,638</u>	<u>205,809</u>
Fund Balances End of Year	<u>\$ 195,716</u>	<u>\$ 4,638</u>	<u>\$ 200,354</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, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 6,119,500	\$ 6,119,500	\$ 6,275,337	\$ 155,837
Intergovernmental Revenues	1,960,616	1,960,616	2,109,198	148,582
Charges for Services	415,355	415,355	477,055	61,700
Licenses and Permits	202,763	202,763	285,971	83,208
Investment Earnings	65,000	65,000	37,503	(27,497)
Fines and Forfeitures	775,551	775,551	587,455	(188,096)
All Other Revenues	139,000	139,000	77,895	(61,105)
Total Revenues	<u>9,677,785</u>	<u>9,677,785</u>	<u>9,850,414</u>	<u>172,629</u>
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	2,772,882	2,772,882	2,775,817	(2,935)
Materials and Supplies	12,650	12,650	10,686	1,964
Contractual Services	88,390	88,390	79,279	9,111
Capital Outlay	300	300	0	300
Total Police	<u>2,874,222</u>	<u>2,874,222</u>	<u>2,865,782</u>	<u>8,440</u>
Fire:				
Personal Services	2,945,565	2,945,565	2,955,511	(9,946)
Materials and Supplies	12,620	12,620	8,956	3,664
Contractual Services	56,780	56,780	50,312	6,468
Capital Outlay	800	800	448	352
Total Fire	<u>3,015,765</u>	<u>3,015,765</u>	<u>3,015,227</u>	<u>538</u>
Street Lighting:				
Materials and Supplies	2,500	2,500	1,799	701
Contractual Services	170,000	170,000	169,171	829
Total Street Lighting	<u>172,500</u>	<u>172,500</u>	<u>170,970</u>	<u>1,530</u>
Total Security of Persons and Property	<u>6,062,487</u>	<u>6,062,487</u>	<u>6,051,979</u>	<u>10,508</u>
Public Health and Welfare Services:				
Health:				
Personal Services	320,856	320,856	318,722	2,134
Materials and Supplies	5,028	5,028	7,937	(2,909)
Contractual Services	109,547	109,547	111,004	(1,457)
Capital Outlay	846	845	845	0
Total Health	<u>436,277</u>	<u>436,276</u>	<u>438,508</u>	<u>(2,232)</u>
Total Public Health and Welfare Services	<u>436,277</u>	<u>436,276</u>	<u>438,508</u>	<u>(2,232)</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, 2004***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Community Environment:				
Building Inspection:				
Personal Services	152,918	152,918	145,946	6,972
Materials and Supplies	828	828	828	0
Contractual Services	91,124	91,124	83,603	7,521
Total Building Inspection	244,870	244,870	230,377	14,493
Administration:				
Personal Services	17,876	17,876	21,850	(3,974)
Materials and Supplies	1,300	1,300	171	1,129
Contractual Services	3,700	3,700	2,425	1,275
Total Administration	22,876	22,876	24,446	(1,570)
Total Community Environment	267,746	267,746	254,823	12,923
Transportation:				
Traffic Lights:				
Personal Services	48,378	48,378	63,811	(15,433)
Materials and Supplies	24,840	24,840	30,700	(5,860)
Contractual Services	34,610	34,610	34,336	274
Total Traffic Lights	107,828	107,828	128,847	(21,019)
Cemetery Grounds:				
Personal Services	63,993	63,993	81,856	(17,863)
Materials and Supplies	2,900	2,900	2,182	718
Contractual Services	28,303	28,303	26,272	2,031
Total Cemetery Grounds	95,196	95,196	110,310	(15,114)
Recreational Grounds:				
Personal Services	41,158	41,158	45,770	(4,612)
Materials and Supplies	900	900	798	102
Contractual Services	800	800	797	3
Total Recreational Grounds	42,858	42,858	47,365	(4,507)
Total Transportation	245,882	245,882	286,522	(40,640)
General Government:				
City Council:				
Personal Services	45,484	45,484	45,114	370
Materials and Supplies	225	225	187	38
Contractual Services	7,125	7,125	1,867	5,258
Total City Council	52,834	52,834	47,168	5,666

(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, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Executive:				
Personal Services	38,446	38,446	37,671	775
Materials and Supplies	1,500	1,500	1,123	377
Contractual Services	14,900	14,900	12,085	2,815
Capital Outlay	100	100	90	10
Total Executive	54,946	54,946	50,969	3,977
Legal:				
Personal Services	212,707	212,707	208,638	4,069
Materials and Supplies	671	671	610	61
Contractual Services	17,611	17,611	17,373	238
Total Legal	230,989	230,989	226,621	4,368
Finance:				
Personal Services	146,659	146,659	145,375	1,284
Materials and Supplies	5,301	5,301	4,411	890
Contractual Services	32,950	42,909	42,075	834
Capital Outlay	348	348	348	0
Total Finance	185,258	195,217	192,209	3,008
Civil Service:				
Personal Services	7,495	7,495	5,911	1,584
Total Civil Service	7,495	7,495	5,911	1,584
Municipal Court:				
Personal Services	693,664	693,664	698,993	(5,329)
Materials and Supplies	4,630	4,630	4,401	229
Contractual Services	116,525	116,525	111,863	4,662
Capital Outlay	750	750	286	464
Total Municipal Court	815,569	815,569	815,543	26
Income Tax:				
Personal Services	144,624	144,624	144,573	51
Materials and Supplies	816	816	252	564
Contractual Services	115,271	115,271	114,363	908
Capital Outlay	100	100	77	23
Total Income Tax	260,811	260,811	259,265	1,546
Engineering:				
Personal Services	48,232	48,232	48,125	107
Materials and Supplies	700	700	388	312
Contractual Services	15,500	15,500	14,929	571
Total Engineering	64,432	64,432	63,442	990

(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, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Public Service:				
Personal Services	36,353	36,353	40,415	(4,062)
Materials and Supplies	2,622	2,622	2,100	522
Contractual Services	12,363	12,363	10,506	1,857
Total Public Service	51,338	51,338	53,021	(1,683)
City Building:				
Personal Services	80,401	80,401	79,051	1,350
Materials and Supplies	3,750	3,750	3,722	28
Contractual Services	56,848	56,848	56,625	223
Total City Building	140,999	140,999	139,398	1,601
Garage:				
Personal Services	69,716	69,716	69,693	23
Materials and Supplies	131,580	131,580	131,556	24
Contractual Services	27,361	27,361	27,330	31
Total Garage	228,657	228,657	228,579	78
Non-Departmental:				
Personal Services	44,818	44,818	29,818	15,000
Materials and Supplies	5,000	5,000	4,827	173
Contractual Services	618,812	630,453	621,730	8,723
Total Non-Departmental	668,630	680,271	656,375	23,896
Total General Government	2,761,958	2,783,558	2,738,501	45,057
Total Expenditures	9,774,350	9,795,949	9,770,333	25,616
Excess (Deficiency) of Revenues Over (Under) Expenditures	(96,565)	(118,164)	80,081	198,245
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	8,312	8,312
Transfers In	227,500	227,500	70,936	(156,564)
Transfers Out	(171,000)	(171,000)	(170,791)	209
Total Other Financing Sources (Uses)	56,500	56,500	(91,543)	(148,043)
Net Change in Fund Balance	(40,065)	(61,664)	(11,462)	50,202
Fund Balance at Beginning of Year	19,477	19,477	19,477	0
Prior Year Encumbrances	21,600	21,600	21,600	0
Fund Balance at End of Year	<u>\$ 1,012</u>	<u>\$ (20,587)</u>	<u>\$ 29,615</u>	<u>\$ 50,202</u>

CITY OF PORTSMOUTH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Debt Service Fund
For the Year Ended December 31, 2004**

GENERAL OBLIGATION BOND RETIREMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 600,000	\$ 600,000	\$ 529,944	\$ (70,056)
Intergovernmental Revenues	0	0	71,284	71,284
Special Assessments	0	0	465	465
Total Revenues	<u>600,000</u>	<u>600,000</u>	<u>601,693</u>	<u>1,693</u>
Expenditures:				
Debt Service:				
Principal Retirement	495,000	495,000	495,000	0
Interest and Fiscal Charges	155,000	155,000	109,907	45,093
Total Expenditures	<u>650,000</u>	<u>650,000</u>	<u>604,907</u>	<u>45,093</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,000)	(50,000)	(3,214)	46,786
Fund Balance at Beginning of Year	102,150	102,150	102,150	0
Fund Balance at End of Year	<u>\$ 52,150</u>	<u>\$ 52,150</u>	<u>\$ 98,936</u>	<u>\$ 46,786</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, 2004**

	CAPITAL IMPROVEMENT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 1,100,000	\$ 1,300,000	\$ 1,254,319	\$ (45,681)
Licenses and Permits and Fees	0	0	75	75
All Other Revenues	0	0	27,581	27,581
Total Revenues	<u>1,100,000</u>	<u>1,300,000</u>	<u>1,281,975</u>	<u>(18,025)</u>
Expenditures:				
Capital Outlay	1,686,251	1,660,206	1,456,254	203,952
Debt Service:				
Principal Retirement	69,002	69,002	69,002	0
Interest and Fiscal Charges	5,709	5,709	5,709	0
Total Expenditures	<u>1,760,962</u>	<u>1,734,917</u>	<u>1,530,965</u>	<u>203,952</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(660,962)	(434,917)	(248,990)	185,927
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	0	515,000	515,000
Transfers Out	(25,000)	(25,000)	0	25,000
Total Other Financing Sources (Uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>515,000</u>	<u>540,000</u>
Net Change in Fund Balance	(685,962)	(459,917)	266,010	725,927
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	105,408	105,408	105,408	0
Fund Balance at End of Year	<u>\$ (580,554)</u>	<u>\$ (354,509)</u>	<u>\$ 371,418</u>	<u>\$ 725,927</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, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 50,000	\$ 50,000	\$ 52,098	\$ 2,098
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>52,098</u>	<u>2,098</u>
Expenditures:				
General Government:				
Personal Services	44,691	44,691	44,691	0
Contractual Services	<u>93</u>	<u>93</u>	<u>93</u>	<u>0</u>
Total Expenditures	<u>44,784</u>	<u>44,784</u>	<u>44,784</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,216	5,216	7,314	2,098
Fund Balance at Beginning of Year	<u>15,389</u>	<u>15,389</u>	<u>15,389</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 20,605</u>	<u>\$ 20,605</u>	<u>\$ 22,703</u>	<u>\$ 2,098</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, 2004**

MUNICIPAL COURT SPECIAL PROJECT FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 130,000	\$ 130,000	\$ 131,276	\$ 1,276
Total Revenues	<u>130,000</u>	<u>130,000</u>	<u>131,276</u>	<u>1,276</u>
Expenditures:				
General Government:				
Personal Services	54,293	54,293	52,801	1,492
Materials and Supplies	48,352	48,352	29,096	19,256
Contractual Services	8,000	8,000	5,753	2,247
Capital Outlay	85,918	85,918	55,794	30,124
Total Expenditures	<u>196,563</u>	<u>196,563</u>	<u>143,444</u>	<u>53,119</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(66,563)	(66,563)	(12,168)	54,395
Fund Balance at Beginning of Year	118,246	118,246	118,246	0
Fund Balance at End of Year	<u>\$ 51,683</u>	<u>\$ 51,683</u>	<u>\$ 106,078</u>	<u>\$ 54,395</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, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 60,000	\$ 60,000	\$ 47,971	\$ (12,029)
Total Revenues	<u>60,000</u>	<u>60,000</u>	<u>47,971</u>	<u>(12,029)</u>
Expenditures:				
General Government:				
Personal Services	<u>65,800</u>	<u>65,800</u>	<u>65,800</u>	<u>0</u>
Total Expenditures	<u>65,800</u>	<u>65,800</u>	<u>65,800</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,800)	(5,800)	(17,829)	(12,029)
Fund Balance at Beginning of Year	<u>17,829</u>	<u>17,829</u>	<u>17,829</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 12,029</u>	<u>\$ 12,029</u>	<u>\$ 0</u>	<u>\$ (12,029)</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, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 100,000	\$ 100,000	\$ 96,042	\$ (3,958)
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>96,042</u>	<u>(3,958)</u>
Expenditures:				
General Government:				
Personal Services	50,705	50,705	50,705	0
Contractual Services	<u>49,955</u>	<u>49,955</u>	<u>49,955</u>	<u>0</u>
Total Expenditures	<u>100,660</u>	<u>100,660</u>	<u>100,660</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(660)	(660)	(4,618)	(3,958)
Fund Balance at Beginning of Year	<u>18,813</u>	<u>18,813</u>	<u>18,813</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 18,153</u>	<u>\$ 18,153</u>	<u>\$ 14,195</u>	<u>\$ (3,958)</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, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 40,000	\$ 40,000	\$ 39,448	\$ (552)
Total Revenues	<u>40,000</u>	<u>40,000</u>	<u>39,448</u>	<u>(552)</u>
Expenditures:				
General Government:				
Personal Services	10,548	10,548	7,731	2,817
Materials and Supplies	14,167	14,167	13,376	791
Contractual Services	<u>22,000</u>	<u>22,000</u>	<u>16,586</u>	<u>5,414</u>
Total Expenditures	<u>46,715</u>	<u>46,715</u>	<u>37,693</u>	<u>9,022</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,715)	(6,715)	1,755	8,470
Fund Balance at Beginning of Year	<u>14,150</u>	<u>14,150</u>	<u>14,150</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 7,435</u>	<u>\$ 7,435</u>	<u>\$ 15,905</u>	<u>\$ 8,470</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, 2004**

	FIRE PENSION FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 55,000	\$ 55,000	\$ 55,512	\$ 512
Intergovernmental Revenues	5,000	5,000	7,249	2,249
Total Revenues	<u>60,000</u>	<u>60,000</u>	<u>62,761</u>	<u>2,761</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	<u>62,761</u>	<u>62,761</u>	<u>62,761</u>	<u>0</u>
Total Expenditures	<u>62,761</u>	<u>62,761</u>	<u>62,761</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,761)	(2,761)	0	2,761
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>\$ (2,761)</u>	<u>\$ (2,761)</u>	<u>\$ 0</u>	<u>\$ 2,761</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, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 55,000	\$ 55,000	\$ 55,512	\$ 512
Intergovernmental Revenues	5,000	5,000	7,249	2,249
Total Revenues	<u>60,000</u>	<u>60,000</u>	<u>62,761</u>	<u>2,761</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	<u>62,761</u>	<u>62,761</u>	<u>62,761</u>	<u>0</u>
Total Expenditures	<u>62,761</u>	<u>62,761</u>	<u>62,761</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,761)	(2,761)	0	2,761
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>\$ (2,761)</u>	<u>\$ (2,761)</u>	<u>\$ 0</u>	<u>\$ 2,761</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, 2004***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:				
Total Expenditures	<u> 0</u>	<u> 0</u>	<u> 0</u>	<u> 0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u> 3,216</u>	<u> 3,216</u>	<u> 3,216</u>	<u> 0</u>
Fund Balance at End of Year	<u><u>\$ 3,216</u></u>	<u><u>\$ 3,216</u></u>	<u><u>\$ 3,216</u></u>	<u><u>\$ 0</u></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, 2004**

	LOCAL LAW BLOCK GRANT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 10,000	\$ 10,000	\$ 0	\$ (10,000)
Investment Earnings	0	0	120	120
Total Revenues	10,000	10,000	120	(9,880)
Expenditures:				
Security of Persons and Property:				
Personal Services	75	75	75	0
Capital Outlay	31,549	31,549	31,549	0
Total Expenditures	31,624	31,624	31,624	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,624)	(21,624)	(31,504)	(9,880)
Other Financing Sources (Uses):				
Transfers In	0	0	1,452	1,452
Total Other Financing Sources (Uses)	0	0	1,452	1,452
Net Change in Fund Balance	(21,624)	(21,624)	(30,052)	(8,428)
Fund Balance at Beginning of Year	41,340	41,340	41,340	0
Fund Balance at End of Year	\$ 19,716	\$ 19,716	\$ 11,288	\$ (8,428)

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, 2004**

	COPS FAST GRANT FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 25,000	\$ 25,000	\$ 51,542	\$ 26,542
Total Revenues	<u>25,000</u>	<u>25,000</u>	<u>51,542</u>	<u>26,542</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	42,898	42,898	27,373	15,525
Contractual Services	<u>1,000</u>	<u>1,000</u>	<u>329</u>	<u>671</u>
Total Expenditures	<u>43,898</u>	<u>43,898</u>	<u>27,702</u>	<u>16,196</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,898)	(18,898)	23,840	42,738
Fund Balance at Beginning of Year	<u>41,947</u>	<u>41,947</u>	<u>41,947</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 23,049</u>	<u>\$ 23,049</u>	<u>\$ 65,787</u>	<u>\$ 42,738</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, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 25,000	\$ 25,000	\$ 17,229	\$ (7,771)
Total Revenues	<u>25,000</u>	<u>25,000</u>	<u>17,229</u>	<u>(7,771)</u>
Expenditures:				
General Government:				
Contractual Services	<u>40,802</u>	<u>40,802</u>	<u>39,495</u>	<u>1,307</u>
Total Expenditures	<u>40,802</u>	<u>40,802</u>	<u>39,495</u>	<u>1,307</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,802)	(15,802)	(22,266)	(6,464)
Fund Balance at Beginning of Year	<u>29,049</u>	<u>29,049</u>	<u>29,049</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 13,247</u>	<u>\$ 13,247</u>	<u>\$ 6,783</u>	<u>\$ (6,464)</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, 2004***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 2,000	\$ 2,000	\$ 2,266	\$ 266
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>2,266</u>	<u>266</u>
Expenditures:				
General Government:				
Personal Services	1,724	1,724	1,724	0
Contractual Services	<u>6,147</u>	<u>6,147</u>	<u>6,147</u>	<u>0</u>
Total Expenditures	<u>7,871</u>	<u>7,871</u>	<u>7,871</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,871)	(5,871)	(5,605)	266
Fund Balance at Beginning of Year	<u>19,376</u>	<u>19,376</u>	<u>19,376</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 13,505</u>	<u>\$ 13,505</u>	<u>\$ 13,771</u>	<u>\$ 266</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, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 6,986</u>	<u>\$ (3,014)</u>
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>6,986</u>	<u>(3,014)</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,000	10,000	6,986	(3,014)
Fund Balance at Beginning of Year	<u>38,051</u>	<u>38,051</u>	<u>38,051</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 48,051</u>	<u>\$ 48,051</u>	<u>\$ 45,037</u>	<u>\$ (3,014)</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, 2004**

LAW ENFORCEMENT FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 0	\$ 0	\$ 2,684	\$ 2,684
All Other Revenues	0	0	9,589	9,589
Total Revenues	<u>0</u>	<u>0</u>	<u>12,273</u>	<u>12,273</u>
Expenditures:				
Security of Persons and Property:				
Materials and Supplies	10,489	10,489	8,709	1,780
Total Expenditures	<u>10,489</u>	<u>10,489</u>	<u>8,709</u>	<u>1,780</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,489)	(10,489)	3,564	14,053
Other Financing Sources (Uses):				
Transfers Out	<u>(1,452)</u>	<u>(1,452)</u>	<u>(1,452)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(1,452)</u>	<u>(1,452)</u>	<u>(1,452)</u>	<u>0</u>
Net Change in Fund Balance	(11,941)	(11,941)	2,112	14,053
Fund Balance at Beginning of Year	<u>4,467</u>	<u>4,467</u>	<u>4,467</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (7,474)</u>	<u>\$ (7,474)</u>	<u>\$ 6,579</u>	<u>\$ 14,053</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, 2004**

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 680,000	\$ 680,000	\$ 786,242	\$ 106,242
Investment Earnings	0	0	770	770
All Other Revenues	0	0	95	95
Total Revenues	<u>680,000</u>	<u>680,000</u>	<u>787,107</u>	<u>107,107</u>
Expenditures:				
Transportation:				
Personal Services	706,145	706,145	673,755	32,390
Materials and Supplies	33,110	33,110	30,127	2,983
Contractual Services	94,855	94,855	91,205	3,650
Capital Outlay	1,300	1,300	937	363
Total Expenditures	<u>835,410</u>	<u>835,410</u>	<u>796,024</u>	<u>39,386</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(155,410)	(155,410)	(8,917)	146,493
Other Financing Sources (Uses):				
Transfers In	0	0	79,213	79,213
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>79,213</u>	<u>79,213</u>
Net Change in Fund Balance	(155,410)	(155,410)	70,296	225,706
Fund Balance at Beginning of Year	1,000	1,000	1,000	0
Fund Balance at End of Year	<u>\$ (154,410)</u>	<u>\$ (154,410)</u>	<u>\$ 71,296</u>	<u>\$ 225,706</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, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 50,000	\$ 50,000	\$ 55,894	\$ 5,894
Investment Earnings	0	0	385	385
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>56,279</u>	<u>6,279</u>
Expenditures:				
Transportation:				
Personal Services	<u>56,299</u>	<u>56,299</u>	<u>56,299</u>	<u>0</u>
Total Expenditures	<u>56,299</u>	<u>56,299</u>	<u>56,299</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,299)	(6,299)	(20)	6,279
Fund Balance at Beginning of Year	<u>20</u>	<u>20</u>	<u>20</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (6,279)</u>	<u>\$ (6,279)</u>	<u>\$ 0</u>	<u>\$ 6,279</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, 2004***

ENVIRONMENTAL STATE GRANTS FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 535,000	\$ 535,000	\$ 650,730	\$ 115,730
All Other Revenues	9,000	9,000	7,567	(1,433)
Total Revenues	<u>544,000</u>	<u>544,000</u>	<u>658,297</u>	<u>114,297</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	519,588	519,588	460,783	58,805
Materials and Supplies	12,210	12,210	11,500	710
Contractual Services	122,741	122,741	72,799	49,942
Capital Outlay	24,160	24,160	23,948	212
Total Expenditures	<u>678,699</u>	<u>678,699</u>	<u>569,030</u>	<u>109,669</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(134,699)	(134,699)	89,267	223,966
Other Financing Sources (Uses):				
Transfers In	18,000	18,000	18,000	0
Total Other Financing Sources (Uses)	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>0</u>
Net Change in Fund Balance	(116,699)	(116,699)	107,267	223,966
Fund Balance at Beginning of Year	18,859	18,859	18,859	0
Fund Balance at End of Year	<u>\$ (97,840)</u>	<u>\$ (97,840)</u>	<u>\$ 126,126</u>	<u>\$ 223,966</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, 2004**

	COMMUNITY DEVELOPMENT FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 183,000	\$ 183,000	\$ 133,300	\$ (49,700)
Investment Earnings	2,000	2,000	1,086	(914)
All Other Revenues	<u>40,000</u>	<u>40,000</u>	<u>95,476</u>	<u>55,476</u>
Total Revenues	<u>225,000</u>	<u>225,000</u>	<u>229,862</u>	<u>4,862</u>
Expenditures:				
Community Environment:				
Personal Services	31,575	31,575	21,786	9,789
Materials and Supplies	4,654	4,654	4,654	0
Contractual Services	<u>454,739</u>	<u>454,739</u>	<u>352,387</u>	<u>102,352</u>
Total Expenditures	<u>490,968</u>	<u>490,968</u>	<u>378,827</u>	<u>112,141</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(265,968)	(265,968)	(148,965)	117,003
Fund Balance at Beginning of Year	<u>523,705</u>	<u>523,705</u>	<u>523,705</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 257,737</u>	<u>\$ 257,737</u>	<u>\$ 374,740</u>	<u>\$ 117,003</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, 2004**

TOURISM AND CULTURAL DEVELOPMENT FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 45,000	\$ 45,000	\$ 43,754	\$ (1,246)
Total Revenues	<u>45,000</u>	<u>45,000</u>	<u>43,754</u>	<u>(1,246)</u>
Expenditures:				
Community Environment:				
Contractual Services	<u>44,002</u>	<u>44,002</u>	<u>44,002</u>	<u>0</u>
Total Expenditures	<u>44,002</u>	<u>44,002</u>	<u>44,002</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	998	998	(248)	(1,246)
Fund Balance at Beginning of Year	<u>8,665</u>	<u>8,665</u>	<u>8,665</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 9,663</u>	<u>\$ 9,663</u>	<u>\$ 8,417</u>	<u>\$ (1,246)</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, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 5,385	\$ 5,385
Total Revenues	<u>0</u>	<u>0</u>	<u>5,385</u>	<u>5,385</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	5,210	5,210	15,269	(10,059)
Contractual Services	<u>175</u>	<u>175</u>	<u>175</u>	<u>0</u>
Total Expenditures	<u>5,385</u>	<u>5,385</u>	<u>15,444</u>	<u>(10,059)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,385)	(5,385)	(10,059)	(4,674)
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>\$ (5,385)</u>	<u>\$ (5,385)</u>	<u>\$ (10,059)</u>	<u>\$ (4,674)</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, 2004***

STATE GRANT HEALTH FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 436,000	\$ 498,000	\$ 514,671	\$ 16,671
Charges for Services	204,000	142,000	155,691	13,691
All Other Revenues	73,000	73,000	87,736	14,736
Total Revenues	<u>713,000</u>	<u>713,000</u>	<u>758,098</u>	<u>45,098</u>
Expenditures:				
Public Health and Welfare Services:				
Child Abuse:				
Personal Services	445	445	445	0
Materials and Supplies	20	20	20	0
Total Child Abuse	<u>465</u>	<u>465</u>	<u>465</u>	<u>0</u>
State Grant - Health:				
Personal Services	246,782	246,782	246,659	123
Materials and Supplies	75,859	75,859	74,217	1,642
Contractual Services	160,348	160,348	155,010	5,338
Total State Grant - Health	<u>482,989</u>	<u>482,989</u>	<u>475,886</u>	<u>7,103</u>
Prevention:				
Personal Services	23,632	23,632	22,627	1,005
Materials and Supplies	200	200	200	0
Contractual Services	5,072	5,072	4,774	298
Total Prevention	<u>28,904</u>	<u>28,904</u>	<u>27,601</u>	<u>1,303</u>
AIDS Grant:				
Personal Services	41,910	41,910	41,871	39
Materials and Supplies	10,328	10,328	10,294	34
Contractual Services	8,193	8,193	6,391	1,802
Total AIDS Grant	<u>60,431</u>	<u>60,431</u>	<u>58,556</u>	<u>1,875</u>
State Grant - Family Living:				
Materials and Supplies	4,000	4,000	3,713	287
Contractual Services	100	100	0	100
Total State Grant - Family Living	<u>4,100</u>	<u>4,100</u>	<u>3,713</u>	<u>387</u>
State Grant-Temporary Assistance to Needy Families:				
Personal Services	333	333	333	0
Total State Grant - Temporary Assistance to Needy Families	<u>333</u>	<u>333</u>	<u>333</u>	<u>0</u>

(Continued)

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, 2004***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
STATE GRANT HEALTH FUND				
State Grant - Tobacco Use Prevention:				
Personal Services	304	304	304	0
Total State Grant - Tobacco Use Prevention	304	304	304	0
Gene Screening:				
Materials and Supplies	3,000	3,000	0	3,000
Total Gene Screening	3,000	3,000	0	3,000
State Grant - Cardiovascular:				
Personal Services	32,288	32,288	30,360	1,928
Materials and Supplies	6,269	6,269	5,271	998
Contractual Services	28,301	28,301	27,533	768
Total State Grant - Cardiovascular	66,858	66,858	63,164	3,694
State Grant - Safety Grant:				
Personal Services	32,152	32,152	31,875	277
Materials and Supplies	2,816	2,816	2,654	162
Contractual Services	7,554	7,554	7,014	540
Capital Outlay	300	300	280	20
Total State Grant - Safety Grant	42,822	42,822	41,823	999
Bioterrorism Grant:				
Personal Services	118,149	118,149	112,614	5,535
Materials and Supplies	19,239	19,239	10,771	8,468
Contractual Services	8,298	8,298	7,641	657
Capital Outlay	33,754	33,754	21,221	12,533
Total Bioterrorism Grant	179,440	179,440	152,247	27,193
Total Expenditures	869,646	869,646	824,092	45,554
Excess (Deficiency) of Revenues Over (Under) Expenditures	(156,646)	(156,646)	(65,994)	90,652
Fund Balance at Beginning of Year	382,627	382,627	382,627	0
Fund Balance at End of Year	<u>\$ 225,981</u>	<u>\$ 225,981</u>	<u>\$ 316,633</u>	<u>\$ 90,652</u>

CITY OF PORTSMOUTH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 244,000	\$ 244,000	\$ 251,718	\$ 7,718
Total Revenues	<u>244,000</u>	<u>244,000</u>	<u>251,718</u>	<u>7,718</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	185,950	185,950	185,603	347
Materials and Supplies	20,667	20,667	20,153	514
Contractual Services	<u>44,982</u>	<u>44,982</u>	<u>42,398</u>	<u>2,584</u>
Total Expenditures	<u>251,599</u>	<u>251,599</u>	<u>248,154</u>	<u>3,445</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,599)	(7,599)	3,564	11,163
Fund Balance at Beginning of Year	<u>26,792</u>	<u>26,792</u>	<u>26,792</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 19,193</u>	<u>\$ 19,193</u>	<u>\$ 30,356</u>	<u>\$ 11,163</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, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 0	\$ 0	\$ 75	\$ 75
Total Revenues	<u>0</u>	<u>0</u>	<u>75</u>	<u>75</u>
Expenditures:				
Public Health and Welfare Services:				
Materials and Supplies	<u>1,368</u>	<u>1,368</u>	<u>1,368</u>	<u>0</u>
Total Expenditures	<u>1,368</u>	<u>1,368</u>	<u>1,368</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,368)	(1,368)	(1,293)	75
Fund Balance at Beginning of Year	<u>1,293</u>	<u>1,293</u>	<u>1,293</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (75)</u>	<u>\$ (75)</u>	<u>\$ 0</u>	<u>\$ 75</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, 2004**

	WELLNESS BLOCK GRANT FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	414	414	414	0
Materials and Supplies	<u>4,183</u>	<u>4,183</u>	<u>4,183</u>	<u>0</u>
Total Expenditures	<u>4,597</u>	<u>4,597</u>	<u>4,597</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,597)	(4,597)	(4,597)	0
Fund Balance at Beginning of Year	<u>5,592</u>	<u>5,592</u>	<u>5,592</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 995</u>	<u>\$ 995</u>	<u>\$ 995</u>	<u>\$ 0</u>

CITY OF PORTSMOUTH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004**

F.E.M.A. GRANT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 70,936	\$ 70,936
Total Revenues	<u>0</u>	<u>0</u>	<u>70,936</u>	<u>70,936</u>
Expenditures:				
Public Health and Welfare Services:				
Materials and Supplies	0	2,863	2,636	227
Contractual Services	31,304	31,304	31,304	0
Total Expenditures	<u>31,304</u>	<u>34,167</u>	<u>33,940</u>	<u>227</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,304)	(34,167)	36,996	71,163
Other Financing Sources (Uses):				
Transfers In	0	0	31,304	31,304
Transfers Out	(70,936)	(70,936)	(70,936)	0
Total Other Financing Sources (Uses)	<u>(70,936)</u>	<u>(70,936)</u>	<u>(39,632)</u>	<u>31,304</u>
Net Change in Fund Balance	(102,240)	(105,103)	(2,636)	102,467
Fund Balance at Beginning of Year	2,425	2,425	2,425	0
Prior Year Encumbrances	2,863	2,863	2,863	0
Fund Balance at End of Year	<u>\$ (96,952)</u>	<u>\$ (99,815)</u>	<u>\$ 2,652</u>	<u>\$ 102,467</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, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 376,000	\$ 376,000	\$ 373,666	\$ (2,334)
Total Revenues	<u>376,000</u>	<u>376,000</u>	<u>373,666</u>	<u>(2,334)</u>
Expenditures:				
Public Health and Welfare Services:				
Contractual Services	<u>405,512</u>	<u>405,512</u>	<u>405,512</u>	<u>0</u>
Total Expenditures	<u>405,512</u>	<u>405,512</u>	<u>405,512</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,512)	(29,512)	(31,846)	(2,334)
Fund Balance at Beginning of Year	<u>33,689</u>	<u>33,689</u>	<u>33,689</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,177</u>	<u>\$ 4,177</u>	<u>\$ 1,843</u>	<u>\$ (2,334)</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, 2004***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 150,000	\$ 150,000	\$ 155,709	\$ 5,709
Intergovernmental Revenues	20,000	20,000	19,017	(983)
Total Revenues	<u>170,000</u>	<u>170,000</u>	<u>174,726</u>	<u>4,726</u>
Expenditures:				
Security of Persons and Property:				
Materials and Supplies	6,000	6,000	0	6,000
Contractual Services	30,000	30,000	1,506	28,494
Capital Outlay	<u>127,500</u>	<u>131,772</u>	<u>95,777</u>	<u>35,995</u>
Total Expenditures	<u>163,500</u>	<u>167,772</u>	<u>97,283</u>	<u>70,489</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,500	2,228	77,443	75,215
Fund Balance at Beginning of Year	603,733	603,733	603,733	0
Prior Year Encumbrances	<u>4,272</u>	<u>4,272</u>	<u>4,272</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 614,505</u>	<u>\$ 610,233</u>	<u>\$ 685,448</u>	<u>\$ 75,215</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, 2004***

	COUNCIL TRUST FOR RECREATION FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Charges for Services	\$ 40,000	\$ 40,000	\$ 32,508	\$ (7,492)
All Other Revenues	0	0	2,484	2,484
Total Revenues	<u>40,000</u>	<u>40,000</u>	<u>34,992</u>	<u>(5,008)</u>
Expenditures:				
Leisure Time Activities:				
Personal Services	66,319	66,319	47,048	19,271
Materials and Supplies	8,277	8,277	6,072	2,205
Contractual Services	17,265	17,265	18,616	(1,351)
Capital Outlay	93,900	93,900	69,776	24,124
Total Expenditures	<u>185,761</u>	<u>185,761</u>	<u>141,512</u>	<u>44,249</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(145,761)	(145,761)	(106,520)	39,241
Other Financing Sources (Uses):				
Transfers In	95,000	95,000	0	(95,000)
Total Other Financing Sources (Uses)	<u>95,000</u>	<u>95,000</u>	<u>0</u>	<u>(95,000)</u>
Net Change in Fund Balance	(50,761)	(50,761)	(106,520)	(55,759)
Fund Balance at Beginning of Year	196,990	196,990	196,990	0
Fund Balance at End of Year	<u>\$ 146,229</u>	<u>\$ 146,229</u>	<u>\$ 90,470</u>	<u>\$ (55,759)</u>

CITY OF PORTSMOUTH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 0	\$ 0	\$ 12	\$ 12
Total Revenues	<u>0</u>	<u>0</u>	<u>12</u>	<u>12</u>
Expenditures:				
Leisure Time Activity:				
Personal Services	<u>1,500</u>	<u>1,500</u>	<u>1,142</u>	<u>358</u>
Total Expenditures	<u>1,500</u>	<u>1,500</u>	<u>1,142</u>	<u>358</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,500)	(1,500)	(1,130)	370
Fund Balance at Beginning of Year	<u>8,467</u>	<u>8,467</u>	<u>8,467</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 6,967</u>	<u>\$ 6,967</u>	<u>\$ 7,337</u>	<u>\$ 370</u>

CITY OF PORTSMOUTH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Fund
For the Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 0	\$ 0	\$ 3,850	\$ 3,850
Investment Earnings	0	0	1,378	1,378
Total Revenues	<u>0</u>	<u>0</u>	<u>5,228</u>	<u>5,228</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	4,000	4,000	4,139	(139)
Capital Outlay	<u>8,300</u>	<u>8,300</u>	<u>6,483</u>	<u>1,817</u>
Total Expenditures	<u>12,300</u>	<u>12,300</u>	<u>10,622</u>	<u>1,678</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,300)	(12,300)	(5,394)	6,906
Fund Balance at Beginning of Year	<u>201,310</u>	<u>201,310</u>	<u>201,310</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 189,010</u>	<u>\$ 189,010</u>	<u>\$ 195,916</u>	<u>\$ 6,906</u>

CITY OF PORTSMOUTH, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Fund
For the Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:				
Public Health and Welfare Services:				
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> 4,638</u>	<u> 4,638</u>	<u> 4,638</u>	<u> 0</u>
Fund Balance at End of Year	<u><u>\$ 4,638</u></u>	<u><u>\$ 4,638</u></u>	<u><u>\$ 4,638</u></u>	<u><u>\$ 0</u></u>

Internal Service Funds

The internal service funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost

Store Room Revolving Fund

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

Employees Insurance Account "B" Fund

To account for the accumulation and allocation of costs associated with insurance costs incurred by the City.

CITY OF PORTSMOUTH, OHIO

***Statement of Net Assets
Internal Service Funds
December 31, 2004***

	<u>Storeroom Revolving</u>	<u>Insurance Account "B"</u>	<u>Total</u>
Assets:			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 13,528	\$ 36,172	\$ 49,700
Prepaid Items	4,593	0	4,593
<i>Total Current Assets</i>	<u>18,121</u>	<u>36,172</u>	<u>54,293</u>
Total Assets	<u>18,121</u>	<u>36,172</u>	<u>54,293</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Net Assets:			
Unrestricted	<u>18,121</u>	<u>36,172</u>	<u>54,293</u>
Total Net Assets	<u>\$ 18,121</u>	<u>\$ 36,172</u>	<u>\$ 54,293</u>

CITY OF PORTSMOUTH, OHIO

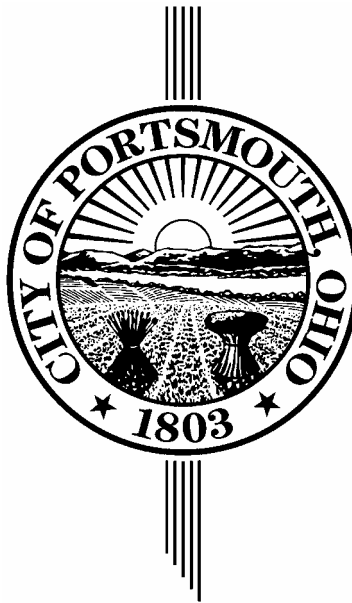
Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2004

	Storeroom Revolving	Insurance Account "B"	Total
Operating Revenues:			
Charges for Services	\$ 8,904	\$ 0	\$ 8,904
Total Operating Revenues	<u>8,904</u>	<u>0</u>	<u>8,904</u>
Operating Expenses:			
Personal Services	0	235,234	235,234
Materials and Supplies	2,878	0	2,878
Total Operating Expenses	<u>2,878</u>	<u>235,234</u>	<u>238,112</u>
Change in Net Assets	6,026	(235,234)	(229,208)
Net Assets Beginning of Year	12,095	271,406	283,501
Net Assets End of Year	<u>\$ 18,121</u>	<u>\$ 36,172</u>	<u>\$ 54,293</u>

CITY OF PORTSMOUTH, OHIO

Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2004

	<u>Store Room Revolving</u>	<u>Employee Insurance Account "B"</u>	<u>Total</u>
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$8,904	\$0	\$8,904
Cash Payments for Goods and Services	(7,466)	(31,394)	(38,860)
Net Cash Provided (Used) by Operating Activities	<u>1,438</u>	<u>(31,394)</u>	<u>(29,956)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,438	(31,394)	(29,956)
Cash and Cash Equivalents at Beginning of Year	<u>12,090</u>	<u>67,566</u>	<u>79,656</u>
Cash and Cash Equivalents at End of Year	<u>\$13,528</u>	<u>\$36,172</u>	<u>\$49,700</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$6,026	(\$235,234)	(\$229,208)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Changes in Assets and Liabilities:			
(Increase) Decrease in Prepaid Expenses	(4,588)	203,840	199,252
Total Adjustments	<u>(4,588)</u>	<u>203,840</u>	<u>199,252</u>
Net Cash Provided (Used) by Operating Activities	<u>\$1,438</u>	<u>(\$31,394)</u>	<u>(\$29,956)</u>



Fiduciary Funds

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

Agency Funds

Performance Bonds Fund

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

Law Library Fund

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

Ohio Board of Building Standards Fund

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

Municipal Court Fund

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

Insurance Fund

To account for insurance premiums paid for employee's health insurance coverage. The Balance Sheet is not presented because there are no assets or liabilities at year end.).

CITY OF PORTSMOUTH, OHIO

***Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2004***

	Balance December 31, 2003	Additions	Deductions	Balance December 31, 2004
<u>Performance Bonds Fund</u>				
Restricted Assets:				
Cash and Cash Equivalents	\$35,969	\$27,658	(\$52,581)	\$11,046
Total Assets	<u>\$35,969</u>	<u>\$27,658</u>	<u>(\$52,581)</u>	<u>\$11,046</u>
Liabilities:				
Due to Others	\$35,969	\$27,658	(\$52,581)	\$11,046
Total Liabilities	<u>\$35,969</u>	<u>\$27,658</u>	<u>(\$52,581)</u>	<u>\$11,046</u>
<u>Law Library Fund</u>				
Assets:				
Accounts Receivable	\$13,630	\$13,783	(\$13,630)	\$13,783
Due from Other Funds	3,220	4,901	(3,220)	4,901
Restricted Assets:				
Cash and Cash Equivalents	0	35,769	(35,769)	0
Total Assets	<u>\$16,850</u>	<u>\$54,453</u>	<u>(\$52,619)</u>	<u>\$18,684</u>
Liabilities:				
Due to Others	\$16,850	\$54,453	(\$52,619)	\$18,684
Total Liabilities	<u>\$16,850</u>	<u>\$54,453</u>	<u>(\$52,619)</u>	<u>\$18,684</u>
<u>Ohio Board of Building Standards Fund</u>				
Restricted Assets:				
Cash and Cash Equivalents	\$459	\$4,229	(\$4,388)	\$300
Total Assets	<u>\$459</u>	<u>\$4,229</u>	<u>(\$4,388)</u>	<u>\$300</u>
Liabilities:				
Due to Others	\$459	\$4,229	(\$4,388)	\$300
Total Liabilities	<u>\$459</u>	<u>\$4,229</u>	<u>(\$4,388)</u>	<u>\$300</u>
<u>Municipal Court Fund</u>				
Assets:				
Accounts Receivable	\$147,741	\$151,539	(\$147,741)	\$151,539
Restricted Assets:				
Cash and Cash Equivalents	185,062	2,338,375	(2,339,943)	183,494
Total Assets	<u>\$332,803</u>	<u>\$2,489,914</u>	<u>(\$2,487,684)</u>	<u>\$335,033</u>
Liabilities:				
Due to Other Funds	\$3,220	\$747,907	(\$746,226)	\$4,901
Intergovernmental Payables	40,456	491,567	(474,657)	57,366
Due to Others	289,127	1,250,440	(1,266,801)	272,766
Total Liabilities	<u>\$332,803</u>	<u>\$2,489,914</u>	<u>(\$2,487,684)</u>	<u>\$335,033</u>

(Continued)

CITY OF PORTSMOUTH, OHIO

***Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2004***

	Balance December 31, 2003	Additions	Deductions	Balance December 31, 2004
<u>Insurance Fund</u>				
Assets:				
Cash and Cash Equivalents	\$0	\$2,215,732	(\$2,215,732)	\$0
Total Assets	<u>\$0</u>	<u>\$2,215,732</u>	<u>(\$2,215,732)</u>	<u>\$0</u>
Liabilities:				
Due to Others	\$0	\$2,215,732	(\$2,215,732)	\$0
Total Liabilities	<u>\$0</u>	<u>\$2,215,732</u>	<u>(\$2,215,732)</u>	<u>\$0</u>
 <u>Totals - All Agency Funds</u>				
Assets:				
Accounts Receivable	\$161,371	\$165,322	(\$161,371)	\$165,322
Due from Other Funds	3,220	4,901	(3,220)	4,901
Restricted Assets:				
Cash and Cash Equivalents	221,490	4,621,763	(4,648,413)	194,840
Total Assets	<u>\$386,081</u>	<u>\$4,791,986</u>	<u>(\$4,813,004)</u>	<u>\$365,063</u>
Liabilities:				
Due to Other Funds	\$3,220	\$747,907	(\$746,226)	\$4,901
Intergovernmental Payables	40,456	491,567	(474,657)	57,366
Due to Others	342,405	3,552,512	(3,592,121)	302,796
Total Liabilities	<u>\$386,081</u>	<u>\$4,791,986</u>	<u>(\$4,813,004)</u>	<u>\$365,063</u>

*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*

CITY OF PORTSMOUTH, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
December 31, 2004***

<u>Capital Assets</u>	
Land	\$612,891
Buildings and Improvements	5,771,469
Land Improvements	2,125,765
Machinery and Equipment	7,118,973
Infrastructure	443,913
	<hr/>
Total Capital Assets	<u><u>\$16,073,011</u></u>
<u>Investment in Capital Assets</u>	
General Fund	\$316,272
Special Revenue Funds	1,554,490
Capital Projects Fund	13,684,296
Expendable Trust Funds	321,464
Proprietary Funds	94,742
Internal Service Funds	10,391
Grants	83,356
Donated	8,000
	<hr/>
Total Investment in Capital Assets	<u><u>\$16,073,011</u></u>

CITY OF PORTSMOUTH, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2004***

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Land Improvements</u>
<u>General Government:</u>			
City Council	\$50,078	\$67,344	\$0
Executive	0	3,921,226	267,106
Legal	0	0	0
Finance	0	0	0
Municipal Court	0	0	0
Income Tax	0	0	0
Engineering	0	50,542	0
Public Service	0	36,426	314,560
City Garage	0	0	0
Total	<u>50,078</u>	<u>4,075,538</u>	<u>581,666</u>
<u>Security of Persons and Property:</u>			
Police	3,372	1,649	0
Fire	196,346	526,787	2,000
Flood Defense	0	5,425	367,578
Total	<u>199,718</u>	<u>533,861</u>	<u>369,578</u>
<u>Transportation:</u>			
General Street Construction	<u>0</u>	<u>0</u>	<u>0</u>
<u>Public Health and Welfare:</u>			
Cemetery	17,632	122,998	0
Air Pollution	0	12,174	0
Health	0	0	0
Total	<u>17,632</u>	<u>135,172</u>	<u>0</u>
<u>Leisure Time Activities:</u>			
Recreation	<u>345,463</u>	<u>676,730</u>	<u>140,400</u>
<u>Community Environment:</u>			
Community Development	0	0	993,142
Grounds Maintenance	0	350,168	40,979
Total	<u>0</u>	<u>350,168</u>	<u>1,034,121</u>
Total Capital Assets	<u><u>\$612,891</u></u>	<u><u>\$5,771,469</u></u>	<u><u>\$2,125,765</u></u>

CITY OF PORTSMOUTH, OHIO

Machinery and Equipment	Infrastructure	Totals
\$30,388	\$0	\$147,810
338,379	0	4,526,711
12,212	0	12,212
75,561	0	75,561
327,470	0	327,470
42,892	0	42,892
333,996	0	384,538
311,479	0	662,465
114,726	0	114,726
<u>1,587,103</u>	<u>0</u>	<u>6,294,385</u>
1,282,348	0	1,287,369
1,784,923	0	2,510,056
119,444	0	492,447
<u>3,186,715</u>	<u>0</u>	<u>4,289,872</u>
<u>1,018,371</u>	<u>443,913</u>	<u>1,462,284</u>
153,587	0	294,217
502,628	0	514,802
250,399	0	250,399
<u>906,614</u>	<u>0</u>	<u>1,059,418</u>
<u>1,579</u>	<u>0</u>	<u>1,164,172</u>
41,781	0	1,034,923
376,810	0	767,957
<u>418,591</u>	<u>0</u>	<u>1,802,880</u>
<u>\$7,118,973</u>	<u>\$443,913</u>	<u>\$16,073,011</u>

CITY OF PORTSMOUTH, OHIO**Capital Assets Used in the Operation of Governmental Funds
Schedule Changes by Function and Activity
For Year Ended December 31, 2004**

<u>Function and Activity</u>	<u>December 31, 2003</u>	<u>Transfers</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2004</u>
<u>General Government:</u>					
City Council	\$148,678	\$0	\$3,257	(\$4,125)	\$147,810
Executive	4,521,261	5,450	0	0	4,526,711
Legal	12,212	0	0	0	12,212
Finance	69,126	0	6,435	0	75,561
Municipal Court	311,567	(5,450)	21,353	0	327,470
Income Tax	42,892	0	0	0	42,892
Engineering	546,273	0	4,797	(166,532)	384,538
Public Service	576,004	0	86,461	0	662,465
City Garage	114,726	0	0	0	114,726
Total	<u>6,342,739</u>	<u>0</u>	<u>122,303</u>	<u>(170,657)</u>	<u>6,294,385</u>
<u>Security of Persons and Property:</u>					
Police	1,216,552	0	95,227	(24,410)	1,287,369
Fire	2,503,156	0	6,900	0	2,510,056
Flood Defense	492,447	0	0	0	492,447
Total	<u>4,212,155</u>	<u>0</u>	<u>102,127</u>	<u>(24,410)</u>	<u>4,289,872</u>
<u>Transportation:</u>					
General Street Construction	<u>1,147,029</u>	<u>0</u>	<u>315,255</u>	<u>0</u>	<u>1,462,284</u>
<u>Public Health and Welfare:</u>					
Cemetery	294,069	0	2,098	(1,950)	294,217
Air Pollution	492,767	0	22,035	0	514,802
Health	250,399	0	0	0	250,399
Total	<u>1,037,235</u>	<u>0</u>	<u>24,133</u>	<u>(1,950)</u>	<u>1,059,418</u>
<u>Leisure Time Activities:</u>					
Recreation	<u>1,164,172</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,164,172</u>
<u>Community Environment:</u>					
Community Development	1,034,923	0	0	0	1,034,923
Grounds Maintenance	767,957	0	0	0	767,957
Total	<u>1,802,880</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,802,880</u>
Total Capital Assets	<u>\$15,706,210</u>	<u>\$0</u>	<u>\$563,818</u>	<u>(\$197,017)</u>	<u>\$16,073,011</u>

STATISTICAL SECTION



STATISTICAL TABLES

***T**HE FOLLOWING UNAUDITED STATISTICAL TABLES REFLECT SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND FISCAL CAPACITY OF THE CITY.*

CITY OF PORTSMOUTH, OHIO

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN YEARS**

Year	Security of Persons and Property	Public Health and Welfare Services	Leisure Time Activities	Community Environment	Trans- portation	General Government	Capital Outlay	Debt Service	Other Expenditures	Total
1995	\$5,551,715	\$1,723,341	\$31,301	\$947,433	\$821,275	\$1,777,814	\$0	\$147,919	\$23,143	\$11,023,941
1996	5,500,828	2,002,293	26,000	407,838	956,992	1,712,984	18,727	354,522	376,515	11,356,699
1997	6,153,104	2,230,704	31,530	875,748	869,675	2,093,090	0	273,230	0	12,527,081
1998	5,582,700	2,131,045	31,894	620,186	1,272,074	2,381,353	0	149,219	0	12,168,471
1999	6,164,798	2,223,463	0	629,626	1,232,025	2,796,094	0	149,017	0	13,195,023
2000	5,757,590	2,373,333	0	1,367,040	1,300,667	3,216,901	0	310,877	0	14,326,408
2001	5,991,355	2,769,406	0	626,376	1,307,038	3,572,084	0	2,354,109	0	16,620,368
2002	6,423,187	2,708,280	0	695,134	1,417,750	3,434,883	0	297,478	0	14,976,712
2003	6,572,469	2,561,485	73,507	371,813	2,292,674	3,403,628	0	304,291	0	15,579,867
2004	6,349,582	2,528,924	72,782	677,336	1,110,311	3,203,359		149,435	0	14,091,729

- \$ 2 -

(1) Includes General Fund, Special Revenue Funds and Debt Service Fund
Beginning in 1997 Capital Outlay and Other Expenditures are included as part of the function.

CITY OF PORTSMOUTH, OHIO

**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN YEARS**

Year	Taxes	Inter- Governmental Revenues	Charges for Services	Licenses and Permits	Investment Earnings	Special Assessments	Fines and Forfeitures	All Other	Total
1995	\$5,455,624	\$3,925,048	\$242,290	\$150,948	\$444,030	\$176,846	\$803,757	\$166,279	\$11,364,822
1996	6,523,779	3,020,356	646,521	369,651	243,060	153,023	526,276	74,512	11,557,178
1997	5,937,500	5,437,149	159,324	181,608	225,588	155,328	639,164	418,313	13,153,974
1998	6,278,109	5,193,377	311,426	135,488	348,187	153,762	759,546	980,986	14,160,881
1999	6,362,924	5,523,929	482,319	143,608	297,843	150,666	886,273	302,438	14,150,000
2000	6,527,317	6,276,285	447,215	115,686	616,196	154,473	919,845	378,961	15,435,978
2001	6,660,757	5,015,661	402,186	193,154	339,097	156,083	933,608	505,475	14,206,021
2002	6,836,768	5,593,175	471,528	177,004	136,409	154,864	917,757	374,085	14,661,590
2003	6,549,858	5,268,332	633,525	230,950	47,146	0	994,915	379,093	14,103,819
2004	7,124,007	5,484,792	665,254	285,971	39,876	465	1,013,920	280,917	14,895,202

(1) Includes General Fund, Special Revenue Funds and Debt Service Fund

CITY OF PORTSMOUTH, OHIO

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS**

Collection Year	Total Tax Levy	Current Tax Collections	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Accumulated Delinquent Taxes to Total Tax Levy
1995	\$1,646,035	\$1,301,373	\$56,857	\$1,358,230	82.52%	\$154,741	9.40%
1996	1,672,774	1,242,636	88,206	1,330,842	79.56%	184,250	11.01%
1997	1,722,059	1,275,753	53,156	1,328,909	77.17%	206,764	12.01%
1998	1,752,294	1,267,799	65,714	1,333,513	76.10%	209,353	11.95%
1999	2,003,568	1,703,494	84,586	1,788,080	89.24%	215,489	10.76%
2000	1,495,334	1,229,187	66,651	1,295,838	86.66%	113,661	7.60%
2001	1,496,141	1,225,283	63,807	1,289,090	86.16%	185,024	12.37%
2002	2,165,793	1,816,732	93,992	1,910,724	88.22%	134,105	6.19%
2003	2,075,248	1,595,325	89,368	1,684,693	81.18%	184,852	8.91%
2004	2,515,951	2,248,194	96,592	2,344,786	93.20%	171,165	6.80%

Source: Scioto County Auditor

CITY OF PORTSMOUTH, OHIO

**ASSESSED VALUATIONS AND ESTIMATED TRUE VALUES
OF TAXABLE PROPERTY
LAST TEN YEARS**

Tax Year	Real Property		Public Utility Personal		Tangible Personal Property		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1995	\$133,642,900	\$381,836,857	\$21,001,600	\$21,001,600	\$20,777,570	\$83,110,280	\$175,422,070	\$485,948,737	36.10%
1996	133,504,450	381,441,286	20,350,420	20,350,420	21,938,600	87,754,400	175,793,470	489,546,106	35.91%
1997	133,223,830	380,639,517	19,590,920	19,590,920	21,359,650	85,438,600	174,174,400	485,669,037	35.86%
1998	149,596,150	427,417,570	20,887,470	20,887,470	22,480,710	89,922,840	192,964,330	538,227,880	35.85%
1999	148,070,350	423,058,143	19,303,220	19,303,220	23,251,320	93,005,280	190,624,890	535,366,643	35.61%
2000	148,177,780	423,365,086	19,557,500	19,557,500	22,747,690	90,990,760	190,482,970	533,913,346	35.68%
2001	169,636,340	484,675,258	14,586,270	14,586,270	23,466,960	93,867,840	207,689,570	593,129,368	35.02%
2002	169,259,180	483,597,657	14,562,350	41,606,714	22,426,530	89,706,120	206,248,060	614,910,491	33.54%
2003	170,532,520	487,235,770	14,908,310	42,595,170	22,019,080	88,076,320	207,459,910	617,907,260	33.57%
2004	184,712,720	527,750,629	14,672,060	41,920,171	19,974,000	79,896,000	219,358,780	649,566,800	33.77%

Source: Scioto County Auditor

CITY OF PORTSMOUTH, OHIO

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATIONS)
LAST TEN YEARS**

Collection Year	City of Portsmouth						Portsmouth School District	Scioto County Joint Vocational School District	Scioto County	Total
	General Fund	Bond Payment Fund	Fire Pension Fund	Police Pension Fund	Flood Defense Fund	Total City				
1995	8.15	2.60	0.30	0.30	1.00	12.35	34.53	5.37	7.98	60.23
1996	8.15	2.60	0.30	0.30	1.00	12.35	34.53	5.37	7.98	60.23
1997	8.15	2.60	0.30	0.30	1.00	12.35	34.53	5.37	7.98	60.23
1998	8.15	2.60	0.30	0.30	1.00	12.35	34.53	5.37	7.98	60.23
1999	8.15	2.50	0.30	0.30	1.00	12.25	34.53	5.37	7.98	60.13
2000	8.15	2.50	0.30	0.30	1.00	12.25	34.53	5.37	7.98	60.13
2001	8.15	2.50	0.30	0.30	1.00	12.25	34.53	5.37	7.98	60.13
2002	8.15	2.50	0.30	0.30	1.00	12.25	41.03	5.37	7.98	66.63
2003	7.95	0.00	0.30	0.30	1.00	9.55	41.03	5.37	7.98	63.93
2004	7.95	2.95	0.30	0.30	1.00	12.50	41.03	5.37	7.98	66.88

Source: Scioto County Auditor
Scioto County Treasurer

CITY OF PORTSMOUTH, OHIO

**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN YEARS**

Collection Year	Amount Billed	Amount Collected	Percent Collected
1995	\$392,794	\$160,493	40.86%
1996	423,642	160,622	37.91%
1997	475,990	181,440	38.12%
1998	154,496	150,974	97.72%
1999	168,238	180,069	107.03%
2000	166,174	176,376	106.14%
2001	171,829	148,062	86.17%
2002	237,523	154,864	65.20%
2003	215,509	149,637	69.43%
2004	756	465	61.51%

Special Assessment Bonds Payable were paid off in 2003.

These figures represent amounts certified to and collected by the Scioto County Auditor.

Source: Scioto County, Ohio: County Auditor

**COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2004**

	<u>Total Debt</u>	<u>Unvoted Debt</u>
Net Assessed Valuation	\$219,358,780	\$219,358,780
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	23,032,672	12,064,733
Applicable City Debt Outstanding (2)	2,025,000	2,025,000
Less: Applicable Debt Service Fund Amounts	(98,936)	(98,936)
Net Indebtedness Subject to Limitation	<u>1,926,064</u>	<u>1,926,064</u>
Legal Debt Margin	<u><u>\$21,106,608</u></u>	<u><u>\$10,138,669</u></u>

(1) Direct Debt Limitation Based Upon Section 133, The Uniform Bond Act of the Ohio Revised Code

(2) City Debt Outstanding Includes Non Self-Supporting General Obligation Notes and Bonds Only
Enterprise Debt is Not Considered in the Computation of the Legal Debt Margin

CITY OF PORTSMOUTH, OHIO

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED
VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN YEARS**

Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Debt Service Funds Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt Per Capita
1995	22,676	\$175,422,070	\$0	\$698,595	\$0	0.00%	\$0.00
1996	22,676	175,793,470	0	645,596	0	0.00%	0.00
1997	22,676	174,174,400	0	778,312	0	0.00%	0.00
1998	22,676	192,964,330	0	669,529	0	0.00%	0.00
1999	22,676	190,624,890	0	1,158,517	0	0.00%	0.00
2000	20,909	190,482,970	0	1,616,429	0	0.00%	0.00
2001	20,909	207,689,570	2,090,000	2,108,332	0	0.00%	0.00
2002	20,909	206,248,060	2,050,000	2,303,009	0	0.00%	0.00
2003	20,909	207,459,910	2,005,000	102,150	1,902,850	0.92%	91.01
2004	20,909	219,358,780	2,025,000	98,936	1,926,064	0.88%	92.12

(1) Source: U.S. Bureau of Census, Federal 1990 Census (1995-1999) and Federal 2000 Census (2000-2004)

(2) Source: Scioto County Auditor

(3) Includes all general obligation bonded debt supported by property taxes

CITY OF PORTSMOUTH, OHIO

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN YEARS**

<u>Year</u>	<u>Debt Principal</u>	<u>Debt Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Tax Debt Service to General Fund Expenditures</u>
1995	\$0	\$0	\$0	\$11,023,941	0.00%
1996	0	0	0	11,356,699	0.00%
1997	0	0	0	12,527,081	0.00%
1998	0	0	0	12,168,471	0.00%
1999	0	0	0	13,195,023	0.00%
2000	0	0	0	14,326,408	0.00%
2001	0	0	0	16,620,368	0.00%
2002	40,000	107,608	147,608	14,976,712	0.99%
2003	45,000	106,167	151,167	15,579,867	0.97%
2004	45,000	104,435	149,435	14,091,729	1.06%

CITY OF PORTSMOUTH, OHIO

**COMPUTATION OF ALL DIRECT AND OVERLAPPING GOVERNMENTAL DEBT
DECEMBER 31, 2004**

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Portsmouth</u>	<u>Amount Applicable to City of Portsmouth</u>
Direct			
City of Portsmouth	\$1,926,064	100.00%	\$1,926,064
Overlapping Subdivisions			
Scioto County	22,686,997	25.14%	5,703,511
Portsmouth City School District	16,445,000	93.97%	<u>15,453,367</u>
		Subtotal	<u>21,156,878</u>
		Total	<u><u>\$23,082,942</u></u>

Source: Scioto County Auditor

CITY OF PORTSMOUTH, OHIO

**REVENUE BOND COVERAGE - WATER MORTGAGE BONDS
LAST TEN YEARS**

Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service Requirement	Coverage
1995	\$3,089,897	\$3,227,120	(\$137,223)	\$0	N/A
1996	4,087,239	4,069,622	17,617	0	N/A
1997	3,366,141	2,917,188	448,953	0	N/A
1998	3,877,192	3,031,008	846,184	0	N/A
1999	4,418,882	3,131,048	1,287,834	0	N/A
2000	4,149,244	3,030,217	1,119,027	0	N/A
2001	4,095,407	3,209,930	885,477	0	N/A
2002	4,258,687	3,268,930	989,757	32,600	30.36
2003	4,810,736	3,695,797	1,114,939	121,070	9.21
2004	4,739,065	4,083,172	655,893	575,525	1.14

(1) Total revenues include operating revenues plus interest income

(2) Total expenses include operating expenses less depreciation

CITY OF PORTSMOUTH, OHIO

DEMOGRAPHIC STATISTICS LAST TEN YEARS

<u>Year</u>	<u>City of Portsmouth Population (1)</u>	<u>Scioto County Population (1)</u>	<u>Unemployment Rate County Area (2)</u>	<u>School Enrollment (3)</u>
1995	22,676	80,327	8.70%	3,413
1996	22,676	80,327	9.70%	3,285
1997	22,676	80,327	9.90%	3,207
1998	22,676	80,327	9.50%	3,081
1999	22,676	80,327	8.50%	3,059
2000	20,909	79,195	8.80%	2,918
2001	20,909	79,195	7.00%	2,628
2002	20,909	79,195	7.80%	2,587
2003	20,909	79,195	8.60%	2,525
2004	20,909	79,195	9.00%	2,535

Source: (1) U.S. Bureau of Census of Population - Federal 1990 Census (1995-1999) and Federal 2000 Census (2000-2004)
(2) Ohio Department of Job and Family Services
(3) Portsmouth City School District, Board of Education; Sciotoville Community Schools, Governing Board

CITY OF PORTSMOUTH, OHIO

**PROPERTY VALUE AND CONSTRUCTION PERMITS
LAST TEN YEARS**

Year	Residential		Commercial	
	Number of Permits	Property Value *	Number of Permits	Property Value *
1995	775	1,411,631	46	3,610,304
1996	572	5,113,193	97	12,174,791
1997	550	6,772,679	148	11,468,737
1998	555	8,770,768	95	10,531,766
1999	597	1,689,196	72	15,358,210
2000	449	1,021,482	53	6,207,912
2001	408	4,029,613	133	4,812,500
2002	573	2,367,269	59	5,136,350
2003	801	1,515,346	78	46,380,200
2004	296 **	1,376,109	116	40,905,800

Source: City of Portsmouth Engineering Department - Building Division

* Values are estimated cost of improvement or construction.

** Building permits only - previous years included electrical, sewer and plumbing permits in addition to building permits

CITY OF PORTSMOUTH, OHIO

**PRINCIPAL TAXPAYERS (PERSONAL PROPERTY TAX)
DECEMBER 31, 2004**

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004 Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1	OSCO Industries Inc.	Manufacturing	\$2,904,130	14.54%
2	Oberling Ford Inc.	Automobile Sales	1,235,600	6.19%
3	Mitchellace Inc.	Manufacturing	1,153,050	5.77%
4	Siemens Credit Corporation	Finance	1,129,620	5.66%
5	B.P. AMOCO Corporation	Gasoline Distributor	830,580	4.16%
6	KSA Limited Partnership	Construction	700,360	3.51%
7	Century Ohio Cable Television Corp.	Television Cable	575,100	2.88%
8	Kroger Company	Grocery	565,190	2.83%
9	Revco Discount Drug	Retail	335,910	1.68%
10	Lute Plumbing Supply Inc.	Retail	331,190	1.66%
		Subtotal	<u>9,760,730</u>	<u>48.88%</u>
		All Others	<u>10,213,270</u>	<u>51.12%</u>
		Total	<u><u>\$19,974,000</u></u>	<u><u>100.00%</u></u>

Source: Scioto County Auditor - Land and Buildings

CITY OF PORTSMOUTH, OHIO

**PRINCIPAL TAXPAYERS (REAL PROPERTY AND PUBLIC UTILITY PERSONAL PROPERTY TAX)
DECEMBER 31, 2004**

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004 Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1	Ohio Power	Utility - Electric	\$8,203,640	4.11%
2	SOMC Title Holding Company	Medical Offices	4,430,780	2.22%
3	Verizon North	Telecommunications	2,598,980	1.30%
4	Neal and Vicky Hatcher	Real Estate	2,399,480	1.20%
5	Norfolk & Southern Railway Company	Railway	2,093,920	1.05%
6	Hillview Retirement	Retirement Community	1,956,360	0.98%
7	Columbia Gas	Utility - Gas	1,409,720	0.71%
8	Liberty Nursing Properties of Portsmouth LTD Assisted Living/Continuing Care	Nursing Services	1,310,210	0.66%
9	Fifth Third Bank	Bank	1,076,120	0.54%
10	Scioto Memorial Hospital	Hospital	931,000	0.47%
		Subtotal	26,410,210	13.24%
		All Others	172,974,570	86.76%
		Total	<u>\$199,384,780</u>	<u>100.00%</u>

Source: Scioto County Auditor - Land and Buildings

CITY OF PORTSMOUTH, OHIO

**PRINCIPAL EMPLOYERS
DECEMBER 31, 2004**

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

Source: City of Portsmouth Income Tax Division

CITY OF PORTSMOUTH, OHIO

**MISCELLANEOUS STATISTICS
DECEMBER 31, 2004**

Date of Incorporation	1815	Police Services:	Water System:
Form of Government	Council/Mayor	Number of Stations	Number of Purification Plants
		Number of Police Personnel and Officers	Number of Fire Hydrants
Area (square miles)	12	Number of Patrol Units	Number of Service Connections
Facilities and Services:		Number of Law Violations:	Average Daily Consumption (gallons)
Miles of Streets	220	Criminal /Juvenile Citations and Charges	Maximum Daily Capacity of Plant (gallons)
Number of Street Lights	1,475	Traffic Citations Issued	
Recreation and Culture:		Parking Tickets Written	Sewerage System:
Number of Parks	17	Fire/Emergency Medical Services:	Number of Treatment Plants
Park Area (acres)	223	Number of Stations	Miles of Storm Sewers
Number of Ball Fields:		Number of Fire Officers and Firefighters/Paramedics:	Number of Service Connections
Lighted	6	Fire Personnel	Average Daily Treatment (gallons)
Unlighted	5	Fire Dispatchers - 911	Maximum Daily Capacity of Treatment (gallons)
Number of Tennis Courts:		Number of Calls Answered	Education:
Lighted	4	Number of Inspections	Elementary Schools
Unlighted	7	Number of Investigations	Elementary Students
Number of Libraries	1	Cemeteries	Secondary Schools
Number of Hospitals	1	Number of Cemeteries	Secondary School Students
Number of Patient Beds	421	Cemetery Area (acres)	Elementary/Secondary Instructors
Number of Bassinets	23		Colleges
			College Students



**Auditor of State
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CITY OF PORTSMOUTH

SCIOTO COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 13, 2005**