CITY OF PORTSMOUTH
SCIOTO COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2014

Dave Yost • Auditor of State

CITY OF PORTSMOUTH
SCIOTO COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Schedule of Federal Awards Expenditures	1
Notes to the Schedule of Federal Awards Expenditures	3
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*	5
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	7
Schedule of Findings and Questioned Costs - OMB Circular A-133 §.505	13
Schedule of Prior Audit Findings - OMB Circular A-133 §.315 (b)	35
Corrective Action Plan - OMB Circular A-133 §.315 (c)	37

This page intentionally left blank.

CITY OF PORTSMOUTH
SCIOTO COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2014

FEDERAL GRANTOR/*Pass Through Grantor* /Program Title	**Grant/Pass Through Entity Number**	**CFDA Number**	**Disbursements**
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through Ohio Development Services Agency			
Community Development Block Grants/State's Program			
Community Development Program	A-F-12-2DH-1	14.228	$124,300
Community Development Program	A-C-12-2DH-1		341,120
Community Development Program	A-F-13-2DH-1		47,100
CDBG Revolving Loan	N/A		19,760
Total Community Development Block Grants/State's Program			532,280
TOTAL UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			532,280
UNITED STATES DEPARTMENT OF JUSTICE			
Direct from the United States Marshals Service			
Equitable Sharing Program	N/A	16.922	84,268
Direct from United States Department of Justice			
Edward Byrne Memorial Justice Assistance Grant Program	2012-DJ-BX-0745	16.738	1,230
	2013-DJ-BX-0757	16.738	11,723
Total Edward Byrne Memorial Justice Assistance Grant Program			12,953
ARRA - Assistance to Rural Law Enforcement to Combat Crime and Drugs Competitive Grant Program	2009-SD-B9-0058	16.810	9,064
TOTAL UNITED STATES DEPARTMENT OF JUSTICE			106,285
UNITED STATES DEPARTMENT OF TRANSPORTATION			
Passed through Ohio Department of Public Safety			
State and Community Highway Safety Grant	GG-2014-SA-00-00-00317-00	20.600	46,861
TOTAL UNITED STATES DEPARTMENT OF TRANSPORTATION			46,861
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY			
Passed through Ohio Environmental Protection Agency			
Air Pollution Control Program Support	2014	66.001	87,635
	2015		80,868
Total Air Pollution Control Program Support			168,503
ARRA - Capitalization Grant for Drinking Water State Revolving Funds	2012FS390770-0006-2012	66.468	2,075,921
	2012FS390770-0006-2013		45,625
	2012FS390770-0006-2014		26,290
Total ARRA - Capitalization Grant for Drinking Water State Revolving Funds			2,147,836
TOTAL UNITED STATES ENVIRONMENTAL PROTECTION AGENCY			2,316,339
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct from Federal Government:			
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	N/A	93.918	201,661
Passed through the Ohio Department of Health			
Public Health Emergency Preparedness (B)	73-200-12PH-0514	93.074	62,266
	73-200-12PH-0615		36,697
Total Public Health Emergency Preparedness (B)			98,963
Family Planning Services	73-2-001-1-RH-0314	93.217	14,725
	73-2-001-1-RH-0415		47,415
Total Family Planning Services			62,140
HIV Prevention Activities_Health Department Based	73-200-12HP-0613	93.940	84,427
	73-200-12HP-0714		466,303
Total HIV Prevention Activities_Health Department Based			550,730
Preventive Health Services_Sexually Transmitted Diseases Control Grant	73-200-12ST-0513	93.977	27,083
	73-200-12ST-0614		53,293
			$80,376

(Continued)

CITY OF PORTSMOUTH
SCIOTO COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)

FEDERAL GRANTOR/*Pass Through Grantor* /Program Title	**Grant/Pass Through Entity Number**	**CFDA Number**	**Disbursements**
Preventive Health and Health Services Block Grant	73-200-001-4-IP-0714	93.991	$64,564
Maternal and Child Health Services Block Grant to the States	73-2-001-1-RH-0314	93.994	3,125
	73-2-001-1-RH-0415		9,026
Total Maternal and Child Health Services Block Grant to the States			12,151
Passed through the Substance Abuse and Mental Health Services Administration			
Drug-Free Communities Support Program Grant	5H79SP018684-02	93.276	86,614
	5H79SP018684-03		36,104
			122,718
Passed through The Ohio State University			
Cancer Cause and Prevention Research	R01CA129771	93.393	324
TOTAL UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,193,627
TOTAL FEDERAL AWARDS EXPENDITURES			**$4,195,392**

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

CITY OF PORTSMOUTH
SCIOTO COUNTY

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

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

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

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

The City has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the City**,** passed through the Ohio Development Services Agency. The Schedule reports loans made and administrative costs as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by mortgages on the property.

Activity in the CDBG revolving loan fund during 2014 is as follows:

Beginning loans receivable balance as of January 1, 2014	$	12,439
Loans made	$	-
Loan principal repaid	$	12,439
Ending loans receivable balance as of December 31, 2014	$	-
Cash balance on hand in the revolving loan fund as of December 31, 2014	$	385,228
Administrative costs expended during 2014	$	17,960

The table above reports gross loans receivable.

NOTE D - MATCHING REQUIREMENTS

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

NOTE E – PRIOR YEAR PROGRAM EXPENDITURES

The Ohio Environmental Protection Agency (OEPA) provided a loan to the City of Portsmouth, which was Federal funding from the U.S. Environmental Protection Agency. This loan was handled by the OEPA on behalf of the City of Portsmouth. However, the City was required to report this loan on their Schedule of Federal Awards Expenditures and monitor compliance over it. For 2012 and 2013, these expenditures were not properly reported on the City's Schedule of Federal Awards Expenditures. This omission was discovered and approval was given by the OEPA to disclose this activity on the current year Schedule.

NOTE F – REPAYMENT OF FEDERAL FUNDS

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

Community Development Block Grant/State's Program – CFDA #14.228 - $22,447

Dave Yost • Auditor of State

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

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

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Portsmouth, Scioto County, Ohio (the City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 30, 2015.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Findings 2014-003 and 2014-004 described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242
Phone: 513-361-8550 or 800-368-7419 Fax: 513-361-8577
www.ohioauditor.gov

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 through 2014-003.

Entity's Response to Findings

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

Purpose of this Report

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

Dave Yost
Auditor of State

Columbus, Ohio

June 30, 2015

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

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

To the City Council:

Report on Compliance for Each Major Federal Program

We have audited the City of Portsmouth's, Scioto County, Ohio (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the City's major federal programs for the year ended December 31, 2014. The *Summary of Audit Results* in the accompanying Schedule of Findings and Questioned Costs identifies the City's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

As described in Finding 2014-006 in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding Cash Management applicable to its Community Development Block Grants/State's Program major federal programs. Compliance with this requirement is necessary, in our opinion, for the City to comply with requirements applicable to these programs.

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

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Community Development Block Grants/State's Program* paragraph, the City of Portsmouth complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Community Development Block Grants/State's Program* for the year ended December 31, 2014.

Basis for Qualified Opinion on ARRA-Capitalization Grant for Drinking Water State Revolving Funds

As described in Findings 2014-007 and 2014-008 in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding the following:

Finding #	CFDA #	Program Name	Compliance Requirement
2014-007	66.468	ARRA - Capitalization Grant for Drinking Water State Revolving Funds	Special Tests and Provisions – Schedule of Expenditures of Federal Awards and Data Collection Form
2014-008	66.468	ARRA - Capitalization Grant for Drinking Water State Revolving Funds	Special Tests and Provisions – ARRA Separate Accountability

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

Qualified Opinion on ARRA-Capitalization Grant for Drinking Water State Revolving Funds

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on ARRA-Capitalization Grant for Drinking Water State Revolving Funds* paragraph, the City of Portsmouth complied, in all material respects, with the requirements referred to above that could directly and materially affect its *ARRA-Capitalization Grant for Drinking Water State Revolving Funds* for the year ended December 31, 2014.

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

As described in Findings 2014-009 through 2014-014 in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding the following:

Finding #	CFDA #	Program Name	Compliance Requirement
2014-009 and 2014-010	93.940	HIV Prevention Activities – Health Department Based	Activities Allowed or Unallowed and Allowable Costs/Cost Principles
2014-011	93.940	HIV Prevention Activities – Health Department Based	Equipment and Real Property Management
2014-012	93.940	HIV Prevention Activities – Health Department Based	Period of Availability
2014-013	93.940	HIV Prevention Activities – Health Department Based	Procurement and Suspension and Debarment
2014-014	93.940	HIV Prevention Activities – Health Department Based	Reporting

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

Adverse Opinion on HIV Prevention Activities – Health Department Based

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying Schedule of Findings and Questioned Costs as items 2014-005 and 2014-015. These Findings did not require us to modify our compliance opinion on each major federal program.

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

Report on Internal Control Over Compliance

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

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-005 through 2014-015 to be material weaknesses.

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

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

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

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Portsmouth, Scioto County, Ohio (the City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our unmodified report thereon dated June 30, 2015. We conducted our audit to opine on the City's basic financial statements. The accompanying Schedule of Federal Awards Expenditures (the Schedule) presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Dave Yost
Auditor of State

Columbus, Ohio

June 30, 2015

This page intentionally left blank.

CITY OF PORTSMOUTH
SCIOTO COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2014

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	Yes
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	Yes
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Qualified for Community Development Block Grants/ States' Program - CFDA #14.228 Qualified for ARRA - Capitalization Grant for Drinking Water State Revolving Funds - CFDA #66.468 Adverse for HIV Prevention Activities – Health Department Based - CFDA #93.940
(d)(1)(vi)	**Are there any reportable findings under .510(a)?**	Yes
(d)(1)(vii)	**Major Programs (list):**	Community Development Block Grants/ State's Program - CFDA #14.228 ARRA - Capitalization Grant for Drinking Water State Revolving Funds - CFDA #66.468 HIV Prevention Activities - Health Department Based - CFDA #93.940

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2014-001

Noncompliance

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

The following funds had negative cash fund balances at December 31, 2014: Rural Aids State Grant Fund ($16,237); Primary Care Fund ($21,973); Sewage System Revenue Fund ($445,698); and Insurance Account 'B' Fund ($280,318).

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

Officials' Response:

The City is currently working through its five year plan to eliminate all deficit funds. It is anticipated that all funds deficits will be corrected by the end of 2016.

FINDING NUMBER 2014-002

Noncompliance

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

FINDING NUMBER 2014-002
(Continued)

Appropriations were greater than estimated resources at December 31, 2014 in the following funds:

Fund:	Estimated Resources	Appropriation Authority	Variance
Federal Rural Aids Grant Fund	$ 240,731	$ 424,503	$ (183,772)
Water Works - Revenue C Fund	$ 880,231	$ 899,003	$ (18,772)
Primary Care Fund	$ 87,638	$ 110,230	$ (22,592)
Sewage System Revenue Fund	$ 3,114,907	$ 3,554,185	$ (439,278)
Waste Water Revenue B Fund	$ 964,468	$ 1,587,575	$ (623,107)
Insurance Account "B" Fund	$ 4,768,882	$ 5,088,006	$ (319,124)

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

Officials' Response:

Some appropriations were in excess of estimated current resources due to deficit fund conditions. It is anticipated that these fund deficits will be corrected by the end of 2016. This correction should resolve appropriations in excess of estimated resources.

FINDING NUMBER 2014-003

Noncompliance and Material Weakness

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

(1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For Research and Development, total Federal awards expended shall be shown either by individual award of by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

(2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.

(3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.

(4) Include notes that describe the significant accounting policies used in preparing the Schedule.

(5) To the extent practical, pass-through entities should identify in the Schedule the total number provided to subrecipients from each Federal program.

(6) Include, in either the Schedule or a note to the Schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the Schedule.

FINDING NUMBER 2014-003
(Continued)

During 2014, the City received and spent federal grant monies relating to 16 federal programs. The following conditions existed in the 2014 City-prepared federal schedule:

- Federal expenditures on the City-prepared federal schedule only contained 13 federal programs, where the final adjusted Schedule had 16.
- The City-prepared federal schedule total expenditure amount was understated by $2,582,021. Of this total, the ARRA - Capitalization Grant for Drinking Water State Revolving Funds monies made up the majority, totaling $2,147,836, of which $2,075,921 was from 2012 and $45,625 was from 2013.
- Grant names needed revisions, and several pass through numbers were incorrect.
- Certain federal grants were comingled by the City in the same fund.

Errors in the Federal Award Expenditures Schedule resulted in inaccurate reporting of the federal awards under OMB A-133 requiring audit adjustments to the Schedule. The City consulted with the Auditor of State's Audit Division to make corrections to the Schedule.

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

Officials' Response:

Departments responsible for the administration of federal grant programs will be required to provide documentation to accurately report such federal award expenditures. Separate funds will be established as needed to prevent any comingling of federal grant programs.

FINDING NUMBER 2014-004

Material Weakness

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

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

- The current policy was revised several years ago to increase the capital asset threshold to $5,000. However, the policy does not state whether this threshold applies to infrastructure.

FINDING NUMBER 2014-004
(Continued)

- The current policy states, in part, that infrastructure fixed assets will not be reported for roads, bridges, curbs, gutters, streets, sidewalks, storm sewers and similar assets of value only to the City. The policy currently also states that proprietary infrastructure including all water and wastewater lines and appurtenances are to be included. However, in accordance with GASB Statement No. 34, the City properly included streets (including land and site preparation; pavement including the base course, intermediate course and surface course; and curbing and sidewalks directly related to the streets), curbing and sidewalks (related to parks).

- The current policy includes the classification of Improvements Other Than Buildings which is to include improvements such as park facilities, parking lots, baseball fields, tennis courts, swimming pools and infrastructure associated with City owned assets (water and sanitary sewer systems). However, Improvements Other Than Buildings is being reported on the City's financial statements under Business-Type Activities which only includes water and sanitary sewer lines and systems.

- Useful lives are indicated in the policy; however, the policy does not include the useful lives for Governmental Activities' infrastructure.

- The current policy states that depreciation will not be taken on general fixed assets. However, the City recorded depreciation expense for all Governmental Activities' capital assets with the exception of land.

- The current policy does not include a process for identifying unrecorded items such as reviewing the City Council's minute record, the City's detailed expense reports, etc.

- The City included leased vehicles in capital assets as additions in the first year of a capital lease. The current policy does not address leased vehicles.

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

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

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

- The Capital Assets Policy should be revised to include the threshold for infrastructure. The policy should be reviewed to determine whether different thresholds are desired for infrastructure.

- The Capital Assets Policy should be revised to include the classification of infrastructure for both Governmental Activities and Business-Type Activities. The policy should include what assets are to be classified as infrastructure such as: streets (including land and site preparation; pavement including the base course, intermediate course and surface course; and curbing and sidewalks directly related to the streets), curbing and sidewalks (related to parks), bridges, culverts, cat basins, street lighting systems, floodwall and any other items the City determines are stationary in nature and can be preserved for a significantly greater number of years than most capital assets.

- The Capital Assets Policy should be revised for the classification of Improvements Other Than Buildings to include only those assets that the City has reported under Business-Type Activities on the financial statements.

FINDING NUMBER 2014-004
(Continued)

- The Capital Assets Policy should be reviewed to include the useful lives of all classes of assets being capitalized. The City should review infrastructure with its capital assets' consultant to determine the useful lives to be used for infrastructure.

- The Capital Assets Policy should be revised for depreciation to include that all capital assets, with exception of land and construction in progress will be depreciated. Calculation of depreciation for infrastructure should be reviewed with their capital assets' consultant and included in the policy.

- The Capital Assets Policy should include a method to identify unrecorded capital asset additions and deletions. Methods could include departmental reviews, reviewing City Council's minute record, auction results and expenditure listings.

- A detailed review should be performed to ensure that assets are being recorded on the financial statements according to the policy and/or that the policy agrees to how assets are being reported.

- The Capital Assets Policy should be revised to include leased vehicles and equipment being recorded as additions in the first year of a capital lease.

Officials' Response:

The current Capital Assets Policy was developed in 1998. Current Capital Assets practices have been to follow GASB statements in practice, but the City's actual policy has not been updated to correspond with those changes. The City will update its Capital Assets Policy to correspond with its current practices as well as comply with the current GASB statements.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2014-005
CFDA Title and Number	Community Development Block Grants/State's Program, CFDA #14.228 HIV Prevention Activities – Health Department Based, CFDA #93.940
Federal Award Number / Year	AF-12-2DH-1, AC-12-2DH-1 and A-F-13-2DH-1 73-200-12HP-0613 and 73-200-12HP-0714
Federal Agency	U.S. Department of Housing and Urban Development U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Development Services Agency Ohio Department of Health

Noncompliance and Material Weakness – Schedule of Federal Awards Expenditures

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

FINDING NUMBER 2014-005
(Continued)

During 2014, the City received and spent federal grant monies relating to 16 federal programs. There were multiple discrepancies existed in the 2014 City-prepared federal schedule. (See Finding Number 2014-003)

Officials' Response:

Departments responsible for the administration of federal grant programs will be required to provide documentation to accurately report such federal award expenditures.

Finding Number	2014-006
CFDA Title and Number	Community Development Block Grants/State's Program, CFDA #14.228
Federal Award Number / Year	AF-12-2DH-1, AC-12-2DH-1 and A-F-13-2DH-1
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Development Services Agency

Noncompliance and Material Weakness – Cash Management

24 C.F.R. § 85.21(c) and § (A)(3)(f) of the Ohio Development Services Agency, Office of Community Development (OCD) Financial Management Rules and Regulations Handbook, require grantees to develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds. This rule states that fund draw downs should be limited to amounts that will enable the grantee to disburse funds on hand to a balance of less than $5,000 within fifteen days of receipt. Lump sum draw downs are not permitted. The State of Ohio Development Services Agency, Office of Community Development (OCD) Financial Management Rules and Regulations Handbook, § (A)(3)(l), states that the grantee should deposit federal funds received from OCD in a noninterest bearing account. If the grantee deposits funds in an interest bearing account, the grantee must remit to OCD, on at least a quarterly basis, any interest earned that totals more than $100 per year. The check must be payable to the U.S. Department of Housing and Urban Development. In addition, the grantee must, on a monthly basis, credit any interest earned to the appropriate grant. The only exception is an escrow account for rehabilitation of private property.

Out of the seven draw downs received in 2014 for this program, seven draw downs (Grant AC-12-2DH-1 totaling $85,500, Grant AC-12-2DH-1 totaling $298,042, and Grant AF-13-2DH-1 totaling $61,400) were not disbursed to a balance of less than $5,000 within fifteen days of receipt. This is 100% of the total received that was not properly paid out. In addition to this, funding in total of $22,447 for Grant AF-12-2DH-1 had to be returned to the state in 2014 due to the fact the City drew down funds they did not spend. We were not able to compute the amount of imputed interest that may have been earned by the State of Ohio due to the nature of the cash management records maintained by the City.

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

FINDING NUMBER 2014-006
(Continued)

Officials' Response:

The City will work to bring its Community Development Block Grant program into compliance.

Finding Number	2014-007
CFDA Title and Number	ARRA - Capitalization Grant for Drinking Water State Revolving Funds - CFDA #66.468
Federal Award Number / Year	2012FS390770-0006
Federal Agency	U.S. Environmental Protection Agency
Pass-Through Agency	Ohio Environmental Protection Agency

Noncompliance and Material Weakness – Special Tests and Provisions – Schedule of Expenditures of Federal Awards and Data Collection Form

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

During 2014, the City received and spent federal grant monies relating to 16 federal programs. There were multiple discrepancies existed in the 2014 City-prepared federal schedule. The City-prepared federal schedule total expenditure amount was understated by $2,582,021. Of this total, the ARRA - Capitalization Grant for Drinking Water State Revolving Funds monies made up the majority, totaling $2,147,836, of which $2,075,921 was from 2012 and $45,625 was from 2013. (See Finding Number 2014-003)

Officials' Response:

The City will include ARRA awards as part of its Federal Awards Schedule as recommended.

Finding Number	2014-008
CFDA Title and Number	ARRA - Capitalization Grant for Drinking Water State Revolving Funds - CFDA #66.468
Federal Award Number / Year	2012FS390770-0006
Federal Agency	U.S. Environmental Protection Agency
Pass-Through Agency	Ohio Environmental Protection Agency

Noncompliance and Material Weakness – Special Tests and Provisions – ARRA Separate Accountability

2 C.F.R. § 176.210, requires recipients to maintain records that adequately identify the source and application of ARRA awards; separately identify to each subrecipient; and document at the time of the subaward and disbursement of funds, the Federal award number, CFDA number, and the amount of ARRA funds; provide identification of ARRA awards in their Schedule of Expenditures of Federal Awards and Data Collection Form and require their subrecipients to provide similar identification in their Schedule of Expenditures of Federal Awards and Data Collection Form.

Ohio Environmental Protection Agency required subrecipients to report ARRA funds separately. The City posted reimbursements to the Waterworks Revenue "C" Fund (#606) and did not post the memo receipts and expenditures when monies were spent on behalf of the City. However, the Independent Public Accountant hired by the City to do GAAP conversion did record the activity on the City's financial statements. This could lead to difficulties in properly reporting amounts to the Ohio Environmental Protection Agency and identifying actual expenditures for amounts reported in the Reimbursement Requests.

We recommend the City track all ARRA awards in separate funds and record on behalf of activity on the City's books.

Officials' Response:

The City will include ARRA awards as part of its Federal Awards Schedule as recommended. Separate funds will be established as needed to prevent any comingling of federal grant programs.

Finding Number	2014-009
CFDA Title and Number	HIV Prevention Activities – Health Department Based, CFDA #93.940
Federal Award Number / Year	73-200-12HP-0714
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Health

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

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

1. To be allowable under Federal awards, costs must meet the following general criteria (A-87, Appendix A, paragraph C.1):

   (a) Be necessary and reasonable for the performance and administration of Federal awards.

   (b) Be allocable to Federal awards under the provisions of A-87.

   (c) Be authorized or not prohibited under State or local laws or regulations.

   (d) Conform to any limitations or exclusions set forth in A-87, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.

   (e) Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

   (f) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

   (g) Be determined in accordance with generally accepted accounting principles, except as otherwise provided in A-87.

   (h) Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award, except as specifically provided by Federal law or regulation.

   (i) Be net of all applicable credits.

   (j) Be adequately documented.

FINDING NUMBER 2014-009
(Continued)

In addition to this, the 2014 Ohio Department of Health, Grants Administration Policy and Procedures Manual (GAPP), states that program funds may be used to compensate employees (including fringe benefits) for the time and effort devoted specifically to the execution of grant programs.

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

Position	Gross Wage	Portion Paid from HIV Prevention Grant	% Paid from HIV Prevention Grant
Rural AIDS/Community Grants Coordinator	$47,561	$38,902	82%
HIV/STD DIS Supervisor	$44,314	$38,551	87%
Special Projects Officer	$26,839	$17,799	66%
LTCC/HIV Specialist II	$47,524	$24,861	52%
Health Commissioner	$59,669	$2,808	5%
Admin. Assistant/Fiscal Officer	$36,360	$3,636	10%
Director of Nursing	$36,834	$5,740	16%
	$299,101	$132,297	

Also, for the employee who was paid 100% from the grant, a semi-annual certificate was not completed for the first half of the year causing $15,600 in questioned costs.

In addition to the totals above, there were related fringe benefits paid to these employees in the amount of $105,942. These, too, will be considered questioned costs for a total of $253,839 ($132,297 + $15,600 + $105,942) in questioned costs.

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

Officials' Response:

The Portsmouth City Health Department began using Personnel Activity Reports (PAR) in February 2014 with the intention that the Fiscal Officer would make quarterly expenditure adjustments accordingly and submit budget revisions to allocate and reflect actual time being spent on each program. By mid-year, the Health Department was experiencing much turnover in with the Fiscal Officer took over all funds previously taken care of by the Special Projects Officer in the HIV/STD Division causing a lack of attention to PAR's and Semi-Annual Certifications. The Health Department has also responded to an Ohio Department of Health (ODH) On-site Monitoring Review in which ODH requested more detailing information be reflected on the PAR's. The Portsmouth City Health Department CFO/Director of Administrative Services will ensure that Semi-Annual Certifications are complete for all personnel paid 100% from one program and will also implement a more detailed personnel activity report/ daily documentation log to support personnel costs to every program by July 1, 2015.

Finding Number	2014-010
CFDA Title and Number	HIV Prevention Activities – Health Department Based, CFDA #93.940
Federal Award Number / Year	73-200-12HP-0714
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Health

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

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

1. To be allowable under Federal awards, costs must meet the following general criteria (A-87, Appendix A, paragraph C.1):

   (a) Be necessary and reasonable for the performance and administration of Federal awards.

   (b) Be allocable to Federal awards under the provisions of A-87.

   (c) Be authorized or not prohibited under State or local laws or regulations.

   (d) Conform to any limitations or exclusions set forth in A-87, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.

   (e) Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

   (f) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

   (g) Be determined in accordance with generally accepted accounting principles, except as otherwise provided in A-87.

   (h) Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award, except as specifically provided by Federal law or regulation.

   (i) Be net of all applicable credits.

   (j) Be adequately documented.

FINDING NUMBER 2014-010
(Continued)

In addition to this, the Ohio Department of Health, Grants Administration Policy and Procedures Manual (GAPP) section B.2.7, states, A contract is defined as a written agreement with a person(s) or organization(s) that is not an employee of the subgrantee agency to perform services or provide goods for the project. No employee of the subgrantee agency or Board Member is eligible to participate as a Contractor within the ODH project. Obtaining goods and services for project support through contractual means may be an allowable cost for project funds. Each contract must contain:

- Names, dates, and signatures of all parties,
- Employer Identification Number, Tax ID, or Social Security Number,
- Address,
- Effective dates of the agreement,
- Activities and services to be performed,
- Maximum amount of remuneration/compensation to be paid by the contracting agency under the agreement, including hourly rate and other expenses for the consultants, and
- Administrative remedy (i.e. release clause/cancellation) and appropriate remedial actions when contractors violate or breach contract terms, including the manner of termination, the number of days within which parties must provide written notice of such cancellation and the basis for the settlement.

The City entered into contracts with six health departments for use of HIV Prevention and STD Prevention funding. Separate agreements were entered into for each grant indicating the total amount of the contract to be paid.

The aggregate amounts indicated on the contracts equal the amounts paid to the health departments. However, the specific grants that the contract states the money to be paid from did not agree to the grant funds that were used.

	FY14 Paid from HIV	HIV Contract Amount	Difference	FY14 Paid from STD	STD Contract Amount	Difference
Allen Co. Health Department	$ 116,400	$ 62,500	$ 53,900	$ 14,100	$ 68,000	$ (53,900)
Clark Co. Heath Department	$ 35,000	$ 35,000	$ -	$ -	$ -	$ -
Green Co. Health Department	$ 30,000	$ 30,000	$ -	$ -	$ -	$ -
Lorain City Health Department	$ 42,500	$ 42,500	$ -	$ -	$ -	$ -
Mansfield/Ontario/Richland Co. Heath Department	$ 53,900	$ -	$ 53,900	$ 14,100	$ 68,000	$ (53,900)
Zanesville-Muskingum Co. Health Department	$ 53,900	$ -	$ 53,900	$ 14,100	$ 68,000	$ (53,900)
Totals	$ 331,700	$ 170,000	$ 161,700	$ 42,300	$ 204,000	$ (161,700)

FINDING NUMBER 2014-010
(Continued)

We recommend the City pay for the contract expenditures from the grant funding stated in the contracts.

Officials' Response:

The Portsmouth City Health Department CFO/Director of Administrative Services has contacted ODH Audit staff to find out if they would like to see the contract situation for the HIV Prevention and STD Control Contracts to be handled differently.

Finding Number	2014-011
CFDA Title and Number	HIV Prevention Activities – Health Department Based, CFDA #93.940
Federal Award Number / Year	73-200-12HP-0714
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Health

Noncompliance and Material Weakness – Equipment and Real Property Management

The 2014 Ohio Department of Health Grants Administrative Policies and Procedures Manual states in part that, the subgrantee must maintain procedures for managing equipment, including replacing equipment, until the transfer, replacement, or disposition of the equipment occurs, even if the grant has terminated.

The equipment management system must meet the following minimum requirements:

1. An accurate property record-keeping system shall be maintained for equipment costing $1,000 or more. These records are subject to the conditions regarding retention, maintenance, and accessory. For each item of equipment, the records shall include:

    a. A description of the equipment, including manufacturer's model number, if any

    b. An identification number, such as the manufacturer's serial number

    c. Asset tag number

    d. Identification of the grant under which the equipment was acquired

    e. The information needed to calculate the program share of the equipment

    f. Acquisition date and unit acquisition cost

    g. Location, use and condition of the equipment and the dates of physical inventory

    h. All pertinent information on the ultimate transfer, replacement or disposition of the equipment

FINDING NUMBER 2014-011
(Continued)

2. Equipment must be tagged with an asset tag number and marked as property of the appropriate funding project.

3. A physical inventory shall be taken and the results reconciled with the property records at least once every two years to verify the existence, current value, utilization and continued need for the equipment unless an annual inventory is specified in the program specific RFP.

4. A control system shall be in effect to ensure adequate safeguards to prevent loss, damage, or theft of equipment. Any loss, damage, or theft of equipment shall be investigated, fully documented, and reported to the GSU Chief in writing. It is the subgrantee's obligation to replace any lost, damaged, or stolen equipment.

5. The subgrantee shall implement adequate maintenance procedures to keep the equipment in good condition. Any program equipment determined to be inoperative shall be reported to the GSU Chief and the ODH Program Administrator who funded the purchase in writing.

While prior audit documentation indicated that the Health Department maintained a listing of inventory that was purchased with HIV grant funds, this listing was unable to be located. Furthermore, no physical inventory has been taken in the past two fiscal years. This could result in the misallocation of assets purchased with federal monies.

We recommend that a new inventory listing be made that complies with the standards outlined by the Ohio Department of Health. We further recommend that a physical inventory be completed as required.

Officials' Response:

The Portsmouth City Health Department CFO/Director of Administrative Services will form a fiscal team of personnel within the Health Department having direct responsibilities with the fiscal system. This team will meet at least monthly to create, review, and revise a complete Fiscal Policies and Procedures Manual to present to the Board of Health for approval by December 31, 2015. The manual will cover inventory control procedures to be compliant with federal and state standards and regulations. A new physical inventory listing will be made that complies with federal and state standards, and a physical inventory will be completed by December 31, 2015.

Finding Number	2014-012
CFDA Title and Number	HIV Prevention Activities – Health Department Based, CFDA #93.940
Federal Award Number / Year	73-200-12HO-0613
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Health

Noncompliance and Material Weakness – Period of Availability

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

The 2014 Ohio Department of Health Grants Administrative Policies and Procedures Manual states in part that an obligation occurs when funds are encumbered on a valid purchase order or requisition to cover the cost of purchasing an authorized item on or after the start date and up to the last day of the program period. Any funds not properly obligated by the subgrantee within the program period will lapse and revert back to ODH. Obligations listed on the interim report (i.e., fourth quarter expenditure report) must be liquidated within forty-five (45) calendar days after the end of the program period. The closeout and liquidation deadlines may be extended by ODH, with a written request via GMIS. The request must be received 30 days prior to the designated deadline. The program period ended December 31, 2013 for the 2013 HIV Prevention Activities Grant and December 31, 2014 for the 2014 HIV Prevention Activities Grant.

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

- Check 99789, for $27,360, dated March 5, 2014, to Allen Co. Health Department
- Check 99794, for $11,310, dated March 5, 2014, to Clark Co. Health Department
- Check 99800, for $9,910, dated March 5, 2014, to Greene Co. Health Department
- Check 99803, for $14,135, dated March 5, 2014, to Lorain City Health Department
- Check 99804, for $8,750, dated March 5, 2014, to Mansfield/Ontario/Richland Co. Health Department
- Check 99815, for $8,750, dated March 5, 2014, to Zanesville-Muskingum Co. Health Department

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

FINDING NUMBER 2014-012
(Continued)

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

Officials' Response:

The Portsmouth City Health Department CFO/Director of Administrative Services has taken over fiscal responsibilities for the HIV Prevention Grant for the previous Special Projects Officer and will plan ahead for known obligations to be liquidated. The City Auditor's Office has recently moved to an electronic PO system which has allowed for timely processing of PO requests and vendor payments so obligation liquidation should no longer be an issue.

Finding Number	2014-013
CFDA Title and Number	HIV Prevention Activities – Health Department Based, CFDA #93.940
Federal Award Number / Year	73-200-12HP-0714
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Health

Noncompliance and Material Weakness – Procurement and Suspension and Debarment

2 CFR Part 180 contained suspension and debarment requirements which implements Executive Orders 12549 and 12689. These requirements prohibit non-federal entities from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed $25,000 or meet certain other specified criteria. 2 CFR § 180.220 of the government wide non-procurement debarment and suspension guidance contains those additional limited circumstances. All non-procurement transactions (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 CFR § 180.300).

In addition to the requirements above, federal procurement guidelines also state that price quotes should be obtained from an adequate number of sources for any type of small purchases (which are defined by the federal government as less than $150,000 or the state's bidding threshold). The City had purchased services expenditures for the HIV Federal Program totaling $331,700. The EPLS database was not checked for the vendors.

Without obtaining quotes from an adequate number of sources, it would be difficult to determine if the City received the best price for the services rendered or goods purchased. Also, by not checking the Excluded Party Listing, the City could risk awarding a contract to a vendor which has been suspended or debarred.

FINDING NUMBER 2014-013
(Continued)

We recommend the City perform a search on the Excluded Parties List System before awarding any contracts with federal funds. We further recommend the City establish procedures to perform a verification check for covered transactions by checking the EPLS and maintaining support on file for the verification, collecting a certification from the entity, or adding a clause or condition to the covered transaction with the entity whenever purchases are being made from federal grant funds. In addition, we recommend the City develop a single process (policy) requiring competitive quotes or bids before obtaining goods or services with federal funds so that limited financial resources can be used more effectively to deliver public health services.

Officials' Response:

The Portsmouth City Health Department will include a search of the Excluded Parties List System for each contract before execution. This policy along with a policy requiring competitive quotes or bids before obtaining goods or services with federal funds will be made part of the Fiscal Policy and Procedures Manual to be presented to the Board of Health by December 2015.

Finding Number	2014-014
CFDA Title and Number	HIV Prevention Activities – Health Department Based, CFDA #93.940
Federal Award Number / Year	73-200-12HP-0714
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Health

Noncompliance and Material Weakness – Reporting

The 2014 Ohio Department of Health's Grants Administrative Policies and Procedures Manual states, in part, that successful applicants are required to submit subgrantee program and expenditure reports. Reports must adhere to the requirements of the ODH GAPP manual. Reports must be received in accordance with the requirements of the ODH GAPP manual and this RFP before the department will release any additional funds. Reports shall be submitted as follows:

HIV Prevention Projects Due Date	Report	Submitted Via:
April 11, 2014	Finalized Appendix H and Appendix I	GMIS
April 12, 2014	Linkage to Care Protocol	Email
July 31, 2015	Interim Progress Report	GMIS
January 31, 2015	Annual Progress Report	GMIS
January 31, 2015	Regional Community Planning Report	GMIS
Monthly	Completed non-testing data	Email
Monthly	Testing data and test kit tracking reports	Email
As Conducted	Community Planning Meeting Agendas and Minutes	Email
As Conducted	Site Visit Reports	Email

FINDING NUMBER 2014-014
(Continued)

The Health Department was unable to provide documentation that any of the reports that were to be submitted via email were actually submitted. This could lead to an inability to prove grant requirements were being met.

We recommend that documentation be kept for all submissions of grant documents.

Officials' Response:

The Portsmouth City Health Department does not have access to emailed reports by the previous Rural AIDS Coordinator. The CFO/Director of Administrative Services has been in contact with ODH personnel trying to obtain confirmation of reports submitted by email and has not yet been successful. Reporting policies, internal controls, and issues will be addressed in the Fiscal Policies and Procedures Manual to be presented to the Board of Health by December 2015.

Finding Number	2014-015
CFDA Title and Number	Preventive Health Services_Sexually Transmitted Diseases Control Grant, CFDA #93.977
Federal Award Number / Year	73-200-12ST-0513
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Health

Noncompliance, Material Weakness and Questioned Cost – Final Expenditure Report

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

1. To be allowable under Federal awards, costs must meet the following general criteria (A-87, Appendix A, paragraph C.1):

   (a) Be necessary and reasonable for the performance and administration of Federal awards.

   (b) Be allocable to Federal awards under the provisions of A-87.

   (c) Be authorized or not prohibited under State or local laws or regulations.

   (d) Conform to any limitations or exclusions set forth in A-87, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.

   (e) Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

   (f) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

   (g) Be determined in accordance with generally accepted accounting principles, except as otherwise provided in A-87.

FINDING NUMBER 2014-015
(Continued)

(h) Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award, except as specifically provided by Federal law or regulation.

(i) Be net of all applicable credits.

(j) Be adequately documented.

The City of Portsmouth co-mingles its STD Prevention Grant and HIV Prevention Grants in two funds on the City Auditor's accounting system. Due to this fact, the City Health Department must maintain their own separate accounting records (Excel Spreadsheets) for the STD Prevention Grant and HIV Prevention Grants to allow them to track expenses separately for federal reporting purposes. However, they should have reconciled their accounting records to the City Auditor's records in total to ensure they did agree. This was not done for the 2013 grant (which had expenditures charged to it through February 2014). Due to this, the following expenditures were reported as expenditures for the STD Prevention Grant for fiscal year 2013 on the Final Expenditure Report. However, they were either expenditures that were for another program, or not valid expenditures at all. Due to this, we consider following amounts questioned costs for this program.

Check #	Check Date	Check Amount	Vendor	Issue:
010238	April 7, 2015	$ 1,256	Claro Health	This was a FY14 Ryan White Part C Outpatient EIS Program expenditure. This should not have been reported as an expenditure of the STD Prevention Grant
010285	April 8, 2014	$ 5,600	Claro Health	This was a FY14 HIV Prevention expenditure. This should not have been reported as an expenditure of the STD Prevention Grant.
010878	May 12, 2014	$ 3,630	Bihl Office Supplies	This was a FY14 HIV Prevention expenditure. This should not have been reported as an expenditure of the STD Prevention Grant.
no check #	no check date	$ 1,940	Unknown	There was no evidence of this expenditure occurring in the City Auditor's accounting system. Also, the Health Department could not provide a check # or date for this proposed cost.
	total	$ 12,426		

We recommend the City Health Department ensure they maintain proper documentation of expenditures charged to each grant and ensure those costs do not overlap grants. In addition, we recommend the City Health Department ensure the records they maintain agree to the accounting system maintained by the City Auditor.

FINDING NUMBER 2014-015
(Continued)

Officials' Response:

The CFO/Director of Administrative Services will ensure that proper maintenance of documentation to support expenditures to each grant as well as monthly reconciliation with City Auditor's Reports are addressed in the Fiscal Policies and Procedures Manual to be presented to the Board of Health by December 31, 2015.

This page intentionally left blank.

CITY OF PORTSMOUTH
SCIOTO COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2014

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2013-001	Ohio Rev. Code § 5705.10(I) – Cost Allocation Plan not properly used	Yes	
2013-002	Ohio Rev. Code § 5705.10(I) – Negative Fund Balances.	No	Not Corrected; Reissued as Finding Number 2014-001
2013-003	Ohio Rev. Code § 5705.41(D)(1)- Disbursements were not properly encumbered.	Yes	Corrected.
2013-004	OMB Circular A-133 § .300(d) – Federal schedule not properly prepared.	No	Not Corrected; Reissued as Finding Number 2014-003
2013-005	Ohio Rev. Code § 149.351(A) – Transfers with no supporting documentation.	Yes	
2013-006	Material Weakness – Capital Assets Policy	No	Not Corrected; Reissued as Finding Number 2014-004
2013-007	OMB Circular A-133 § .300(d) – Federal schedule not properly prepared.	No	Not Corrected; Reissued as Finding Number 2014-005
2013-008	Noncompliance/Material Weakness – Cash Management requirement for Community Development Block Grant	No	Not Corrected; Reissued as Finding Number 2014-006
2013-009	Noncompliance, Material Weakness and Questioned Cost – Period of Availability requirement for Community Development Block Grant	Yes	
2013-010	Noncompliance, Material Weakness and Questioned Cost – Davis Bacon Act requirement for Community Development Block Grant	Yes	

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2013-011	Noncompliance/Material Weakness – Period of Availability for Home Investment Partnerships Program		Finding No Longer Valid – There were no expenditures in 2014.
2013-012	Noncompliance/Material Weakness – Activities Allowed or Unallowed and Allowable Costs/Cost Principals for HIV Prevention Activities – Health Department Based	No	Not Corrected; Reissued as Finding Number 2014-009
2013-013	Noncompliance/Material Weakness – Period of Availability for HIV Prevention Activities – Health Department Based	No	Partially Corrected; Reissued as Finding Number 2014-012

CITY OF PORTSMOUTH
SCIOTO COUNTY

CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2014

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2014-001	The City is currently working through its five year plan to eliminate all deficit funds. It is anticipated that all funds deficits will be corrected by the end of 2016.	December 31, 2016	Derek Allen, City Manager, and M. Trent Williams, City Auditor
2014-002	Some appropriations were in excess of estimated current resources due to deficit fund conditions. It is anticipated that these fund deficits will be corrected by the end of 2016. This correction should resolve appropriations in excess of estimated resources.	December 31, 2016	Derek Allen, City Manager, and M. Trent Williams, City Auditor
2014-003	Departments responsible for the administration of federal grant programs will be required to provide documentation to accurately report such federal award expenditures. Separate funds will be established as needed to prevent any comingling of federal grant programs.	December 31, 2015	Derek Allen, City Manager, and M. Trent Williams, City Auditor
2014-004	The current Capital Assets Policy was developed in 1998. Current Capital Assets practices have been to follow GASB statements in practice, but the City's actual policy has not been updated to correspond with those changes. The City will update its Capital Assets Policy to correspond with its current practices as well as comply with the current GASB statements.	December 31, 2015	M. Trent Williams, City Auditor
2014-005	Departments responsible for the administration of federal grant programs will be required to provide documentation to accurately report such federal award expenditures.	December 31, 2015	Derek Allen, City Manager, and M. Trent Williams, City Auditor
2014-006	The City will work to bring its Community Development Block Grant program into compliance.	December 31, 2015	Derek Allen, City Manager
2014-007	The City will include ARRA awards as part of its Federal Awards Schedule as recommended.	December 31, 2015	M. Trent Williams, City Auditor
2014-008	The City will include ARRA awards as part of its Federal Awards Schedule as recommended. Separate funds will be established as needed to prevent any comingling of federal grant programs.	December 31, 2015	M. Trent Williams, City Auditor

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2014-009	The Portsmouth City Health Department began using Personnel Activity Reports (PAR) in February 2014 with the intention that the Fiscal Officer would make quarterly expenditure adjustments accordingly and submit budget revisions to allocate and reflect actual time being spent on each program. By mid-year, the Health Department was experiencing much turnover in with the Fiscal Officer took over all funds previously taken care of by the Special Projects Officer in the HIV/STD Division causing a lack of attention to PAR's and Semi-Annual Certifications. The Health Department has also responded to an Ohio Department of Health (ODH) On-site Monitoring Review in which ODH requested more detailing information be reflected on the PAR's. The Portsmouth City Health Department CFO/Director of Administrative Services will ensure that Semi-Annual Certifications are complete for all personnel paid 100% from one program and will also implement a more detailed personnel activity report/ daily documentation log to support personnel costs to every program by July 1, 2015.	December 31, 2015	Chris Smith, Health Commissioner
2014-010	The Portsmouth City Health Department CFO/Director of Administrative Services has contacted ODH Audit staff to find out if they would like to see the contract situation for the HIV Prevention and STD Control Contracts to be handled differently.	December 31, 2015	Chris Smith, Health Commissioner
2014-011	The Portsmouth City Health Department CFO/Director of Administrative Services will form a fiscal team of personnel within the Health Department having direct responsibilities with the fiscal system. This team will meet at least monthly to create, review, and revise a complete Fiscal Policies and Procedures Manual to present to the Board of Health for approval by December 31, 2015. The manual will cover inventory control procedures to be compliant with federal and state standards and regulations. A new physical inventory listing will be made that complies with federal and state standards, and a physical inventory will be completed by December 31, 2015.	December 31, 2015	Chris Smith, Health Commissioner
2014-012	The Portsmouth City Health Department CFO/Director of Administrative Services has taken over fiscal responsibilities for the HIV Prevention Grant for the previous Special Projects Officer and will plan ahead for known obligations to be liquidated. The City Auditor's Office has recently moved to an electronic PO system which has allowed for timely processing of PO requests and vendor payments so obligation liquidation should no longer be an issue.	December 31, 2015	Chris Smith, Health Commissioner

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2014-013	The Portsmouth City Health Department will include a search of the Excluded Parties List System for each contract before execution. This policy along with a policy requiring competitive quotes or bids before obtaining goods or services with federal funds will be made part of the Fiscal Policy and Procedures Manual to be presented to the Board of Health by December 2015.	December 31, 2015	Chris Smith, Health Commissioner
2014-014	The Portsmouth City Health Department does not have access to emailed reports by the previous Rural AIDS Coordinator. The CFO/Director of Administrative Services has been in contact with ODH personnel trying to obtain confirmation of reports submitted by email and has not yet been successful. Reporting policies, internal controls, and issues will be addressed in the Fiscal Policies and Procedures Manual to be presented to the Board of Health by December 2015.	December 31, 2015	Chris Smith, Health Commissioner
2014-015	The CFO/Director of Administrative Services will ensure that proper maintenance of documentation to support expenditures to each grant as well as monthly reconciliation with City Auditor's Reports are addressed in the Fiscal Policies and Procedures Manual to be presented to the Board of Health by December 31, 2015.	December 31, 2015	Chris Smith, Health Commissioner

CITY OF PORTSMOUTH, OHIO

Scioto County, Ohio

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2014

CITY OF PORTSMOUTH, OHIO

1803

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2014

Prepared by:

M. TRENT WILLIAMS, CPM, CPFA

City Auditor

Finance Department:

Constance J. Snipes
Deputy Auditor

Jennifer E. Newman
Finance Clerk II

Sherry A. Boling
Finance Clerk I

Amanda L. Literal
Finance Clerk I

Income Tax Division:

Barbara A. Doyle
Tax Commissioner

Vicki L. Musser
Deputy Tax Commissioner

TABLE OF CONTENTS

CITY OF PORTSMOUTH
SCIOTO COUNTY, OHIO

I INTRODUCTORY SECTION

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

II FINANCIAL SECTION

A Independent Auditor's Report 1
B Management's Discussion and Analysis 5
C Basic Financial Statements:
Government-wide Financial Statements:
Statement of Net Position 14
Statement of Activities 16
Fund Financial Statements:
Governmental Funds:
Balance Sheet 18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities 20
Statement of Revenues, Expenditures and Changes in Fund Balances 22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 24
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
General Fund 25
Proprietary Funds:
Statement of Net Position 26
Statement of Revenues, Expenses and Changes in Net Position 30
Statement of Cash Flows 32
Fiduciary Funds:
Statement of Net Position 36
Statement of Changes in Net Position 37
Notes to the Basic Financial Statements 38

D Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Financial Statements:

Combining Balance Sheet....74

Combining Statement of Revenues, Expenditures and Changes in Fund Balances....75

Combining Balance Sheet – Nonmajor Special Revenue Funds....76

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds....84

Combining Balance Sheet – Nonmajor Permanent Funds....91

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Permanent Funds....92

Individual Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):

Major Governmental Funds:

General Fund....93

Debt Service Fund:
General Obligation Bond Retirement Fund....98

Capital Projects Fund:
Capital Improvement Fund....99

Nonmajor Governmental Funds:

Special Revenue Funds:

Municipal Court Grants Fund....100
Municipal Court Special Project Fund....101
Municipal Court Probation Services Fund....102
Municipal Court Programs Fund....103
Municipal Court Computer Fund....104
Municipal Court Security Fund....105
Fire Donation Fund....106
Fire Pension Fund....107
Police Pension Fund....108
D.A.R.E. State Grant Fund....109
Police Donation Fund....110
Justice Assistance Grant (JAG) Grants Fund....111

Nonmajor Governmental Funds: (Continued)

Community Oriented Policing Services (COPS) Fast Grant Fund.....112
Indigent Drivers Alcohol Treatment Fund 113
Indigent Drivers Alcohol Monitoring Fund 114
Enforcement and Education Fund 115
Mandatory Fines Fund.....116
Law Enforcement Fund 117
Federal Forfeitures Fund 118
Community Oriented Policing Services (COPS) Hiring
Recovery Program Grant Fund.....119
Rural Law Enforcement Assistance Grant Fund 120
Street Construction, Maintenance and Repair Fund.....121
State Highway Improvement Fund.....122
Environmental State Grants Fund 123
Community Development Fund 124
Tourism and Cultural Development Fund.....125
State Grant Health Fund 126
Rural AIDS State Grant Fund.....127
Drug Free Communities Grant Fund.....128
Family Planning Fund 129
Federal Emergency Management Agency (F.E.M.A.) Grant Fund.....130
Regional HIV Prevention Fund 131
Ryan White Title III Fund 132
Flood Defense Fund 133
Land Reutilization Fund.....134
Rental Licensing Program Fund.....135
Council Trust for Recreation Fund.....136
Playground Trust Fund.....137

Permanent Funds:
Cemetery Trust Fund.....138
Mausoleum Trust Fund 139

Fiduciary Funds – Agency Funds:
Combining Statement of Changes in Assets and Liabilities.....141

III STATISTICAL SECTION

Net Position by Component - Last Ten Years ..... S 2
Changes in Net Position - Last Ten Years ..... S 4
Fund Balances, Governmental Funds - Last Ten Years ..... S 8
Changes in Fund Balances, Governmental Funds - Last Ten Years ..... S 10
Income Tax Revenues by Source, Governmental Funds - Last Ten Years ..... S 12
Income Tax Collections - Current Year and Nine Years Ago ..... S 15
Ratio of Outstanding Debt By Type - Last Ten Years ..... S 16
Ratios of General Bonded Debt Outstanding - Last Ten Years ..... S 18
Computation of Direct and Overlapping - Debt Attributable to
Governmental Activities - Current Year ..... S 21
Debt Limitations - Last Ten Years ..... S 22
Pledged Revenue Coverage - Last Ten Years ..... S 24
Demographic and Economic Statistics - Last Ten Years ..... S 26
Principal Employers - Current Year and Nine Years Ago ..... S 29
Full Time Equivalent Employees by Function - Last Ten Years ..... S 30
Operating Indicators by Function - Last Ten Years ..... S 32
Capital Asset Statistics by Function - Last Ten Years ..... S 34

INTRODUCTORY SECTION

CITY OF PORTSMOUTH, OHIO

1803

The City of Portsmouth

"Where the Ohio and Scioto Meet"

Department of Finance

Municipal Building, Room 3

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

Phone (740) 354-7751 ~ Fax (740) 354-7751
Web: www.ci.portsmouth.oh.us ~ Email: cityauditor@mail.com

M. Trent Williams, City Auditor

State of Ohio

June 30, 2015

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

As City Auditor, it is my pleasure to present the seventeenth Comprehensive Annual Financial Report (CAFR) of the City of Portsmouth, Ohio for the year ended December 31, 2014. This report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

INTRODUCTION

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

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

This CAFR was prepared in accordance with generally accepted accounting principles established by statements of the Governmental Accounting Standards Board (GASB) and other authoritative pronouncements. Auditor of State David Yost's office has issued an opinion on the City of Portsmouth's financial statements for the year ended December 31, 2014. The Independent Auditor's Report is located at the front of the Financial Section of this report.

The Reporting Entity

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

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

Historical Information

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

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

Location

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

Letter of Transmittal
For the Year Ended December 31, 2014

Form of Government

Portsmouth, a charter city which has a Council-Manager 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 City Solicitor, and City Auditor/Treasurer. Currently the City Auditor/Treasurer is serving his fourth term and the City Solicitor is serving 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 four enterprise activities: water treatment and distribution, wastewater collection and treatment, solid waste collection and disposal services, and primary health care services. The enterprise funds are used to account for activities that are operated in a manner similar to a private business. The intent of the City is that the costs of providing the services to the general public on a continuing basis be financed or recovered primarily through user charges.

The City's enterprise activities are not subject to rate review or determination by the Public Utilities Commission of Ohio or any similar regulatory body. The City Manager 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 City Manager upon recommendation of the Public Service Director.

ECONOMIC CONDITION AND OUTLOOK

Business and Industry

Among the principal products and services provided by Portsmouth area businesses are shoelaces, castings, concrete products, and health care services. Portsmouth is served by one daily and two weekly newspapers and by three local radio stations. Cable television is available, offering education and community access channels in addition to entertainment channels. Financial services are provided to the city by six banks and two credit unions. A complete range of medical services is provided to the Portsmouth area by the Southern Ohio Medical Center (SOMC). The SOMC recently completed and opened a new wing at Scioto Memorial Hospital. The new addition houses an expanded, well equipped, emergency room and trauma center as well as a new intensive care unit and maternity facility. Several new physician office buildings and service facilities have been erected on the Scioto Memorial Campus and East Campus. SOMC has expanded its Mercy Hospital Campus with the addition of a Dialysis Center and a Cancer Center and offers alternatives to its Mercy LIFE Center fitness and rehabilitation location with similar facilities outside the city. SOMC has nearly completed its 10 year plan that has become a tremendous benefit in meeting the health care needs of the Southern Ohio region. Construction began in late 2007 on this $100+ million project that will give a new face to the hospital along with further expansion of its emergency department, more private rooms for inpatients and implementation of cardiac services center that will enable the hospital to provide open heart procedures locally for the first time in Portsmouth. These expansions were completed in 2009. Continuing phases include a new Urgent Care Center, now under construction on Kinneys Lane also at the former Mercy Hospital site.

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

Unemployment Rates

Data obtained from the State of Ohio Department of Jobs and Family Services indicates that the percentage of unemployment for Portsmouth and Scioto County averaged 8.7% for the 2014 calendar year, which is substantially above the state average of 5.7% and the national average of 6.2%. While the local unemployment number is high in comparison to the state and national average, it remains lower than the majority of surrounding counties. While the state of the local economy has been somewhat declined, local initiatives are serving to promote a renewed spirit of pride in the community.

Utilities

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

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

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

Water is provided by the City of Portsmouth to approximately 13,398 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 7,843 connections are two separate facilities for wastewater treatment. The main plant located in Portsmouth has the capacity to treat ten million gallons daily and is currently treating approximately five million gallons daily. A small plant is located in Sciotoville. The City is currently collecting and treating sewage for Portsmouth, New Boston Village, the Rosemount area located in Clay Township and most recently in the Rigrish Addition area of Minford.

Solid waste collection and disposal is operated by the City of Portsmouth providing service to approximately 6,371 customers. The solid waste transfer station officially commenced operations in the fall of 1993.

Recreation and Cultural Facilities and Events

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

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

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

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

Visitors can revel in Portsmouth's past by visiting the Boneyfiddle District Brewery Arcade, a unique and fascinating historic area for the antique enthusiast. Scioto County Historical Society presents the 1810 homestead, meticulously detailed and furnished to delight visitors. The Southern Ohio Museum/Cultural

Center presents visual arts, science and history along with a theater and children's series which delights theater buffs. Exhibits change throughout the year.

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

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

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

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

Education

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

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

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

Athletic Complex is sure to rival any high school facility in the state and many small to mid-size university campus athletic facilities.

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

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

Employee Relations

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

Long-term Financial Planning

As fund balances reduced over the past several years and expenses have been cut in many places where possible, by not filling positions as several employees have retired, along with other cost saving opportunities the City proposed a change in its charter in 2011 proposing an income tax increase of .6% to bring the rate from 1.4% to the new rate of 2.0% on the incomes of those who live or work in the City. This proposal was placed on the November 2011 ballot and was approved by City voters which took effect beginning January 2012. The increased rate provides an additional $3,000,000 annually in general fund revenue to help fund police and fire departments and free up current revenue for additional public services.

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

With reductions by the state of Ohio of local government revenue, personal property tax and estate tax, the City was forced to once again request another city income tax rate of 0.5% to a rate of 2.5% to replace the revenue lost from state cuts and to continue and enhance operations into the next ten or more years. The proposal was placed on the May 6, 2015 ballot and approved by the voters to become effective January 1, 2016. The new rate will provide an additional $2,500,000 annually and allow the City to be less reliant on state funding.

MAJOR INITIATIVES

The City of Portsmouth went through a major change in 2014 by returning to the City Council/City Manager form of government. The City had operated under the elected strong Mayor/City Council form since 1990. In 2013 the citizens of Portsmouth approved a charter change to return a City Manager to the position of the City's chief executive officer. As a result, 2014 was mostly a year of transition, evaluation and planning.

However, one major project in the plans for several years, and initiated through an agreed upon administrative consent decree with the EPA in 2013 included the commencement in 2014 of the installation of a 400,000 gallon underground stormwater retention system and stormwater/sanitary sewer separation in and around the Grandview Avenue area. Designed to reduce and eliminate flooding and basement backups from unusually heavy rains, it was completed in the spring of 2015 with a cost of $2,500,000. This was the City's largest infrastructure project in 2014.

A $520,000 Rapid Mix water treatment system was put out for bid in 2014 and will be completed in 2015. The rapid mix water treatment system quickly blends water with chemicals, such as coagulants and softening agents, in a more uniform dispersion of chemicals thereby requiring less total chemical agents to be used resulting in money saved by the water plant.

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

The Public Service department took over operation of its solid waste transfer station with existing staff that had been contracted out over for many years. Solid waste hauling from the transfer station to the landfill is still being contracted out by a private hauler. Masonry repairs were made at Greenlawn Cemetery by students from the Scioto County Career Technical Center providing improvements to the Cemetery facilities while giving students hands on experience in their craft. A $230,000 electrical upgrade was installed at the riverfront stage providing adequate electrical connections to the stage for bands while performing at riverfront festivals and events. Approximately $250,000 in housing improvements were made through the state's Community Housing Improvement Program and the Fire Department is back to full staffing level for the first time in many years.

The Nursing Division of the Portsmouth City Health Department implemented a new employee based clinic which provides free Clinic visits to City of Portsmouth employees. The goal of this program is to decrease City of Portsmouth employee insurance claims. The employee's visit to the Clinic is provided free of charge. However, if the city employee needs to have diagnostic tests performed, these are billed to the insurance company. This program is managed by the Director of Nursing. In 2014 three hundred and fifty-four (354) City of Portsmouth employees and their spouses were seen for care in the Clinic. These visits to the Clinic resulted in approximately $26,550 worth of medical claims savings to the City of Portsmouth's health insurance company.

Additionally, the Director of Nursing manages a Wellness Program for City of Portsmouth employees. The goal of this program is provide City employees with personal and general wellness information, to promote a healthier lifestyle and decrease chronic illnesses. In 2014, the Nursing Division coordinated employee and spouse wellness assessments, biometric testing and wellness coaching to employees who qualified. The following additional programs were offered to city employees: "Lose to Win" weight loss program, free mammograms to screen for breast cancer, stress- reduction clinic, on-site flu vaccines, wellness informational flyers on a variety of wellness topics related to healthy eating, exercise, stress reduction and wellness screening

The Environmental Division of the Portsmouth City Health Department, in cooperation with city and county departments, implemented the Land Reutilization Program. The program has made great strides in returning tax delinquent properties to the tax districts. Only vacant parcels and vacant houses that are at least three (3) years certified tax delinquent are placed into the land reutilization program. After foreclosure by the County and two unsuccessful Sheriff Sales, the properties are stripped of all taxes and liens and deeded to the City Land Reutilization Program. The Health Department then has the properties appraised and sold at or above fair market value. In 2014, thirty-seven properties were put back in the hands of tax paying citizens, generating $56,529 in sales.

FINANCIAL INFORMATION

Internal Control, Budgetary Control and the Accounting System

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

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

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

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

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

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

Relevant Financial Policies

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

OTHER INFORMATION

Independent Audit

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

Awards

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

Public Disclosure

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

http://portsmouthoh.org/

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

Letter of Transmittal
For the Year Ended December 31, 2014

Acknowledgments

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

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

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

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

Sincerely,

M. Trent Williams, CPM, CPFA
City Auditor

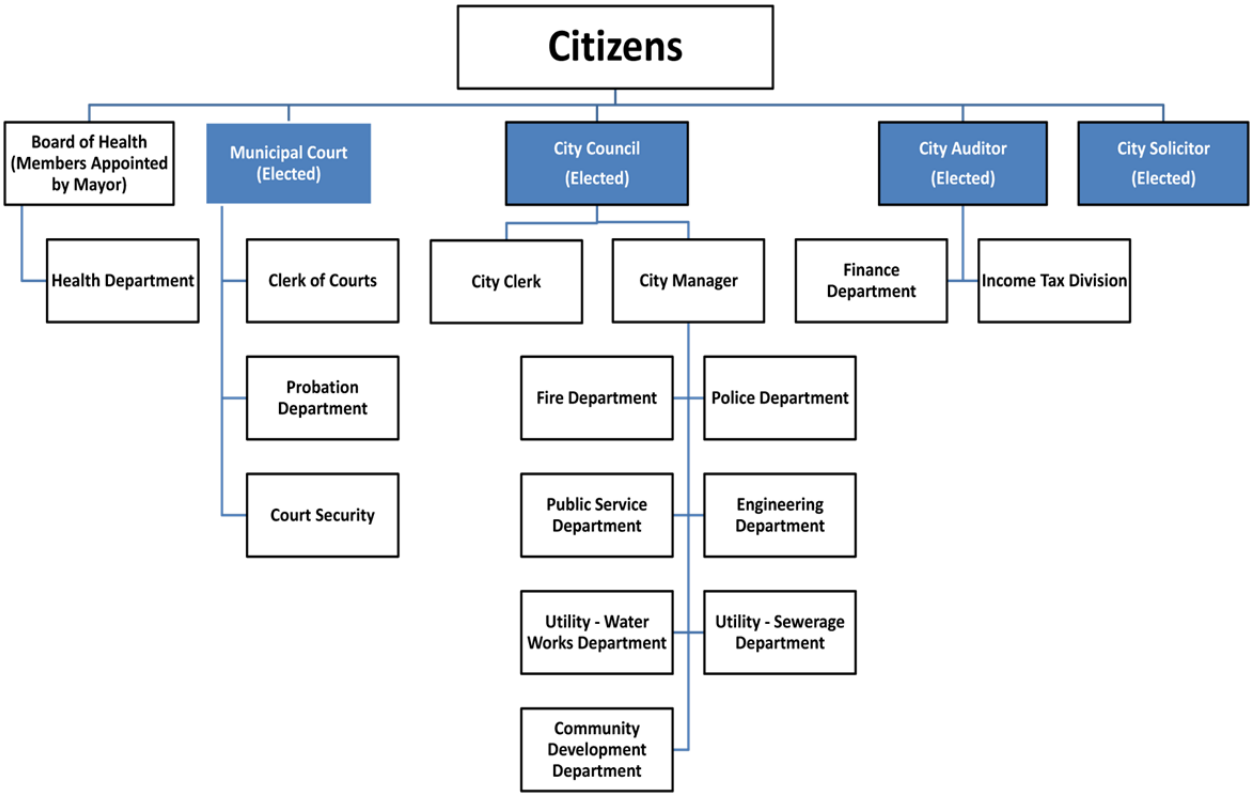
List of Principal Officials
For the Year Ended December 31, 2014

Position	Name	Ward	Term of Office	Years with City
Executive				
City Manager (Appointed)	Derek K Allen		Indefinite	1
City Auditor (Elected)	M. Trent Williams		01/02/12 - 01/02/16	16
City Solicitor (Elected)	John R. Haas		01/02/12 - 01/02/16	6
Legislative (Elected)				
Member of Council	Kevin W. Johnson	1st	1/6/2014 - 12/31/17	5
Member of Council	James R. Saddler II	2nd	01/02/12 - 01/02/16	4
Member of Council	Kevin E. Johnson	3rd	1/6/2014 - 12/31/17	2
Member of Council (Acting Mayor)	James D. Kalb	4th	01/02/12 - 01/02/16	17
Member of Council	Gene Meadows	5th	1/6/2014 - 12/31/17	2
Member of Council	Jeffrey A. Kleha	6th	07/01/14 - 01/02/16	1
Judicial (Elected)				
Municipal Court Judge	Russell D. Kegley		01/01/12 - 12/31/17	12
Municipal Court Judge	Steven L. Mowery		01/01/10 - 12/31/15	5
Administrative (Appointed)				
Police Chief	Robert K. Ware		Indefinite	20
Fire Chief	William V. Raison		Indefinite	24
Public Service Director	William M. Beaumont		Indefinite	8
Director of Water	Samuel J. Sutherland		Indefinite	26
Director of Waste Water	Richard D. Duncan		Indefinite	20
Community Development Director	Tracy A. Shearer		Indefinite	4
City Clerk	Diana L. Ratliff		Indefinite	2
Municipal Court Clerk	R. Leroy Kegley		Indefinite	36
Health Commissioner	Christopher S. Smith		Indefinite	19
Income Tax Commissioner	Barbara A. Doyle		Indefinite	29
Civil Service Secretary	Jo Ann Aeh		Indefinite	29

Executive Offices:

Derek K. Allen, City Manager	**M. Trent Williams, Auditor**	**John R. Haas, Solicitor**
City of Portsmouth	City of Portsmouth	City of Portsmouth
728 Second Street, Room 1	728 Second Street, Room 3	728 Second Street, Room 22
Portsmouth, Ohio 45662	Portsmouth, Ohio 45662	Portsmouth, Ohio 45662
Ph: 740-354-8807 Fax: 740-354-8809	Ph: 740-354-7751 Fax: 740-353-458	Ph: 740-353-5229 Fax: 740-353-0136
Email: dallen@portsmouthoh.org	Email: twilliams@portsmouthoh.org	Email: jhaas@portsmouthoh.org

City Organizational Chart
For the Year Ended December 31, 2014



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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Portsmouth

Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

FINANCIAL SECTION

CITY OF PORTSMOUTH OHIO
1803
State of Ohio

CITY OF PORTSMOUTH, OHIO

1803

INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Portsmouth, Scioto County, Ohio (the City), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Portsmouth, Scioto County, Ohio, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2015, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Dave Yost
Auditor of State

Columbus, Ohio

June 30, 2015

The discussion and analysis of the City of Portsmouth's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2014. 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 2014 are as follows:

- In total, net position decreased $980,719. Net position of governmental activities decreased $1,228,443 which represents a 4.6 % decrease from 2013. Net position of business-type activities increased $247,724, or 1.3% from 2013.

- General revenues accounted for $13,777,038 in revenue or 45.4% of all revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for $16,572,244 or 54.6% of total revenues of $30,349,282.

- The City had $19,880,960 in expenses related to governmental activities; only $4,922,804 of these expenses were offset by program specific charges for services and sales, grants or contributions.

- Among major funds, the General Fund had $12,773,083 in revenues and other financing sources and $12,446,379 in expenditures and other financing uses. The General Fund's fund balance increased from $973,936 to $1,333,943.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.

2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

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

Government-wide Statements

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

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

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the City one needs to consider additional nonfinancial factors such as the City's tax base and the condition of the City's capital assets.

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

- *Governmental Activities* – Most of the City's programs and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, transportation and general government.

- *Business-Type Activities* – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's water, sewer, sanitation, and primary care services are reported as business-type activities.

Fund Financial Statements

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

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

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a summary of the City's net position for 2014 compared to 2013:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	$10,477,062	$10,572,224	$4,694,062	$4,655,527	$15,171,124	$15,227,751
Capital assets, Net	19,857,301	21,052,455	28,076,532	27,502,196	47,933,833	48,554,651
Total assets	30,334,363	31,624,679	32,770,594	32,157,723	63,104,957	63,782,402
Long-term debt outstanding	2,503,997	2,702,953	13,275,703	13,143,002	15,779,700	15,845,955
Other liabilities	774,958	628,875	823,615	591,169	1,598,573	1,220,044
Total liabilities	3,278,955	3,331,828	14,099,318	13,734,171	17,378,273	17,065,999
Deferred inflows of resources	1,786,000	1,795,000	0	0	1,786,000	1,795,000
Net position:						
Net investment in capital assets	19,585,820	20,650,606	15,436,290	15,122,072	35,022,110	35,772,678
Restricted	5,561,675	5,948,525	557,025	963,878	6,118,700	6,912,403
Unrestricted	121,913	(101,280)	2,677,961	2,337,602	2,799,874	2,236,322
Total net position	$25,269,408	$26,497,851	$18,671,276	$18,423,552	$43,940,684	$44,921,403

Changes in Net Position – The following table shows the changes in net position for 2014 compared to 2013:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues:						
Charges for Services and Sales	$1,814,591	$2,220,121	$11,649,440	$11,116,373	$13,464,031	$13,336,494
Operating Grants and Contributions	3,108,213	4,341,552	0	0	3,108,213	4,341,552
Total Program Revenues	4,922,804	6,561,673	11,649,440	11,116,373	16,572,244	17,678,046
General revenues:						
Property Taxes	1,836,477	1,890,835	0	0	1,836,477	1,890,835
Income Taxes	10,165,799	10,253,546	0	0	10,165,799	10,253,546
Other Local Taxes	311,926	318,840	0	0	311,926	318,840
Intergovernmental Revenue, Unrestricted	917,790	1,285,909	0	0	917,790	1,285,909
Investment Earnings	182	1,641	0	0	182	1,641
Miscellaneous	544,864	311,346	0	0	544,864	311,346
Total General Revenues	13,777,038	14,062,117	0	0	13,777,038	14,062,117
Total Revenues	18,699,842	20,623,790	11,649,440	11,116,373	30,349,282	31,740,163
Program Expenses						
Security of Persons and Property	9,047,187	8,888,183	0	0	9,047,187	8,888,183
Public Health and Welfare Services	2,959,083	2,893,736	0	0	2,959,083	2,893,736
Leisure Time Activities	68,933	83,400	0	0	68,933	83,400
Community Environment	1,236,218	616,289	0	0	1,236,218	616,289
Transportation	2,431,358	1,872,986	0	0	2,431,358	1,872,986
General Government	4,037,247	3,890,219	0	0	4,037,247	3,890,219
Interest and Fiscal Charges	100,934	111,808	0	0	100,934	111,808
Water	0	0	5,939,858	5,841,561	5,939,858	5,841,561
Sewer	0	0	3,538,609	3,097,309	3,538,609	3,097,309
Sanitation	0	0	1,858,980	1,532,213	1,858,980	1,532,213
Primary Care	0	0	111,594	92,388	111,594	92,388
Total Expenses	19,880,960	18,356,621	11,449,041	10,563,471	31,330,001	28,920,092
Change in Net Position before transfers	(1,181,118)	2,267,169	200,399	552,902	(980,719)	2,820,071
Transfers	(47,325)	0	47,325	0	0	0
Total Change in Net Position	(1,228,443)	2,267,169	247,724	552,902	(980,719)	2,820,071
Beginning Net Position	26,497,851	24,230,682	18,423,552	17,870,650	44,921,403	42,101,332
Ending Net Position	$25,269,408	$26,497,851	$18,671,276	$18,423,552	$43,940,684	$44,921,403

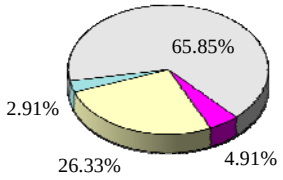
Governmental Activities

Net position of the City's governmental activities decreased by $1,228,443. The decrease in net position is a result of depreciation expense.

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

Income taxes and property taxes made up 54.4% and 9.8% respectively of revenues for governmental activities for the City in 2014. The City's reliance upon tax revenues is demonstrated by the following graph indicating 65.85% of total revenues from general tax revenues:

Revenue Sources	2014	Percent of Total
General Tax Revenues	$12,314,202	65.85%
Intergovernmental Revenue, Unrestricted	917,790	4.91%
Program Revenues	4,922,804	26.33%
General Other	545,046	2.91%
Total Revenue	$18,699,842	100.00%



Business-Type Activities

The net position of the business-type activities increased by $247,724. The increase in net position is a result of maintaining expenses lower than revenues.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of $6,142,239, which is an increase from last year's balance of $5,834,501. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2014 and 2013:

	Fund Balance December 31, 2014	Fund Balance December 31, 2013	Increase (Decrease)
General	$1,333,943	$973,936	$360,007
General Obligation Bond Retirement	124,831	97,815	27,016
Capital Improvement	1,712,416	1,550,643	161,773
Other Governmental	2,971,049	3,212,107	(241,058)
Total	$6,142,239	$5,834,501	$307,738

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:

	2014 Revenues	2013 Revenues	Increase (Decrease)
Property and Other Taxes	$10,478,016	$10,422,295	$55,721
Intergovernmental Revenue	904,843	1,284,742	(379,899)
Charges for Services	240,926	232,984	7,942
Licenses and Permits	199,938	184,007	15,931
Fines and Forfeitures	553,137	753,176	(200,039)
All Other Revenue	383,203	273,548	109,655
Total	$12,760,063	$13,150,752	($390,689)

General Fund revenues in 2014 decreased approximately 3.0% compared to revenues in fiscal year 2013. The decrease in Intergovernmental Revenue is due to the State's elimination of the estate tax. Fines and Forfeitures decreased as a result of the end of a federal grant for public safety that provided funding for increased traffic patrol. Although the purpose of the grant was to provide safer streets, a natural side result was a significant, but temporary increase in revenue from police fines.

	2014 Expenditures	2013 Expenditures	Increase (Decrease)
Security of Persons and Property	$8,132,414	$7,568,261	$564,153
Public Health and Welfare Services	630,007	550,971	79,036
Community Environment	279,769	192,554	87,215
Transportation	344,167	209,203	134,964
General Government	2,929,096	2,863,298	65,798
Total	$12,315,453	$11,384,287	$931,166

General Fund expenditures increased by $931,166 or 8.2% compared to the prior year. The increase is the result of fully funding the insurance fund from operating funds. This resulted in an increase to all General fund departments and especially the larger departments like the Police department. The full funding of health insurance within operating funds will reduce any deficit balance conditions within the health insurance fund. The Police department also saw an increase in expenditures due to increased computer information service contracts.

General Obligation Bond Retirement Fund – The General Obligation Bond Retirement Fund balance increased from $97,815 to $124,831. The fund remained stable compared to 2013.

Capital Improvement Fund - The Capital Improvement Fund balance increased from $1,550,643 to $1,712,416. The new City Manager reduced Capital Improvement budgets in his first year to include only necessary and previously commitments until he has had an opportunity to assess the capital needs of the City with the development of a long term capital plan.

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 2014 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of $12,852,000 increased from original budget estimates of $12,100,000 as a result of receiving higher than anticipated income taxes and operating transfers including workers compensation and FEMA reimbursements, unclaimed monies and audit adjustments. The actual revenues of $12,716,756 were not significantly different than the final budget basis revenue.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2014 the City had $47,933,833 net of accumulated depreciation invested in buildings, improvements, machinery and equipment, and infrastructure. Of this total, $19,857,301 was related to governmental activities and $28,076,532 to the business-type activities. The following table shows 2014 and 2013 balances:

	Governmental Activities		Increase (Decrease)
	2014	2013	
Land	$1,987,027	$1,987,027	$0
Buildings	6,379,702	6,379,702	0
Improvements	2,701,980	2,701,980	0
Machinery and Equipment	9,692,691	9,730,899	(38,208)
Infrastructure	29,851,803	29,710,907	140,896
Less: Accumulated Depreciation	(30,755,902)	(29,458,060)	(1,297,842)
Totals	$19,857,301	$21,052,455	($1,195,154)

The increases in infrastructure were for paving projects. These increases were offset by depreciation expense.

	Business-Type Activities		Increase (Decrease)
	2014	2013	
Land	$63,504	$63,504	$0
Construction in Progress	2,927,469	1,120,560	1,806,909
Buildings	6,505,589	6,505,589	0
Improvements other than Buildings	30,160,739	30,160,739	0
Machinery and Equipment	14,328,289	14,000,768	327,521
Less: Accumulated Depreciation	(25,909,058)	(24,348,964)	(1,560,094)
Totals	$28,076,532	$27,502,196	$574,336

Business type capital assets increased by $574,336. Depreciation expense was offset by additional acquisitions. The wastewater treatment plant improvement is a continuing construction project. Additional information on the City's capital assets can be found in Note 9.

Debt

At December 31, 2014, the City had $1,380,000 in General Obligation Bonds outstanding, $75,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2014 and 2013:

	2014	2013
Governmental Activities:		
General Obligation Bond	$1,380,000	$1,450,000
Compensated Absences	646,944	590,569
Capital Leases	477,053	662,384
Total Governmental Activities	$2,503,997	$2,702,953
Business-Type Activities:		
Ohio Public Works Commission Loan	$1,366,722	$1,208,549
Water Refunding Revenue Bond	555,000	1,090,000
Ohio Water Development Authority Loan	8,289,564	6,974,518
Compensated Absences	81,369	83,118
Capital Leases	2,983,048	3,786,817
Total Business-Type Activities	13,275,703	13,143,002
Totals	$15,779,700	$15,845,955

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, 2014, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 12.

ECONOMIC FACTORS

The local economy continues to stabilize and General fund have stabilized as well. The Auditor of State declared the City to be in Fiscal Watch on April 9, 2013. The City implemented its revised five-year fiscal recovery plan in October 2014 with a major component being a proposed one-half percent increase in the City's income tax rate. The process to put the proposal on the ballot began in December 2014 and on May 6, 2015, the voters of the City approved the proposed income tax increase to become effective January 1, 2016. Although still under Fiscal Watch, the City has achieved significant financial improvement.

Also, on August 26, 2013, the City Council authorized the Mayor to approve and sign an Administrative Order on Consent (AOC) which has been negotiated with the U.S. Environmental Protection Agency (USEPA) Region V. The AOC includes construction of a number of improvements to the City's sewer system. The estimated cost of the project is $4.3 million and will be substantially completed as of June 2015.

REQUESTS FOR INFORMATION

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

Statement of Net Position
December 31, 2014

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	$ 4,722,301	$ 1,439,171	$ 6,161,472
Receivables:			
Taxes	3,440,482	0	3,440,482
Accounts	487,444	2,496,098	2,983,542
Intergovernmental	1,385,936	0	1,385,936
Internal Balances	189,061	(189,061)	0
Inventory of Supplies at Cost	98,555	43,463	142,018
Prepaid Items	33,936	11,899	45,835
Restricted Assets:			
Cash and Cash Equivalents	119,347	892,492	1,011,839
Capital Assets:			
Capital Assets Not Being Depreciated	1,987,027	2,990,973	4,978,000
Capital Assets Being Depreciated, Net of Accumulated Depreciation	17,870,274	25,085,559	42,955,833
Total Assets	30,334,363	32,770,594	63,104,957
Liabilities:			
Accounts Payable	190,687	290,275	480,962
Accrued Wages and Benefits	20,150	2,708	22,858
Intergovernmental Payable	498,074	189,407	687,481
Claims Payable	40,967	0	40,967
Refundable Deposits	0	335,467	335,467
Accrued Interest Payable	25,080	5,758	30,838
Long-term Liabilities:			
Due within one year	308,422	1,856,504	2,164,926
Due in more than one year	2,195,575	11,419,199	13,614,774
Total Liabilities	3,278,955	14,099,318	17,378,273
Deferred Inflows of Resources:			
Property Tax	1,786,000	0	1,786,000

(Continued)

	Governmental Activities	Business-Type Activities	Total
Net Position:			
Net Investment in Capital Assets	19,585,820	15,436,290	35,022,110
Restricted For:			
Streets and Highways	412,341	0	412,341
Community Development	609,020	0	609,020
Security of Persons and Property	1,998,370	0	1,998,370
Public Health and Welfare	558,987	0	558,987
Capital Projects	1,729,519	0	1,729,519
Debt Service	136,720	557,025	693,745
Perpetual Care:			
Expendable	89,875	0	89,875
Nonexpendable	26,843	0	26,843
Unrestricted	121,913	2,677,961	2,799,874
Total Net Position	$ 25,269,408	$ 18,671,276	$ 43,940,684

See accompanying notes to the basic financial statements

Statement of Activities
For the Year Ended December 31, 2014

		Program Revenues	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities:			
Security of Persons and Property	$ 9,047,187	$ 755,818	$ 76,980
Public Health and Welfare Services	2,959,083	351,480	1,985,711
Leisure Time Activities	68,933	76,153	2,286
Community Environment	1,236,218	93,865	42,220
Transportation	2,431,358	39,790	801,429
General Government	4,037,247	497,485	199,587
Interest and Fiscal Charges	100,934	0	0
Total Governmental Activities	19,880,960	1,814,591	3,108,213
Business-Type Activities:			
Water	5,939,858	6,260,916	0
Sewer	3,538,609	3,350,865	0
Sanitation	1,858,980	1,957,495	0
Primary Care	111,594	80,164	0
Total Business-Type Activities	11,449,041	11,649,440	0
Totals	$ 31,330,001	$ 13,464,031	$ 3,108,213

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

Change in Net Position

Net Position Beginning of Year
Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (8,214,389)	$ 0	$ (8,214,389)
(621,892)	0	(621,892)
9,506	0	9,506
(1,100,133)	0	(1,100,133)
(1,590,139)	0	(1,590,139)
(3,340,175)	0	(3,340,175)
(100,934)	0	(100,934)
(14,958,156)	0	(14,958,156)
0	321,058	321,058
0	(187,744)	(187,744)
0	98,515	98,515
0	(31,430)	(31,430)
0	200,399	200,399
(14,958,156)	200,399	(14,757,757)
1,397,123	0	1,397,123
303,136	0	303,136
136,218	0	136,218
10,165,799	0	10,165,799
311,926	0	311,926
917,790	0	917,790
182	0	182
544,864	0	544,864
(47,325)	47,325	0
13,729,713	47,325	13,777,038
(1,228,443)	247,724	(980,719)
26,497,851	18,423,552	44,921,403
$ 25,269,408	$ 18,671,276	$ 43,940,684

Balance Sheet
Governmental Funds
December 31, 2014

	General	General Obligation Bond Retirement	Capital Improvement
Assets:			
Cash and Cash Equivalents	$ 295,542	$ 124,831	$ 1,592,222
Receivables:			
Taxes	2,758,794	143,905	188,046
Accounts	317,320	0	0
Intergovernmental	435,557	11,064	0
Due from Other Funds	414,125	0	0
Inventory of Supplies, at Cost	46,521	0	0
Prepaid Items	26,318	0	2,181
Restricted Assets:			
Cash and Cash Equivalents	0	0	0
Total Assets	$ 4,294,177	$ 279,800	$ 1,782,449
Liabilities:			
Accounts Payable	$ 57,173	$ 0	$ 3,375
Accrued Wages and Benefits Payable	20,150	0	0
Intergovernmental Payable	400,634	0	0
Due to Other Funds	200,187	0	49,555
Total Liabilities	678,144	0	52,930
Deferred Inflows of Resources:			
Property Tax	1,399,000	118,000	0
Unavailable Revenue	883,090	36,969	17,103
Total Deferred Inflows of Resources	2,282,090	154,969	17,103
Fund Balances:			
Nonspendable	72,839	0	2,181
Restricted	0	124,831	1,710,235
Committed	0	0	0
Assigned	373,351	0	0
Unassigned	887,753	0	0
Total Fund Balances	1,333,943	124,831	1,712,416
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 4,294,177	$ 279,800	$ 1,782,449

See accompanying notes to the basic financial statements

Other Governmental Funds	Total Governmental Funds
$ 2,709,706	$ 4,722,301
349,737	3,440,482
170,124	487,444
939,315	1,385,936
24,453	438,578
52,034	98,555
5,437	33,936
119,347	119,347
$ 4,370,153	$ 10,726,579
$ 130,139	$ 190,687
0	20,150
97,440	498,074
42,321	292,063
269,900	1,000,974
269,000	1,786,000
860,204	1,797,366
1,129,204	3,583,366
84,314	159,334
2,888,033	4,723,099
74,273	74,273
0	373,351
(75,571)	812,182
2,971,049	6,142,239
$ 4,370,153	$ 10,726,579

Reconciliation Of Total Governmental Fund Balances To Net Position Of Governmental Activities December 31, 2014

Total Governmental Fund Balances		$	6,142,239
Amounts reported for governmental activities in the statement of net position are different because			
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.			19,857,301
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.			1,797,366
Internal Service Funds are used by management to charge the costs of insurance and use of supplies to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			1,579
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General Obligation Bonds Payable	(1,380,000)		
Capital Leases Payable	(477,053)		
Compensated Absences Payable	(646,944)		
Accrued Interest Payable	(25,080)		(2,529,077)
Net Position of Governmental Activities		$	25,269,408

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014

	General	General Obligation Bond Retirement	Capital Improvement
Revenues:			
Taxes	$ 10,478,016	$ 153,745	$ 1,455,252
Intergovernmental Revenues	904,843	22,151	0
Charges for Services	240,926	0	0
Licenses and Permits	199,938	0	0
Investment Earnings	0	0	0
Fines and Forfeitures	553,137	0	0
All Other Revenue	383,203	0	76,229
Total Revenue	12,760,063	175,896	1,531,481
Expenditures:			
Current:			
Security of Persons and Property	8,132,414	0	0
Public Health and Welfare Services	630,007	0	0
Leisure Time Activities	0	0	0
Community Environment	279,769	0	0
Transportation	344,167	0	0
General Government	2,929,096	0	0
Capital Outlay	0	0	1,161,110
Debt Service:			
Principal Retirement	0	70,000	185,331
Interest and Fiscal Charges	0	78,880	23,267
Total Expenditures	12,315,453	148,880	1,369,708
Excess (Deficiency) of Revenues Over Expenditures	444,610	27,016	161,773
Other Financing Sources (Uses):			
Transfers In	13,020	0	0
Transfers Out	(130,926)	0	0
Total Other Financing Sources (Uses)	(117,906)	0	0
Net Change in Fund Balances	326,704	27,016	161,773
Fund Balances at Beginning of Year	973,936	97,815	1,550,643
Increase (Decrease) in Inventory Reserve	33,303	0	0
Fund Balances End of Year	$ 1,333,943	$ 124,831	$ 1,712,416

See accompanying notes to the basic financial statements

Other Governmental Funds	Total Governmental Funds
$ 413,489	$ 12,500,502
3,487,483	4,414,477
162,890	403,816
38,730	238,668
182	182
556,238	1,109,375
114,586	574,018
4,773,598	19,241,038
428,147	8,560,561
2,309,018	2,939,025
56,452	56,452
624,398	904,167
952,834	1,297,001
743,882	3,672,978
0	1,161,110
0	255,331
0	102,147
5,114,731	18,948,772
(341,133)	292,266
165,390	178,410
(94,809)	(225,735)
70,581	(47,325)
(270,552)	244,941
3,212,107	5,834,501
29,494	62,797
$ 2,971,049	$ 6,142,239

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, 2014

Net Change in Fund Balances - Total Governmental Funds		$ 244,941
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	332,428	
Depreciation Expense	(1,517,968)	(1,185,540)
The net effect of various miscellaneous transactions involving capital assets (i.e. disposals and donations) is to decrease net position.		
The statement of activities reports losses arising from the disposal of capital assets. However, in the governmental funds, proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold.		(9,614)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(541,196)
The issuance of long-term debt (e.g. notes, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
General Obligation Bonds Payable	70,000	
Capital Leases Payable	185,331	255,331
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		1,213
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	(56,375)	
Change in Inventory	62,797	6,422
Change in Net Position of Governmental Activities		$ (1,228,443)

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) General Fund For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 10,037,000	$ 10,429,000	$ 10,389,996	$ (39,004)
Intergovernmental Revenue	900,600	910,600	903,373	(7,227)
Charges for Services	246,500	246,500	248,751	2,251
Licenses and Permits	180,900	204,900	199,938	(4,962)
Fines and Forfeitures	685,000	577,000	578,733	1,733
All Other Revenues	50,000	292,000	290,216	(1,784)
Total Revenues	12,100,000	12,660,000	12,611,007	(48,993)
Expenditures:				
Current:				
Security of Persons and Property	8,362,866	8,366,033	8,145,843	220,190
Public Health and Welfare Services	665,776	665,776	636,751	29,025
Community Environment	285,658	285,658	278,213	7,445
Transportation	349,153	354,753	338,723	16,030
General Government	2,836,203	2,845,881	2,957,899	(112,018)
Total Expenditures	12,499,656	12,518,101	12,357,429	160,672
Excess (Deficiency) of Revenues Over (Under) Expenditures	(399,656)	141,899	253,578	111,679
Other Financing Sources (Uses):				
Transfers In	0	192,000	105,749	(86,251)
Transfers Out	(122,000)	(365,126)	(130,926)	234,200
Total Other Financing Sources (Uses):	(122,000)	(173,126)	(25,177)	147,949
Net Change in Fund Balance	(521,656)	(31,227)	228,401	259,628
Fund Balance at Beginning of Year	435,909	435,909	435,909	0
Prior Year Encumbrances	8,500	8,500	8,500	0
Fund Balance at End of Year	$ (77,247)	$ 413,182	$ 672,810	$ 259,628

See accompanying notes to the basic financial statements

Statement of Net Position
Proprietary Funds
December 31, 2014

	Business-Type Activities Enterprise Funds Major		
	Water	Sewer	Sanitation
ASSETS			
Current assets:			
Cash and Cash Equivalents	$ 1,338,899	$ 0	$ 100,272
Accounts receivable (net of allowance for uncollectibles)	1,381,636	736,104	378,358
Due from Other Funds	0	349,506	0
Inventory of Supplies at Cost	14,003	19,280	469
Prepaid Items	5,947	4,376	1,576
Total current assets	2,740,485	1,109,266	480,675
Noncurrent assets:			
Restricted Assets:			
Cash and Cash Equivalents	892,492	0	0
Capital assets:			
Capital Assets Not Being Depreciated	95,823	2,895,150	0
Capital Assets Being Depreciated, net of accumulated depreciation	16,402,481	8,176,824	506,254
Total capital assets	16,498,304	11,071,974	506,254
Total noncurrent assets	17,390,796	11,071,974	506,254
Total assets	20,131,281	12,181,240	986,929
LIABILITIES			
Current liabilities:			
Accounts Payable	80,189	189,826	20,005
Accrued Wages and Benefits	984	1,386	338
Intergovernmental Payable	91,205	62,590	32,325
Claims Payable	0	0	0
Refundable Deposits	335,467	0	0
Due to Other Funds	354,225	143,705	16,017
Accrued Interest Payable	5,758	0	0
Capital Leases Payable - Current	663,403	174,153	0
Revenue Bond Payable - Current	555,000	0	0
OWDA Loans Payable - Current	248,995	99,669	0
OPWC Loans Payable - Current	0	100,000	0
Compensated Absences Payable - Current	8,053	7,231	0
Total Current Liabilities	2,343,279	778,560	68,685

Nonmajor Primary Care	Total	Governmental Activities Internal Service Fund
$ 0	$ 1,439,171	$ 0
0	2,496,098	0
0	349,506	321,285
9,711	43,463	0
0	11,899	0
9,711	4,340,137	321,285
0	892,492	0
0	2,990,973	0
0	25,085,559	0
0	28,076,532	0
0	28,969,024	0
9,711	33,309,161	321,285
255	290,275	0
0	2,708	0
3,287	189,407	0
0	0	40,967
0	335,467	0
23,041	536,988	280,318
0	5,758	0
0	837,556	0
0	555,000	0
0	348,664	0
0	100,000	0
0	15,284	0
26,583	3,217,107	321,285

(Continued)

Statement of Net Position
Proprietary Funds
December 31, 2014

	Business-Type Activities Enterprise Funds Major		
	Water	Sewer	Sanitation
Noncurrent Liabilities:			
Capital Leases Payable	1,708,104	437,388	0
OWDA Loans Payable	3,992,193	3,948,707	0
OPWC Loans Payable	0	1,266,722	0
Compensated Absences Payable	51,640	14,445	0
Total noncurrent liabilities	5,751,937	5,667,262	0
Total Liabilities	8,095,216	6,445,822	68,685
NET POSITION			
Net Investment in Capital Assets	9,330,609	5,599,157	506,524
Restricted for Debt Service	557,025	0	0
Unrestricted	2,148,431	136,261	411,720
Total Net Position	$ 12,036,065	$ 5,735,418	$ 918,244

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

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

See accompanying notes to the basic financial statements

Nonmajor Primary Care	Total	Governmental Activities Internal Service Fund
0	2,145,492	0
0	7,940,900	0
0	1,266,722	0
0	66,085	0
0	11,419,199	0
26,583	14,636,306	321,285
0	15,436,290	0
0	557,025	0
(16,872)	2,679,540	0
$ (16,872)	$ 18,672,855	$ 0
	(1,579)	
	$ 18,671,276	

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2014

	Business-Type Activities Enterprise Funds Major		
	Water	Sewer	Sanitation
Operating Revenues:			
Charges for Services	$ 6,227,931	$ 3,330,277	$ 1,943,410
Other Operating Revenues	32,943	20,588	14,085
Total Operating Revenues	6,260,874	3,350,865	1,957,495
Operating Expenses:			
Personal Services	2,750,192	2,105,507	1,070,507
Contractual Services	901,013	751,561	235,996
Materials and Supplies	858,002	243,187	477,287
Depreciation	1,165,479	319,425	75,190
Total Operating Expenses	5,674,686	3,419,680	1,858,980
Operating Income (Loss)	586,188	(68,815)	98,515
Non-Operating Revenue (Expenses):			
Interest Income	42	0	0
Interest and Fiscal Charges	(265,172)	(118,929)	0
Total Non-Operating Revenues (Expenses)	(265,130)	(118,929)	0
Income (Loss) Before Contributions and Transfers	321,058	(187,744)	98,515
Transfers In	0	47,325	0
Change in Net Position	321,058	(140,419)	98,515
Net Position Beginning of Year	11,715,007	5,875,837	819,729
Net Position End of Year	$ 12,036,065	$ 5,735,418	$ 918,244

See accompanying notes to the basic financial statements

Nonmajor Primary Care	Total	Governmental Activities Internal Service Fund
$ 72,862	$ 11,574,480	$ 294,552
7,302	74,918	0
80,164	11,649,398	294,552
82,007	6,008,213	294,552
920	1,889,490	0
28,667	1,607,143	0
0	1,560,094	0
111,594	11,064,940	294,552
(31,430)	584,458	0
0	42	0
0	(384,101)	0
0	(384,059)	0
(31,430)	200,399	0
0	47,325	0
(31,430)	247,724	0
14,558	18,425,131	0
$ (16,872)	$ 18,672,855	$ 0

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014

	Business-Type Activities Enterprise Funds Major		
	Water	Sewer	Sanitation
Cash Flows from Operating Activities:			
Cash Received from Customers	$6,151,715	$3,316,183	$1,897,606
Cash Payments for Goods and Services	(1,623,714)	(996,352)	(687,571)
Cash Payments to Employees	(2,798,890)	(2,124,119)	(1,089,086)
Customer Deposits Received	126,034	0	0
Customer Deposits Refunded	(117,366)	0	0
Net Cash Provided (Used) by Operating Activities	1,737,779	195,712	120,949
Cash Flows from Noncapital Financing Activities:			
Loan from Other Funds	0	106,667	0
Receipt of Loan Payment from Other Funds	39,751	112,670	0
Repayment of Loan to Other Funds	(98,023)	0	(39,751)
Transfer In from Other Funds	0	47,325	0
Principal Paid on Ohio Public Works Commission Loan	0	(30,000)	0
Net Cash Provided (Used) by Noncapital Financing Activities	(58,272)	236,662	(39,751)
Cash Flows from Capital and Related Financing Activities:			
Proceeds from Ohio Water Development Authority Loan	26,290	1,624,905	0
Proceeds from Ohio Public Works Commission Loan	0	223,173	0
Acquisition and Construction of Assets	(25,920)	(1,964,848)	0
Principal Paid on Mortgage Revenue Bond	(535,000)	0	0
Principal Paid on Ohio Public Works Commission Loan	0	(35,000)	0
Principal Paid on Ohio Water Development Authority Loan	(241,640)	(94,509)	0
Capital Lease Payment	(636,551)	(167,218)	0
Interest Paid on All Debt	(270,723)	(118,929)	0
Net Cash Used by Capital and Related Financing Activities	(1,683,544)	(532,426)	0
Cash Flows from Investing Activities:			
Receipt of Interest	42	0	0
Net Cash Provided by Investing Activities	42	0	0
Net Increase (Decrease) in Cash and Cash Equivalents	(3,995)	(100,052)	81,198
Cash and Cash Equivalents at Beginning of Year	2,235,386	100,052	19,074
Cash and Cash Equivalents at End of Year	$2,231,391	$0	$100,272
Reconciliation of Cash and Cash Equivalent per the Balance Sheet:			
Cash and Cash Equivalents	$1,338,899	$0	$100,272
Restricted Cash and Cash Equivalents	892,492	0	0
Cash and Cash Equivalents at End of Year	$2,231,391	$0	$100,272

Nonmajor Primary Care	Total	Governmental Activities Internal Service Fund
$80,164	$11,445,668	$581,021
(28,963)	(3,336,600)	(280,221)
(80,557)	(6,092,652)	0
0	126,034	0
0	(117,366)	0
(29,356)	2,025,084	300,800
21,718	128,385	280,318
0	152,421	0
0	(137,774)	(581,118)
0	47,325	0
0	(30,000)	0
21,718	160,357	(300,800)
0	1,651,195	0
0	223,173	0
0	(1,990,768)	0
0	(535,000)	0
0	(35,000)	0
0	(336,149)	0
0	(803,769)	0
0	(389,652)	0
0	(2,215,970)	0
0	42	0
0	42	0
(7,638)	(30,487)	0
7,638	2,362,150	0
$0	$2,331,663	$0
$0	$1,439,171	$0
0	892,492	0
$0	$2,331,663	$0

(Continued)

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014

	Business-Type Activities Enterprise Funds Major		
	Water	Sewer	Sanitation
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	$586,188	($68,815)	$98,515
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	1,165,479	319,425	75,190
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(109,159)	(34,682)	(59,889)
Decrease in Due from Other Funds	0	0	0
(Increase) Decrease in Inventory	100,060	(19,280)	(469)
(Increase) Decrease in Prepaid Items	962	(595)	8,506
Increase in Accounts Payable	34,279	18,271	17,675
Increase in Intergovernmental Payable	2,009	14,393	3,089
Increase (Decrease) in Accrued Wages and Benefits	(1,506)	(4,338)	338
Increase in Claims Payable	0	0	0
Increase in Customer Deposits	8,668	0	0
Increase (Decrease) in Due to Other Funds	(48,965)	(28,475)	(20,685)
Decrease in Compensated Absences	(236)	(192)	(1,321)
Total Adjustments	1,151,591	264,527	22,434
Net Cash Provided (Used) by Operating Activities	$1,737,779	$195,712	$120,949

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2014 the Water Fund and Sewer Fund had outstanding liabilities of $18,210 and $125,452, respectively for certain capital assets.

See accompanying notes to the basic financial statements

Nonmajor Primary Care	Total	Governmental Activities Internal Service Fund
($31,430)	$584,458	$0
0	1,560,094	0
0	(203,730)	0
0	0	286,469
(205)	80,106	0
574	9,447	0
255	70,480	0
1,202	20,693	0
0	(5,506)	0
0	0	14,331
0	8,668	0
248	(97,877)	0
0	(1,749)	0
2,074	1,440,626	300,800
($29,356)	$2,025,084	$300,800

Statement of Net Position
Fiduciary Funds
December 31, 2014

	Private Purpose Trust	
	Private Purpose	Agency
Assets:		
Cash and Cash Equivalents	$ 15,110	$ 0
Receivables:		
Accounts	0	486,680
Restricted Assets:		
Cash and Cash Equivalents	0	84,029
Total Assets	15,110	570,709
Liabilities:		
Intergovernmental Payable	0	30,190
Claims Payable	3,031	0
Due to Others	0	540,519
Total Liabilities	3,031	570,709
Net Position:		
Unrestricted	12,079	0
Total Net Position	$ 12,079	$ 0

See accompanying notes to the basic financial statements

Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended December 31, 2014

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

See accompanying notes to the basic financial statements

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-City Manager form of government, was adopted in 1928 and has been amended several times.

The financial statements are presented as of December 31, 2014 and for the year then ended and have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

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

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

B. Basis of Presentation - Fund Accounting

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

Governmental Funds

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

Proprietary Funds

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

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

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

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

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

The following enterprise fund is nonmajor:

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

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

C. Basis of Presentation – Financial Statements

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

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

D. Basis of Accounting

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

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

E. Budgetary Process

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

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

1. Tax Budget

The City Manager 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

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

On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement as final budget reflect the amounts in the final amended official certificate of estimated resources issued during 2014.

3. Appropriations

The appropriation ordinance establishes spending controls at the fund level by department, by personal services and other expenditures for the General Fund and by the personal services and other expenditures in all other funds. The appropriation ordinance may be amended during the year as additional information becomes available provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments within a fund may be modified during the year by an ordinance of City Council. Several supplemental appropriations were made during 2014. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Lapsing of Appropriations

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

6. Budgetary Basis of Accounting

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

Net Change in Fund Balance	
	General Fund
GAAP Basis (as reported)	$326,704
Increase (Decrease):	
Accrued Revenues at December 31, 2014 received during 2015	(1,266,438)
Accrued Revenues at December 31, 2013 received during 2014	1,210,111
Accrued Expenditures at December 31, 2014 paid during 2015	678,144
Accrued Expenditures at December 31, 2013 paid during 2014	(716,820)
2013 Prepaids for 2014	23,018
2014 Prepaids for 2015	(26,318)
Budget Basis	$228,401

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and investments with original maturity dates of three months or less. The City pools its cash, except for cash and investments in certain fiduciary funds and monies held for construction in enterprise funds, for maximum investing efficiency. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. For purposes of the statement of cash flows, the share of equity in the pooled cash and investments of the proprietary funds is considered to be cash equivalents. See Note 4, "Cash, Cash Equivalents and Investments."

G. Inventory

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2014, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Capital Assets and Depreciation

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

1. Property, Plant and Equipment - Governmental Activities

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation (Continued)

2. Property, Plant and Equipment – Business Type Activities

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

3. Depreciation

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

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

J. Long-Term Obligations

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences

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

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

L. Net Position

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

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

M. Pensions

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Interfund Activity

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

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

O. Fund Balances

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balances (Continued)

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

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

P. Restricted Assets

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

Q. Operating Revenues and Expenses

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

R. Deferred Outflows/Inflows of Resources

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

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

NOTE 2 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General Fund	General Obligation Bond Retirement Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid Items	$26,318	$0	$2,181	$5,437	$33,936
Supplies Inventory	46,521	0	0	52,034	98,555
Endowment	0	0	0	26,843	26,843
Total Nonspendable	72,839	0	2,181	84,314	159,334
Restricted:					
Transportation Projects	0	0	0	211,727	211,727
Court Projects	0	0	0	570,572	570,572
Public Safety	0	0	0	1,219,365	1,219,365
Health	0	0	0	264,433	264,433
Cemetery	0	0	0	89,818	89,818
Community Development	0	0	0	509,966	509,966
Debt Retirement	0	124,831	0	0	124,831
Capital Improvements	0	0	1,710,235	0	1,710,235
Parks and Recreation	0	0	0	22,152	22,152
Total Restricted	0	124,831	1,710,235	2,888,033	4,723,099
Committed:					
Parks and Recreation	0	0	0	52,858	52,858
Health	0	0	0	21,415	21,415
Total Committed	0	0	0	74,273	74,273
Assigned:					
Projected budgetary deficit	373,351	0	0	0	373,351
Total Assigned	373,351	0	0	0	373,351
Unassigned:	887,753	0	0	(75,571)	812,182
Total Fund Balances	$1,333,943	$124,831	$1,712,416	$2,971,049	$6,142,239

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficit

The fund deficit of $9,368 in the Municipal Court Grants Fund (special revenue fund) arose from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. A deficit does not exist under the cash basis of accounting. Transfers are provided when cash is required, not when accruals occur. The fund deficits of $56,442 in the Rural AIDS State Grant Fund (special revenue fund) and $16,872 in the Primary Care Fund (enterprise fund) arose from cash overdrafts in those funds.

B. Cash Deficit

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

This space intentionally left blank.

NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;

- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

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

- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

A. Deposits

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

At year end the carrying amount of the City's deposits was $6,700,315 and the bank balance was $7,914,473. Federal depository insurance covered $436,515 of the bank balance and $7,477,958 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	Balance
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	$7,477,958
Total Balance	$7,477,958

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

B. Investments

The City's investments at December 31, 2014 were as follows:

			Investment Maturities In Years
	Fair Value	Credit Rating	less than 1
First American Treasury Obligation	$557,025	AAAm	$557,025
Total Investments	$557,025		$557,025

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

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

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

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

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	Cash and Cash Equivalents	Investments
Per Financial Statements	$7,257,340	$0
First American Treasury Obligation	(557,025)	557,025
Per GASB Statement No. 3	$6,700,315	$557,025

NOTE 5 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes collected during 2014 were levied after October 1, 2013 on assessed values as of January 1, 2013, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. Public utility tangible personal property is currently assessed at varying percentages of its true value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2010. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder payable by June 20.

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

The full tax rate for all City operations for the year ended December 31, 2014 was $10.35 per $1,000 of assessed value. The assessed value upon which the 2014 tax collections were based was $216,860,000. This amount constituted $201,668,710 in real property assessed value and $15,191,290 in public utility assessed.

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

B. Income Tax

The City levies a tax of 2.0% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

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

NOTE 6 - RECEIVABLES

Receivables at December 31, 2014 consisted of taxes, intergovernmental, and accounts receivable. All receivables are expected to be collected with the next year.

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivables and payables balances at December 31, 2014 are as follows:

	Due From Other Funds	Due To Other Funds
General Fund	$414,125	$200,187
Capital Improvement	0	49,555
Other Governmental Funds	24,453	42,321
Total Governmental Funds	438,578	292,063
Water Fund	0	354,225
Sewer Fund	349,506	143,705
Sanitation Fund	0	16,017
Primary Care Fund	0	23,041
Total Enterprise Funds	349,506	536,988
Internal Service Fund	321,285	280,318
	$1,109,369	$1,109,369

On the Statement of Net Position, the Business-Type Activities reported an internal balance at December 31, 2014 of $189,061, which was offset in the Governmental Activities by the same amount. The Due from Other Funds in the General Fund is for overdrafts in Special Revenue Funds, the Sewer Fund and the Internal Service Fund. The Due from Other Funds in the Other Governmental Funds is for reimbursement of expenditures made by the Community Development Fund for the General Fund. The Due from Other Funds in the Internal Service Fund is for interfund charges. All interfund receivables are expected to be collected within the next year.

NOTE 8 - TRANSFERS

Following is a summary of Transfers in and out for all funds for 2014:

Fund	Transfer In	Transfer Out
Governmental Funds:		
General Fund	$13,020	$130,926
Other Governmental Funds	165,390	94,809
Total Governmental Funds	178,410	225,735
Proprietary Funds:		
Sewer Fund	47,325	0
Total Enterprise Funds	47,325	0
Totals	$225,735	$225,735

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

NOTE 9 - CAPITAL ASSETS

A. Governmental Capital Assets

Summary by category of changes in Governmental Capital Assets:

Historical Cost:

Class	December 31, 2013	Additions	Deletions	December 31, 2014
Capital assets not being depreciated:				
Land	$1,987,027	$0	$0	$1,987,027
Subtotal	1,987,027	0	0	1,987,027
Capital assets being depreciated:				
Buildings	6,379,702	0	0	6,379,702
Improvements	2,701,980	0	0	2,701,980
Machinery and Equipment	9,730,899	124,094	(162,302)	9,692,691
Infrastructure	29,710,907	208,334	(67,438)	29,851,803
Subtotal	48,523,488	332,428	(229,740)	48,626,176
Total Cost	$50,510,515	$332,428	($229,740)	$50,613,203

Accumulated Depreciation:

Class	December 31, 2013	Additions	Deletions	December 31, 2014
Buildings	($2,327,805)	($135,679)	$0	($2,463,484)
Improvements	(1,224,647)	(100,823)	0	(1,325,470)
Machinery and Equipment	(7,376,674)	(448,379)	162,302	(7,662,751)
Infrastructure	(18,528,934)	(833,087)	57,824	(19,304,197)
Total Depreciation	($29,458,060)	($1,517,968) *	$220,126	($30,755,902)
Net Value:	$21,052,455			$19,857,301

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	$283,370
Public Health & Welfare Services	36,508
Leisure Time Activities	12,481
Community Environment	66,454
Transportation	862,251
General Government	256,904
Total Depreciation Expense	$1,517,968

NOTE 9 - CAPITAL ASSETS (Continued)

B. Business Type Capital Assets

Summary by Category at December 31, 2014:

Historical Cost:

Class	December 31, 2013	Additions	Deletions	December 31, 2014
Capital assets not being depreciated:				
Land	$63,504	$0	$0	$63,504
Construction in Progress	1,120,560	1,806,909	0	2,927,469
Subtotal	1,184,064	1,806,909	0	2,990,973
Capital assets being depreciated:				
Buildings	6,505,589	0	0	6,505,589
Improvements other than Buildings	30,160,739	0	0	30,160,739
Machinery and Equipment	14,000,768	327,521	0	14,328,289
Subtotal	50,667,096	327,521	0	50,994,617
Total Cost	$51,851,160	$2,134,430	$0	$53,985,590

Accumulated Depreciation:

Class	December 31, 2013	Additions	Deletions	December 31, 2014
Buildings	($799,554)	($148,672)	$0	($948,226)
Improvements other than Buildings	(17,265,161)	(535,879)	0	(17,801,040)
Machinery and Equipment	(6,284,249)	(875,543)	0	(7,159,792)
Total Depreciation	($24,348,964)	($1,560,094)	$0	($25,909,058)
Net Value:	$27,502,196			$28,076,532

NOTE 10 – DEFINED BENEFIT PENSION PLANS

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

A. Ohio Public Employees Retirement System ("OPERS")

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

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

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

The ORC provides statutory authority for employee and employer contributions. For 2014, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2014 employer contribution rate for local government employer units was 14.00% of covered payroll, which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional and Combined Plans was 12.0% for calendar year 2014. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City's contributions for pension obligations to OPERS for the years ending December 31, 2014, 2013, and 2012 were $825,585, $880,654 and $674,089, respectively, which were equal to the required contributions for each year. Contributions to the member-directed plan for 2014 were $4,268 made by the City and $3,048 made by the plan members.

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

From January 1, 2014 through July 1, 2014, plan members were required to contribute 10.75% of their annual covered salary. From July 2, 2014 through December 31, 2014, plan members were required to contribute 11.5% of their annual covered salary. Throughout 2014, employers were required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2014, 19.0% of annual covered salary for police and 23.5% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City's contributions for pension obligations to the OP&F Fund for the years ending December 31, 2014, 2013, and 2012 were $358,089, $330,641 and $227,172 for police officers and $460,741, $388,349 and $337,839 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System ("OPERS")

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

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

A. Ohio Public Employees Retirement System ("OPERS") (Continued)

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/investments/cafr.shtml, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional and Combined Plans was 2.0% for calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to healthcare remains at 2% for both plans, as recommended by the OPERS actuary. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2014, 2013, and 2012 were $137,598, $67,743 and $269,636, respectively, which were equal to the required contributions for each year.

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

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

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

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F's website at www.op-f.org.

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2014, the portion of employer contributions allocated to health care was 0.5% of covered payroll for both police officers and firefighters. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

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

The City's contributions for health care to the OP&F for the years ending December 31, 2014, 2013, and 2012 were $9,423, $74,143 and $120,268 for police and $9,803, $69,095 and $132,198 for firefighters, respectively, which were equal to the required contributions for each year.

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

Long-term debt and other long-term obligations of the City at December 31, 2014 were as follows:

				Balance December 31, 2013	Additions	(Deletions)	Balance December 31, 2014	Amount due Within One Year
Business-Type Activities Long-Term Debt:								
Ohio Public Works Commission Loans:								
2000	0.0%	Wastewater Improvement	2021	$225,000	$0	($30,000)	$195,000	$30,000
2008	0.0%	Wastewater-Sludge Digester	2029	542,500	0	(35,000)	507,500	35,000
2011	0.0%	Wastewater-Primary Clarifier	2028	441,049	0	0	441,049	35,000
2014	0.0%	Wastewater-Grandview Avenue	2035	0	223,173	0	223,173	0
Total Ohio Public Works Commission Loans				1,208,549	223,173	(65,000)	1,366,722	100,000
Refunding Revenue Bond:								
2003	1.6-4.15%	Waterworks Improvement	2015	1,090,000	0	(535,000)	555,000	555,000
Ohio Water Development Authority Loans:								
2007	3.25%	Water MIEX Installation	2028	2,854,730	0	(163,971)	2,690,759	169,344
2008	4.11%	Wastewater-Sludge Digester	2038	448,479	0	(10,894)	437,585	11,346
2009	3.43%	Wastewater-Lawson Run	2031	1,522,564	0	(67,291)	1,455,273	69,618
2010	0.00%	Water-High Service Pumps	2029	34,901	0	(2,251)	32,650	2,252
2010	4.39%	Wastewater-Collection System	2016	546,937	130,040	(16,324)	660,653	18,705
2012	2.00%	Water-Filtration Filter Rebuild	2032	1,566,907	26,290	(75,418)	1,517,779	77,399
2014	3.30%	Wastewater-Sewer Improvements	2045	0	1,494,865	0	1,494,865	0
Total Ohio Water Development Authority Loans				6,974,518	1,651,195	(336,149)	8,289,564	348,664
Compensated Absences				83,118	235,706	(237,455)	81,369	15,284
Capital Lease - Enterprise Funds				3,786,817	0	(803,769)	2,983,048	837,556
Total Business-Type Long-Term Debt				$13,143,002	$2,110,074	($1,977,373)	$13,275,703	$1,856,504
Governmental Activities Long-Term Debt:								
General Obligation Bond								
2001	3.6-5.5%	Police and Fireman's Disability and Pension	2027	$1,450,000	$0	($70,000)	$1,380,000	$75,000
Compensated Absences				590,569	733,953	(677,578)	646,944	70,343
Capital Lease Payable				662,384	0	(185,331)	477,053	163,079
Total Governmental Activities				$2,702,953	$733,953	($932,909)	$2,503,997	$308,422

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

			Original Issue	
Business-Type Activities				
Ohio Public Works Commission Loans (OPWC):				
0.00%	Wastewater Improvement	2001-2021	$600,000	
0.00%	Wastewater-Sludge Digester	2008-2029	700,000	
0.00%	Wastewater-Primary Clarifier	2011-2028	441,049	
0.00%	Wastewater-Grandview Avenue	2014-2035	223,173	*
	Total OPWC Loans		$1,964,222	
Refunding Revenue Bond:				
1.6- 4.15%	Waterworks Improvement	2003-2015	$5,500,000	
	Total Refunding Revenue Bonds		$5,500,000	
Ohio Water Development Authority Loans (OWDA):				
3.25%	Water MIEX Installation	2007-2028	$3,734,915	
4.11%	Wastewater-Sludge Digester	2008-2038	501,078	
3.43%	Wastewater-Lawson Run	2009-2031	1,711,234	
0.00%	Water-High Service Pumps	2010-2029	45,034	
2.74%	Wasterwater-Collection System	2010-2016	676,977	*
2.00%	Water Filtration Filter Rebuild	2012-2032	1,739,606	*
3.30%	Wasterwater-Sewer Improvements	2014-2045	1,494,865	*
	Total OWDA Loans		$9,903,709	
* Amount Disbursed as of December 31, 2014				
Governmental Activities Long-Term Debt				
General Obligation Bonds:				
3.6- 5.50%	Police and Fireman's Disability and Pension	2001-2027	$2,090,000	
	Total General Obligation Bonds		$2,090,000	

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

In 2010, the City entered into an agreement with the OWDA, as administrator for the U.S. Environmental Protection Agency (EPA), for the City to receive a loan in the amount of $746,979 for wastewater collection system planning and design. The amount is subject to change and has not been finalized. The interest rate on the loan is 4.39% per annum. An estimate of future financing requirements has been made based on the remaining loan balance of $660,653 at December 31, 2014.

In 2012, the City entered into an agreement with the OWDA, as administrator for the U.S. Environmental Protection Agency (EPA), for the City to receive a loan in the amount of $1,762,725 for water filtration filter rebuild. The amount is subject to change and has not been finalized. The interest rate on the loan is 2.00% per annum. An estimate of future financing requirements has been made based on the remaining loan balance of $1,517,779 at December 31, 2014.

In 2014, the City entered into an agreement with the OWDA, as administrator for the U.S. Environmental Protection Agency (EPA), for the City to receive a loan in the amount of $3,939,809 for sewer improvements. The amount is subject to change and has not been finalized. The interest rate on the loan is 3.30% per annum. An estimate of future financing requirements has been made based on the remaining loan balance of $1,494,865 at December 31, 2014.

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

A. Principal and Interest Requirements

A summary of the City's future long-term debt funding requirements including principal and interest payments as of December 31, 2014 follows:

Business-Type Activities:

	Mortgage Revenue Bond		OPWC Loans		OWDA Loan	
Years	Principal	Interest	Principal	Interest	Principal	Interest
2015	$555,000	$11,516	$100,000	$0	$348,664	$201,223
2016	0	0	135,000	0	389,749	239,804
2017	0	0	135,000	0	401,596	227,956
2018	0	0	135,000	0	413,819	215,734
2019	0	0	135,000	0	426,428	203,125
2020-2024	0	0	478,173	0	2,335,715	812,049
2025-2029	0	0	248,549	0	2,192,126	443,655
2030-2034	0	0	0	0	814,842	214,214
2035-2039	0	0	0	0	568,916	114,912
2040-2044	0	0	0	0	358,523	39,800
2045	0	0	0	0	39,186	647
Totals	$555,000	$11,516	$1,366,722	$0	$8,289,564	$2,713,119

Governmental Activities:

	General Obligation Bonds	
Years	Principal	Interest
2015	$75,000	$75,240
2016	80,000	71,265
2017	85,000	67,025
2018	90,000	62,520
2019	90,000	57,750
2020-2024	550,000	206,250
2025-2027	410,000	45,925
Totals	$1,380,000	$585,975

NOTE 13 - CAPITALIZED LEASES

The City leases water meters, utility and dump trucks and a sludge digester, classified as machinery and equipment under capital leases. The cost of the equipment and vehicles obtained under capital leases is $5,815,490 in the Water Fund and $663,900 in the Sewer Fund. The related liability is included in the Water and Sewer Funds. In addition the City leases a fire truck and window replacements with an original cost of $749,983. The original cost of the equipment and the related liability are reported on the Government – wide Statement of Net Position.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2014.

Year Ending December 31,	Business-Type Activities	Governmental Activities
2015	$945,546	$178,721
2016	945,546	178,721
2017	945,546	105,646
2018	366,892	44,019
Minimum Lease Payments	3,203,530	507,107
Less amount representing interest at the City's incremental borrowing rate of interest	(220,482)	(30,054)
Present value of minimum lease payments	$2,983,048	$477,053

NOTE 14 - CONTINGENCIES

A. Litigation

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

B. Federal and State Grants

For the period January 1, 2014 to December 31, 2014, the City received Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. However, amounts are undeterminable at this time.

NOTE 15 - INSURANCE AND RISK MANAGEMENT

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

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

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

The liability for unpaid claims costs of $40,967 reported in the fund at December 31, 2014 is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability is based on an estimate provided by the third party administrator.

Fiscal Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Year Liability
2013	$31,103	$286,342	($290,809)	$26,636
2014	$26,636	$294,552	($280,221)	$40,967

NOTE 16 – SUBSEQUENT EVENTS

On May 5, 2015, an income tax rate increase from 2.0% to 2.5% was approved by voters to become effective January 1, 2016.

NOTE 17 – SIGNIFICANT COMMITMENTS

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

Governmental Funds:	
Capital Improvement Fund	$681,366
Other Governmental Funds	124,602
Total Governmental Funds	805,968
Enterprise Funds:	
Water Fund	1,920
Sewer Fund	23,577
Sanitation Fund	94,000
Other Enterprise Funds	255
Total Enterprise Funds	119,752
Total	$925,720

NOTE 18 – FINANCIAL CONDITION

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

Municipal Court Special Projects Fund
To account for revenues derived from fines levied by the court and are to be used by the court for special projects.

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

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

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

Municipal Court Security Fund
To account for revenues derived from fines to be used for security measures in the Court.

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

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

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

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

(Continued)

Special Revenue Funds

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

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

Community Oriented Policing Services (COPS) Fast Grant Fund
To account for federal and state grant monies designated for the cost of additional police officers.

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

Indigent Drivers Alcohol Monitoring Fund
To account for the revenues from fines to be used for electronic monitoring devices where alcohol was a contributing factor

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

Mandatory Fines Fund
To account for mandatory fines for drug offenses.

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

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

Community Oriented Policing Services (COPS)
Hiring Recovery Program Grant Fund
To account for grant monies to be used for the hiring of three police officers for a period of 24 months to assist in combating rural crime.

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

Street Construction, Maintenance and Repair Fund
To account for revenues distributed by the State from the motor vehicle and gasoline taxes. Expenditures may only be for street construction and maintenance.

(Continued)

Special Revenue Funds

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

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

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

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

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

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

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

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

Federal Emergency Management Agency (F.E.M.A.) Grant Fund
To account for Federal Emergency Management Agency funds received as reimbursement for flood damage. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

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

(Continued)

Special Revenue Funds

Ryan White Title III Fund

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

Flood Defense Fund

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

Land Reutilization Fund

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

Rental Licensing Program Fund

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

Council Trust for Recreation Fund

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

Playground Trust Fund

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

Permanent Funds

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

Cemetery Trust Fund

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

Mausoleum Trust Fund

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

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2014

	Nonmajor Special Revenue Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:			
Cash and Cash Equivalents	$ 2,709,706	$ 0	$ 2,709,706
Receivables (net of allowance for doubtful accounts):			
Taxes	349,737	0	349,737
Accounts	170,124	0	170,124
Intergovernmental	939,315	0	939,315
Due from Other Funds	24,453	0	24,453
Inventory of Supplies, at Cost	52,034	0	52,034
Prepaid Items	5,380	57	5,437
Restricted Assets:			
Cash and Cash Equivalents	0	119,347	119,347
Total Assets	$ 4,250,749	$ 119,404	$ 4,370,153
Liabilities:			
Accounts Payable	$ 127,453	$ 2,686	$ 130,139
Intergovernmental Payable	97,440	0	97,440
Due to Other Funds	42,321	0	42,321
Total Liabilities	267,214	2,686	269,900
Deferred Inflows of Resources			
Property Tax	269,000	0	269,000
Unavailable Revenue	860,204	0	860,204
Total Deferred Inflows of Resources	1,129,204	0	1,129,204
Fund Balances:			
Nonspendable	57,414	26,900	84,314
Restricted	2,798,215	89,818	2,888,033
Committed	74,273	0	74,273
Unassigned	(75,571)	0	(75,571)
Total Fund Balances	2,854,331	116,718	2,971,049
Total Liabilities, Deferred Inflows of Resources, and Funds Balances	$ 4,250,749	$ 119,404	$ 4,370,153

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2014

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
Revenues:			
Taxes	$ 413,489	$ 0	$ 413,489
Intergovernmental Revenues	3,487,483	0	3,487,483
Charges for Services	161,890	1,000	162,890
Licenses and Permits	38,730	0	38,730
Investment Earnings	182	0	182
Fines and Forfeitures	556,238	0	556,238
All Other Revenue	113,586	1,000	114,586
Total Revenue	4,771,598	2,000	4,773,598
Expenditures:			
Current:			
Security of Persons and Property	428,147	0	428,147
Public Health and Welfare Services	2,264,788	44,230	2,309,018
Leisure Time Activities	56,452	0	56,452
Community Environment	624,398	0	624,398
Transportation	952,834	0	952,834
General Government	743,882	0	743,882
Total Expenditures	5,070,501	44,230	5,114,731
Excess (Deficiency) of Revenues Over Expenditures	(298,903)	(42,230)	(341,133)
Other Financing Sources (Uses):			
Transfers In	165,390	0	165,390
Transfers Out	(94,809)	0	(94,809)
Total Other Financing Sources (Uses)	70,581	0	70,581
Net Change in Fund Balances	(228,322)	(42,230)	(270,552)
Fund Balances at Beginning of Year	3,053,159	158,948	3,212,107
Increase (Decrease) in Inventory Reserve	29,494	0	29,494
Fund Balances End of Year	$ 2,854,331	$ 116,718	$ 2,971,049

Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2014

	Municipal Court Grants	Municipal Court Special Project	Municipal Court Probation Services	Municipal Court Programs	Municipal Court Computer
Assets:					
Cash and Cash Equivalents	$ 788	$ 279,285	$ 79,672	$ 69,435	$ 24,043
Receivables (net of allowance for doubtful accounts):					
Taxes	0	0	0	0	0
Accounts	0	69,977	60,415	15,249	13,823
Intergovernmental	0	0	0	0	0
Due from Other Funds	0	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0	0
Prepaid Items	0	1,769	0	0	0
Total Assets	$ 788	$ 351,031	$ 140,087	$ 84,684	$ 37,866
Liabilities:					
Accounts Payable	$ 2,125	$ 1,600	$ 0	$ 0	$ 3,150
Intergovernmental Payable	8,031	2,717	4,662	657	187
Due to Other Funds	0	0	0	0	0
Total Liabilities	10,156	4,317	4,662	657	3,337
Deferred Inflows of Resources:					
Property Tax	0	0	0	0	0
Unavailable Revenue	0	48,417	41,801	10,551	9,564
Total Deferred Inflows of Resources	0	48,417	41,801	10,551	9,564
Fund Balances:					
Nonspendable	0	1,769	0	0	0
Restricted	0	296,528	93,624	73,476	24,965
Committed	0	0	0	0	0
Unassigned	(9,368)	0	0	0	0
Total Fund Balances	(9,368)	298,297	93,624	73,476	24,965
Total Liabilities, Deferred Inflows of Resources,	$ 788	$ 351,031	$ 140,087	$ 84,684	$ 37,866

Municipal Court Security	Fire Donation	Fire Pension	Police Pension	D.A.R.E. State Grant	Police Donation	JAG Grants
$ 7,648	$ 1,052	$ 0	$ 0	$ 45,018	$ 11,314	$ 12,865
0	0	63,101	63,101	0	0	0
0	0	0	0	0	0	0
0	0	4,149	4,149	7,515	0	516
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
$ 7,648	$ 1,052	$ 67,250	$ 67,250	$ 52,533	$ 11,314	$ 13,381
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
6,266	0	0	0	0	0	0
0	0	0	0	0	0	0
6,266	0	0	0	0	0	0
0	0	52,000	52,000	0	0	0
0	0	15,250	15,250	7,515	0	516
0	0	67,250	67,250	7,515	0	516
0	0	0	0	0	0	0
1,382	1,052	0	0	45,018	11,314	12,865
0	0	0	0	0	0	0
0	0	0	0	0	0	0
1,382	1,052	0	0	45,018	11,314	12,865
$ 7,648	$ 1,052	$ 67,250	$ 67,250	$ 52,533	$ 11,314	$ 13,381

(Continued)

Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2014

	COPS Fast Grant	Indigent Drivers Alcohol Treatment	Indigent Drivers Alcohol Monitoring	Enforcement and Education	Mandatory Fines
Assets:					
Cash and Cash Equivalents	$ 186,415	$ 65,480	$ 2,092	$ 669	$ 9,064
Receivables (net of allowance for doubtful accounts):					
Taxes	0	0	0	0	0
Accounts	0	9,478	0	244	938
Intergovernmental	0	0	0	0	80
Due from Other Funds	0	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0	0
Prepaid Items	0	0	0	0	0
Total Assets	$ 186,415	$ 74,958	$ 2,092	$ 913	$ 10,082
Liabilities:					
Accounts Payable	$ 0	$ 0	$ 0	$ 0	$ 0
Intergovernmental Payable	0	0	0	72	0
Due to Other Funds	0	0	0	0	0
Total Liabilities	0	0	0	72	0
Deferred Inflows of Resources:					
Property Tax	0	0	0	0	0
Unavailable Revenue	0	6,558	0	169	649
Total Deferred Inflows of Resources	0	6,558	0	169	649
Fund Balances:					
Nonspendable	0	0	0	0	0
Restricted	186,415	68,400	2,092	672	9,433
Committed	0	0	0	0	0
Unassigned	0	0	0	0	0
Total Fund Balances	186,415	68,400	2,092	672	9,433
Total Liabilities, Deferred Inflows of Resources,	$ 186,415	$ 74,958	$ 2,092	$ 913	$ 10,082

Law Enforcement	Federal Forfeitures	COPS - Hiring Recovery Program Grant	Rural Law Enforcement Assistance Grant	Street Construction, Maintenance and Repair	State Highway Improvement	Environmental State Grants
$ 127,404	$ 99,986	$ 14,805	$ 13,342	$ 11,177	$ 103,069	$ 95,372
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	374,773	27,174	219,995
0	0	0	0	0	0	0
0	0	0	0	31,353	0	1,259
0	0	0	0	2,503	0	0
$ 127,404	$ 99,986	$ 14,805	$ 13,342	$ 419,806	$ 130,243	$ 316,626
$ 0	$ 0	$ 0	$ 0	$ 828	$ 0	$ 0
0	79	0	0	22,375	0	16,608
0	0	0	0	14,263	0	10,199
0	79	0	0	37,466	0	26,807
0	0	0	0	0	0	0
0	0	0	0	249,000	18,000	212,407
0	0	0	0	249,000	18,000	212,407
0	0	0	0	33,856	0	1,259
127,404	99,907	14,805	13,342	99,484	112,243	76,153
0	0	0	0	0	0	0
0	0	0	0	0	0	0
127,404	99,907	14,805	13,342	133,340	112,243	77,412
$ 127,404	$ 99,986	$ 14,805	$ 13,342	$ 419,806	$ 130,243	$ 316,626

(Continued)

Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2014

	Community Development	Tourism and Cultural Development	State Grant Health	Rural AIDS State Grant	Drug Free Communities Grant
Assets:					
Cash and Cash Equivalents	$ 428,159	$ 16,554	$ 9,641	$ 0	$ 30
Receivables (net of allowance for doubtful accounts):					
Taxes	0	21,026	0	0	0
Accounts	0	0	0	0	0
Intergovernmental	97,600	0	22,087	48,103	8,669
Due from Other Funds	24,453	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	9,711	0
Prepaid Items	0	0	0	50	0
Total Assets	$ 550,212	$ 37,580	$ 31,728	$ 57,864	$ 8,699
Liabilities:					
Accounts Payable	$ 0	$ 0	$ 12,814	$ 93,550	$ 0
Intergovernmental Payable	826	0	6,203	10,153	4,772
Due to Other Funds	0	0	2,411	10,603	0
Total Liabilities	826	0	21,428	114,306	4,772
Deferred Inflows of Resources:					
Property Tax	0	0	0	0	0
Unavailable Revenue	77,000	0	0	0	0
Total Deferred Inflows of Resources	77,000	0	0	0	0
Fund Balances:					
Nonspendable	0	0	0	9,761	0
Restricted	472,386	37,580	10,300	0	3,927
Committed	0	0	0	0	0
Unassigned	0	0	0	(66,203)	0
Total Fund Balances	472,386	37,580	10,300	(56,442)	3,927
Total Liabilities, Deferred Inflows of Resources,	$ 550,212	$ 37,580	$ 31,728	$ 57,864	$ 8,699

Family Planning	Regional HIV Prevention	Ryan White Title III	Flood Defense	Land Reutilization	Rental Licensing Program	Council Trust for Recreation
$ 11,498	$ 81,496	$ 74,285	$ 707,680	$ 19,440	$ 24,901	$ 53,875
0	0	0	202,509	0	0	0
0	0	0	0	0	0	0
6,586	0	105,477	12,442	0	0	0
0	0	0	0	0	0	0
9,711	0	0	0	0	0	0
0	0	50	473	0	0	535
$ 27,795	$ 81,496	$ 179,812	$ 923,104	$ 19,440	$ 24,901	$ 54,410
$ 2,705	$ 0	$ 10,135	$ 390	$ 0	$ 0	$ 156
4,369	0	6,110	47	700	1,745	861
1,448	0	1,207	0	449	1,741	0
8,522	0	17,452	437	1,149	3,486	1,017
0	0	0	165,000	0	0	0
0	0	97,606	49,951	0	0	0
0	0	97,606	214,951	0	0	0
9,711	0	50	473	0	0	535
9,562	81,496	64,704	707,243	18,291	0	0
0	0	0	0	0	21,415	52,858
0	0	0	0	0	0	0
19,273	81,496	64,754	707,716	18,291	21,415	53,393
$ 27,795	$ 81,496	$ 179,812	$ 923,104	$ 19,440	$ 24,901	$ 54,410

(Continued)

Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2014

	Playground Trust	Total Nonmajor Special Revenue Funds
Assets:		
Cash and Cash Equivalents	$ 22,152	$ 2,709,706
Receivables (net of allowance for doubtful accounts):		
Taxes	0	349,737
Accounts	0	170,124
Intergovernmental	0	939,315
Due from Other Funds	0	24,453
Inventory of Supplies, at Cost	0	52,034
Prepaid Items	0	5,380
Total Assets	$ 22,152	$ 4,250,749
Liabilities:		
Accounts Payable	$ 0	$ 127,453
Intergovernmental Payable	0	97,440
Due to Other Funds	0	42,321
Total Liabilities	0	267,214
Deferred Inflows of Resources:		
Property Tax	0	269,000
Unavailable Revenue	0	860,204
Total Deferred Inflows of Resources	0	1,129,204
Fund Balances:		
Nonspendable	0	57,414
Restricted	22,152	2,798,215
Committed	0	74,273
Unassigned	0	(75,571)
Total Fund Balances	22,152	2,854,331
Total Liabilities, Deferred Inflows of Resources,	$ 22,152	$ 4,250,749

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2014

	Municipal Court Grants	Municipal Court Special Project	Municipal Court Probation Services	Municipal Court Programs	Municipal Court Computer
Revenues:					
Taxes	$ 0	$ 0	$ 0	$ 0	$ 0
Intergovernmental Revenues	199,587	0	0	0	0
Charges for Services	0	0	0	0	0
Licenses and Permits	0	0	0	0	0
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	0	153,834	113,829	124,399	35,185
All Other Revenue	0	0	0	0	0
Total Revenue	199,587	153,834	113,829	124,399	35,185
Expenditures:					
Current:					
Security of Persons and Property	0	0	0	0	0
Public Health and Welfare Services	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Environment	0	0	0	0	0
Transportation	0	0	0	0	0
General Government	202,234	145,017	108,229	64,977	32,366
Total Expenditures	202,234	145,017	108,229	64,977	32,366
Excess (Deficiency) of Revenues Over Expenditures	(2,647)	8,817	5,600	59,422	2,819
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balances	(2,647)	8,817	5,600	59,422	2,819
Fund Balances at Beginning of Year	(6,721)	289,480	88,024	14,054	22,146
Increase (Decrease) in Inventory Reserve	0	0	0	0	0
Fund Balances End of Year	$ (9,368)	$ 298,297	$ 93,624	$ 73,476	$ 24,965

Municipal Court Security	Fire Donation	Fire Pension	Police Pension	D.A.R.E. State Grant	Police Donation	JAG Grants
$ 0	$ 0	$ 63,585	$ 63,584	$ 0	$ 0	$ 0
0	0	4,136	4,136	19,735	0	22,223
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
67,738	0	0	0	0	0	0
0	0	0	0	0	3,271	0
67,738	0	67,721	67,720	19,735	3,271	22,223
0	1,979	67,721	67,720	0	2,706	12,953
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
170,356	0	0	0	0	0	0
170,356	1,979	67,721	67,720	0	2,706	12,953
(102,618)	(1,979)	0	0	19,735	565	9,270
104,000	0	0	0	0	0	0
0	0	0	0	0	0	0
104,000	0	0	0	0	0	0
1,382	(1,979)	0	0	19,735	565	9,270
0	3,031	0	0	25,283	10,749	3,595
0	0	0	0	0	0	0
$ 1,382	$ 1,052	$ 0	$ 0	$ 45,018	$ 11,314	$ 12,865

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2014

	COPS Fast Grant	Indigent Drivers Alcohol Treatment	Indigent Drivers Alcohol Monitoring	Enforcement and Education	Mandatory Fines
Revenues:					
Taxes	$ 0	$ 0	$ 0	$ 0	$ 0
Intergovernmental Revenues	30,000	0	0	0	0
Charges for Services	0	0	0	0	0
Licenses and Permits	0	0	0	0	0
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	0	26,186	2,092	523	2,881
All Other Revenue	13,333	0	0	0	0
Total Revenue	43,333	26,186	2,092	523	2,881
Expenditures:					
Current:					
Security of Persons and Property	3,260	0	0	0	0
Public Health and Welfare Services	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Environment	0	0	0	0	0
Transportation	0	0	0	0	0
General Government	0	16,952	0	3,731	0
Total Expenditures	3,260	16,952	0	3,731	0
Excess (Deficiency) of Revenues Over Expenditures	40,073	9,234	2,092	(3,208)	2,881
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balances	40,073	9,234	2,092	(3,208)	2,881
Fund Balances at Beginning of Year	146,342	59,166	0	3,880	6,552
Increase (Decrease) in Inventory Reserve	0	0	0	0	0
Fund Balances End of Year	$ 186,415	$ 68,400	$ 2,092	$ 672	$ 9,433

Law Enforcement	Federal Forfeitures	COPS Hiring Recovery Program Grant	Rural Law Enforcement Assistance Grant	Street Construction, Maintenance and Repair	State Highway Improvement	Environmental State Grants
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
0	0	2,412	22,406	764,131	54,298	482,094
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
26,871	2,700	0	0	0	0	0
3,404	0	0	0	2,600	0	7,500
30,275	2,700	2,412	22,406	766,731	54,298	489,594
53,561	84,347	0	0	0	0	0
0	0	0	0	0	0	564,453
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	906,018	46,816	0
0	0	0	0	0	0	0
53,561	84,347	0	0	906,018	46,816	564,453
(23,286)	(81,647)	2,412	22,406	(139,287)	7,482	(74,859)
0	0	0	0	0	0	18,000
0	0	0	0	0	0	0
0	0	0	0	0	0	18,000
(23,286)	(81,647)	2,412	22,406	(139,287)	7,482	(56,859)
150,690	181,554	12,393	(9,064)	256,876	104,761	134,057
0	0	0	0	15,751	0	214
$ 127,404	$ 99,907	$ 14,805	$ 13,342	$ 133,340	$ 112,243	$ 77,412

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2014

	Community Development	Tourism and Cultural Development	State Grant Health	Rural AIDS State Grant	Drug Free Communities Grant
Revenues:					
Taxes	$ 0	$ 87,241	$ 0	$ 0	$ 0
Intergovernmental Revenues	380,042	0	195,281	453,934	126,958
Charges for Services	0	0	42,270	0	0
Licenses and Permits	0	0	0	0	0
Investment Earnings	182	0	0	0	0
Fines and Forfeitures	0	0	0	0	0
All Other Revenue	16,309	0	74	6,248	0
Total Revenue	396,533	87,241	237,625	460,182	126,958
Expenditures:					
Current:					
Security of Persons and Property	0	0	0	0	0
Public Health and Welfare Services	0	0	266,738	500,406	123,306
Leisure Time Activities	0	0	0	0	0
Community Environment	541,753	82,645	0	0	0
Transportation	0	0	0	0	0
General Government	0	0	0	0	0
Total Expenditures	541,753	82,645	266,738	500,406	123,306
Excess (Deficiency) of Revenues Over Expenditures	(145,220)	4,596	(29,113)	(40,224)	3,652
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balances	(145,220)	4,596	(29,113)	(40,224)	3,652
Fund Balances at Beginning of Year	617,606	32,984	42,736	(24,644)	275
Increase (Decrease) in Inventory Reserve	0	0	(3,323)	8,426	0
Fund Balances End of Year	$ 472,386	$ 37,580	$ 10,300	$ (56,442)	$ 3,927

Family Planning	F.E.M.A. Grant	Regional HIV Prevention	Ryan White Title III	Flood Defense	Land Reutilization	Rental Lincensing Program
$ 0	$ 0	$ 0	$ 0	$ 199,079	$ 0	$ 0
87,905	0	411,915	213,918	12,372	0	0
63,550	0	0	1,057	0	0	0
0	0	0	0	0	300	38,430
0	0	0	0	0	0	0
0	0	0	0	0	0	0
357	0	0	668	520	56,464	0
151,812	0	411,915	215,643	211,971	56,764	38,430
0	0	0	0	133,900	0	0
152,759	0	330,419	210,933	0	45,645	70,129
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
152,759	0	330,419	210,933	133,900	45,645	70,129
(947)	0	81,496	4,710	78,071	11,119	(31,699)
0	0	0	0	32,471	0	0
0	(94,809)	0	0	0	0	0
0	(94,809)	0	0	32,471	0	0
(947)	(94,809)	81,496	4,710	110,542	11,119	(31,699)
11,794	94,809	0	60,044	597,174	7,172	53,114
8,426	0	0	0	0	0	0
$ 19,273	$ 0	$ 81,496	$ 64,754	$ 707,716	$ 18,291	$ 21,415

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2014

	Council Trust for Recreation	Playground Trust	Total Nonmajor Special Revenue Funds
Revenues:			
Taxes	$ 0	$ 0	$ 413,489
Intergovernmental Revenues	0	0	3,487,483
Charges for Services	55,013	0	161,890
Licenses and Permits	0	0	38,730
Investment Earnings	0	0	182
Fines and Forfeitures	0	0	556,238
All Other Revenue	552	2,286	113,586
Total Revenue	55,565	2,286	4,771,598
Expenditures:			
Current:			
Security of Persons and Property	0	0	428,147
Public Health and Welfare Services	0	0	2,264,788
Leisure Time Activities	55,418	1,034	56,452
Community Environment	0	0	624,398
Transportation	0	0	952,834
General Government	20	0	743,882
Total Expenditures	55,438	1,034	5,070,501
Excess (Deficiency) of Revenues Over Expenditures	127	1,252	(298,903)
Other Financing Sources (Uses):			
Transfers In	1,993	8,926	165,390
Transfers Out	0	0	(94,809)
Total Other Financing Sources (Uses)	1,993	8,926	70,581
Net Change in Fund Balances	2,120	10,178	(228,322)
Fund Balances at Beginning of Year	51,273	11,974	3,053,159
Increase (Decrease) in Inventory Reserve	0	0	29,494
Fund Balances End of Year	$ 53,393	$ 22,152	$ 2,854,331

Combining Balance Sheet
Nonmajor Permanent Funds
December 31, 2014

	Cemetery Trust	Mausoleum Trust	Total Nonmajor Permanent Funds
Assets:			
Prepaid Items	$ 57	$ 0	$ 57
Restricted Assets:			
Cash and Cash Equivalents	114,495	4,852	119,347
Total Assets	$ 114,552	$ 4,852	$ 119,404
Liabilities:			
Accounts Payable	$ 2,686	$ 0	$ 2,686
Total Liabilities	2,686	0	2,686
Fund Balances:			
Nonspendable	22,396	4,504	26,900
Restricted	89,470	348	89,818
Total Fund Balances	111,866	4,852	116,718
Total Liabilities and Fund Balances	$ 114,552	$ 4,852	$ 119,404

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Permanent Funds
For the Year Ended December 31, 2014

	Cemetery Trust	Mausoleum Trust	Total Nonmajor Permanent Funds
Revenues:			
Charges for Services	$ 1,000	$ 0	$ 1,000
All Other Revenue	1,000	0	1,000
Total Revenue	2,000	0	2,000
Expenditures:			
Current:			
Public Health and Welfare Services	44,230	0	44,230
Total Expenditures	44,230	0	44,230
Excess (Deficiency) of Revenues Over Expenditures	(42,230)	0	(42,230)
Fund Balances at Beginning of Year	154,096	4,852	158,948
Fund Balances End of Year	$ 111,866	$ 4,852	$ 116,718

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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 10,037,000	$ 10,429,000	$ 10,389,996	$ (39,004)
Intergovernmental Revenues	900,600	910,600	903,373	(7,227)
Charges for Services	246,500	246,500	248,751	2,251
Licenses and Permits	180,900	204,900	199,938	(4,962)
Fines and Forfeitures	685,000	577,000	578,733	1,733
All Other Revenues	50,000	292,000	290,216	(1,784)
Total Revenues	12,100,000	12,660,000	12,611,007	(48,993)
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	3,806,517	3,650,295	3,632,267	18,028
Materials and Supplies	126,000	126,000	142,111	(16,111)
Contractual Services	236,250	239,417	248,026	(8,609)
Capital Outlay	1,000	1,000	831	169
Total Police	4,169,767	4,016,712	4,023,235	(6,523)
Fire:				
Personal Services	3,547,985	3,547,985	3,433,358	114,627
Materials and Supplies	24,500	26,783	42,250	(15,467)
Contractual Services	98,500	96,218	88,626	7,592
Total Fire	3,670,985	3,670,986	3,564,234	106,752
Police Dispatch:				
Personal Services	272,114	428,335	313,178	115,157
Total Police Dispatch	272,114	428,335	313,178	115,157
Street Lighting:				
Contractual Services	250,000	250,000	245,196	4,804
Total Street Lighting	250,000	250,000	245,196	4,804
Total Security of Persons and Property	8,362,866	8,366,033	8,145,843	220,190

(Continued)

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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Health and Welfare Services:				
Health:				
Personal Services	547,334	547,334	539,136	8,198
Materials and Supplies	14,144	11,844	9,027	2,817
Contractual Services	103,798	106,098	88,549	17,549
Capital Outlay	500	500	39	461
Total Health	665,776	665,776	636,751	29,025
Total Public Health and Welfare Services	665,776	665,776	636,751	29,025
Community Environment:				
Building Inspection:				
Personal Services	137,348	137,348	137,009	339
Materials and Supplies	4,850	4,791	2,163	2,628
Contractual Services	70,065	70,124	73,260	(3,136)
Total Building Inspection	212,263	212,263	212,432	(169)
Administration:				
Personal Services	64,245	64,245	58,948	5,297
Materials and Supplies	1,400	4,263	2,469	1,794
Contractual Services	7,750	4,887	4,364	523
Total Administration	73,395	73,395	65,781	7,614
Total Community Environment	285,658	285,658	278,213	7,445
Transportation:				
Traffic Lights:				
Personal Services	213,931	213,931	214,663	(732)
Materials and Supplies	9,300	9,300	8,107	1,193
Contractual Services	22,250	22,250	25,157	(2,907)
Total Traffic Lights	245,481	245,481	247,927	(2,446)
Cemetery Grounds:				
Personal Services	103,672	103,672	82,919	20,753
Materials and Supplies	0	2,750	7,409	(4,659)
Contractual Services	0	2,850	165	2,685
Total Cemetery Grounds	103,672	109,272	90,493	18,779

(Continued)

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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Recreational Grounds:				
Personal Services	0	0	303	(303)
Total Recreational Grounds	0	0	303	(303)
Total Transportation	349,153	354,753	338,723	16,030
General Government:				
City Council:				
Personal Services	81,217	81,217	85,315	(4,098)
Materials and Supplies	750	750	742	8
Contractual Services	6,000	6,000	5,325	675
Total City Council	87,967	87,967	91,382	(3,415)
Executive:				
Personal Services	58,857	58,857	46,157	12,700
Materials and Supplies	750	750	8,416	(7,666)
Contractual Services	6,913	6,913	6,487	426
Total Executive	66,520	66,520	61,060	5,460
Legal:				
Personal Services	254,411	254,411	244,204	10,207
Materials and Supplies	1,440	2,940	2,113	827
Contractual Services	13,518	12,018	1,778	10,240
Total Legal	269,369	269,369	248,095	21,274
Finance:				
Personal Services	185,891	185,891	169,057	16,834
Materials and Supplies	1,898	1,898	4,453	(2,555)
Contractual Services	22,242	22,242	37,224	(14,982)
Capital Outlay	275	275	0	275
Total Finance	210,306	210,306	210,734	(428)

(Continued)

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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Civil Service:				
Personal Services	7,100	7,100	5,945	1,155
Contractual Services	10,000	10,000	3,370	6,630
Total Civil Service	17,100	17,100	9,315	7,785
Municipal Court:				
Personal Services	965,375	965,375	1,066,915	(101,540)
Materials and Supplies	3,100	3,100	8,019	(4,919)
Contractual Services	37,300	37,300	33,742	3,558
Total Municipal Court	1,005,775	1,005,775	1,108,676	(102,901)
Income Tax:				
Personal Services	113,942	113,942	112,392	1,550
Materials and Supplies	1,445	1,445	1,021	424
Contractual Services	13,302	13,302	13,643	(341)
Total Income Tax	128,689	128,689	127,056	1,633
Engineering:				
Personal Services	77,788	77,788	76,251	1,537
Materials and Supplies	3,100	4,100	3,609	491
Contractual Services	9,000	8,000	9,995	(1,995)
Total Engineering	89,888	89,888	89,855	33
Public Service:				
Personal Services	21,606	21,606	19,745	1,861
Materials and Supplies	217	217	2,602	(2,385)
Contractual Services	7,837	7,837	14,099	(6,262)
Total Public Service	29,660	29,660	36,446	(6,786)
City Building:				
Personal Services	66,732	66,732	71,107	(4,375)
Materials and Supplies	2,000	2,000	2,385	(385)
Contractual Services	91,700	91,700	91,777	(77)
Total City Building	160,432	160,432	165,269	(4,837)

(Continued)

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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Garage:				
Personal Services	125,800	125,800	102,807	22,993
Materials and Supplies	4,119	5,297	32,043	(26,746)
Contractual Services	11,442	11,442	15,115	(3,673)
Total Garage	141,361	142,539	149,965	(7,426)
Non-Departmental:				
Contractual Services	629,136	637,636	660,046	(22,410)
Total Non-Departmental	629,136	637,636	660,046	(22,410)
Total General Government	2,836,203	2,845,881	2,957,899	(112,018)
Total Expenditures	12,499,656	12,518,101	12,357,429	160,672
Excess (Deficiency) of Revenues Over (Under) Expenditures	(399,656)	141,899	253,578	111,679
Other Financing Sources (Uses):				
Transfers In	0	192,000	105,749	(86,251)
Transfers Out	(122,000)	(365,126)	(130,926)	234,200
Total Other Financing Sources (Uses)	(122,000)	(173,126)	(25,177)	147,949
Net Change in Fund Balance	(521,656)	(31,227)	228,401	259,628
Fund Balance at Beginning of Year	435,909	435,909	435,909	0
Prior Year Encumbrances	8,500	8,500	8,500	0
Fund Balance at End of Year	$ (77,247)	$ 413,182	$ 672,810	$ 259,628

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, 2014

GENERAL OBLIGATION BOND RETIREMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 140,000	$ 165,000	$ 153,745	$ (11,255)
Intergovernmental Revenues	20,000	11,000	22,151	11,151
Total Revenues	160,000	176,000	175,896	(104)
Expenditures:				
Debt Service:				
Principal Retirement	70,000	70,000	70,000	0
Interest and Fiscal Charges	78,880	78,880	78,880	0
Total Expenditures	148,880	148,880	148,880	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,120	27,120	27,016	(104)
Fund Balance at Beginning of Year	97,815	97,815	97,815	0
Fund Balance at End of Year	$ 108,935	$ 124,935	$ 124,831	$ (104)

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, 2014

CAPITAL IMPROVEMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 1,400,000	$ 1,524,000	$ 1,523,698	$ (302)
All Other Revenues	0	76,000	76,229	229
Total Revenues	1,400,000	1,600,000	1,599,927	(73)
Expenditures:				
Capital Outlay	1,495,746	1,978,822	1,916,152	62,670
Debt Service:				
Principal Retirement	0	197,810	197,803	7
Interest and Fiscal Charges	0	25,442	25,442	0
Total Expenditures	1,495,746	2,202,074	2,139,397	62,677
Excess (Deficiency) of Revenues Over (Under) Expenditures	(95,746)	(602,074)	(539,470)	62,604
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	1,450,326	1,450,326	1,450,326	0
Fund Balance at End of Year	$ 1,354,580	$ 848,252	$ 910,856	$ 62,604

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, 2014

MUNICIPAL COURT GRANTS FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	$ 40,000	$ 200,000	$ 199,587	$ (413)
Total Revenues	40,000	200,000	199,587	(413)
Expenditures:				
General Government:				
Personal Services	218,550	170,050	166,830	3,220
Materials and Supplies	3,200	25,700	28,018	(2,318)
Contractual Services	0	5,000	5,130	(130)
Total Expenditures	221,750	200,750	199,978	772
Excess (Deficiency) of Revenues Over (Under) Expenditures	(181,750)	(750)	(391)	359
Fund Balance at Beginning of Year	1,179	1,179	1,179	0
Fund Balance at End of Year	$ (180,571)	$ 429	$ 788	$ 359

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, 2014

MUNICIPAL COURT SPECIAL PROJECT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	$ 200,000	$ 150,000	$ 151,218	$ 1,218
Total Revenues	200,000	150,000	151,218	1,218
Expenditures:				
General Government:				
Personal Services	59,836	59,836	60,988	(1,152)
Materials and Supplies	50,000	50,000	44,951	5,049
Contractual Services	75,000	75,000	31,521	43,479
Capital Outlay	25,000	25,000	4,085	20,915
Total Expenditures	209,836	209,836	141,545	68,291
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,836)	(59,836)	9,673	69,509
Fund Balance at Beginning of Year	260,600	260,600	260,600	0
Fund Balance at End of Year	$ 250,764	$ 200,764	$ 270,273	$ 69,509

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, 2014

MUNICIPAL COURT PROBATION SERVICES FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	$ 100,000	$ 112,000	$ 111,893	$ (107)
Total Revenues	100,000	112,000	111,893	(107)
Expenditures:				
General Government:				
Personal Services	115,711	115,711	104,504	11,207
Materials and Supplies	48,389	48,389	1,594	46,795
Contractual Services	5,000	5,000	2,006	2,994
Total Expenditures	169,100	169,100	108,104	60,996
Excess (Deficiency) of Revenues Over (Under) Expenditures	(69,100)	(57,100)	3,789	60,889
Fund Balance at Beginning of Year	69,100	69,100	69,100	0
Fund Balance at End of Year	$ 0	$ 12,000	$ 72,889	$ 60,889

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, 2014

MUNICIPAL COURT PROGRAMS FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	$ 70,000	$ 110,000	$ 120,259	$ 10,259
Total Revenues	70,000	110,000	120,259	10,259
Expenditures:				
General Government:				
Personal Services	14,355	14,355	14,541	(186)
Contractual Services	69,603	69,603	51,552	18,051
Total Expenditures	83,958	83,958	66,093	17,865
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,958)	26,042	54,166	28,124
Fund Balance at Beginning of Year	13,644	13,644	13,644	0
Fund Balance at End of Year	$ (314)	$ 39,686	$ 67,810	$ 28,124

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, 2014

MUNICIPAL COURT COMPUTER FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	$ 45,000	$ 35,000	$ 34,910	$ (90)
Total Revenues	45,000	35,000	34,910	(90)
Expenditures:				
General Government:				
Personal Services	0	0	3,887	(3,887)
Materials and Supplies	3,000	23,000	18,874	4,126
Contractual Services	37,000	25,000	5,207	19,793
Capital Outlay	20,000	0	0	0
Total Expenditures	60,000	48,000	27,968	20,032
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,000)	(13,000)	6,942	19,942
Fund Balance at Beginning of Year	14,878	14,878	14,878	0
Fund Balance at End of Year	$ (122)	$ 1,878	$ 21,820	$ 19,942

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, 2014

MUNICIPAL COURT SECURITY FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	$ 0	$ 68,000	$ 67,738	$ (262)
Total Revenues	0	68,000	67,738	(262)
Expenditures:				
General Government:				
Personal Services	151,218	171,218	164,090	7,128
Total Expenditures	151,218	171,218	164,090	7,128
Excess (Deficiency) of Revenues Over (Under) Expenditures	(151,218)	(103,218)	(96,352)	6,866
Other Financing Sources (Uses):				
Transfers In	0	104,000	104,000	0
Total Other Financing Sources (Uses)	0	104,000	104,000	0
Net Change in Fund Balance	(151,218)	782	7,648	6,866
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	$ (151,218)	$ 782	$ 7,648	$ 6,866

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, 2014

FIRE DONATION FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	$ 0	$ 0	$ 0	$ 0
Expenditures:				
Security of Persons and Property:				
Contractual Services	3,030	3,030	2,379	651
Total Expenditures	3,030	3,030	2,379	651
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,030)	(3,030)	(2,379)	651
Fund Balance at Beginning of Year	3,031	3,031	3,031	0
Fund Balance at End of Year	$ 1	$ 1	$ 652	$ 651

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, 2014

FIRE PENSION FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 55,000	$ 63,000	$ 63,585	$ 585
Intergovernmental Revenues	5,000	5,000	4,136	(864)
Total Revenues	60,000	68,000	67,721	(279)
Expenditures:				
Security of Persons and Property:				
Personal Services	60,000	68,000	67,721	279
Total Expenditures	60,000	68,000	67,721	279
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	$ 0	$ 0	$ 0	$ 0

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, 2014

POLICE PENSION FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 55,000	$ 63,000	$ 63,584	$ 584
Intergovernmental Revenues	5,000	5,000	4,136	(864)
Total Revenues	60,000	68,000	67,720	(280)
Expenditures:				
Security of Persons and Property:				
Personal Services	60,000	68,000	67,720	280
Total Expenditures	60,000	68,000	67,720	280
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	$ 0	$ 0	$ 0	$ 0

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, 2014

D.A.R.E. STATE GRANT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	$ 20,000	$ 12,000	$ 19,735	$ 7,735
Total Revenues	20,000	12,000	19,735	7,735
Expenditures:				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,000	12,000	19,735	7,735
Other Financing Sources (Uses):				
Transfers Out	(22,400)	(22,400)	0	22,400
Total Other Financing Sources (Uses)	(22,400)	(22,400)	0	22,400
Net Change in Fund Balance	(2,400)	(10,400)	19,735	30,135
Fund Balance at Beginning of Year	25,283	25,283	25,283	0
Fund Balance at End of Year	$ 22,883	$ 14,883	$ 45,018	$ 30,135

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, 2014

POLICE DONATION FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	$ 10,000	$ 3,000	$ 3,271	$ 271
Total Revenues	10,000	3,000	3,271	271
Expenditures:				
Security of Persons and Property:				
Contractual Services	14,009	13,009	2,706	10,303
Total Expenditures	14,009	13,009	2,706	10,303
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,009)	(10,009)	565	10,574
Fund Balance at Beginning of Year	10,749	10,749	10,749	0
Fund Balance at End of Year	$ 6,740	$ 740	$ 11,314	$ 10,574

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, 2014

JAG GRANTS FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	$ 25,000	$ 22,000	$ 22,223	$ 223
Total Revenues	25,000	22,000	22,223	223
Expenditures:				
Security of Persons and Property:				
Contractual Services	7,681	7,681	7,677	4
Capital Outlay	5,276	5,276	5,276	0
Total Expenditures	12,957	12,957	12,953	4
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,043	9,043	9,270	227
Fund Balance at Beginning of Year	3,595	3,595	3,595	0
Fund Balance at End of Year	$ 15,638	$ 12,638	$ 12,865	$ 227

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, 2014

COPS FAST GRANT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	$ 80,000	$ 70,000	$ 70,000	$ 0
Total Revenues	80,000	70,000	70,000	0
Expenditures:				
Security of Persons and Property:				
Personal Services	81,650	0	0	0
Contractual Services	0	3,260	3,260	0
Total Expenditures	81,650	3,260	3,260	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,650)	66,740	66,740	0
Other Financing Sources (Uses):				
Advances Out	0	(40,000)	(40,000)	0
Total Other Financing Sources (Uses)	0	(40,000)	(40,000)	0
Net Change in Fund Balance	(1,650)	26,740	26,740	0
Fund Balance at Beginning of Year	159,675	159,675	159,675	0
Fund Balance at End of Year	$ 158,025	$ 186,415	$ 186,415	$ 0

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, 2014

INDIGENT DRIVERS ALCOHOL TREATMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	$ 25,000	$ 26,000	$ 26,195	$ 195
Total Revenues	25,000	26,000	26,195	195
Expenditures:				
General Government:				
Contractual Services	80,000	16,952	16,952	0
Total Expenditures	80,000	16,952	16,952	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(55,000)	9,048	9,243	195
Fund Balance at Beginning of Year	55,227	55,227	55,227	0
Fund Balance at End of Year	$ 227	$ 64,275	$ 64,470	$ 195

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, 2014

INDIGENT DRIVERS ALCOHOL MONITORING FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	$ 0	$ 2,000	$ 2,092	$ 92
Total Revenues	0	2,000	2,092	92
Expenditures:				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	2,000	2,092	92
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	$ 0	$ 2,000	$ 2,092	$ 92

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, 2014

ENFORCEMENT AND EDUCATION FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	$ 0	$ 0	$ 475	$ 475
Total Revenues	0	0	475	475
Expenditures:				
General Government:				
Personal Services	3,873	3,873	2,231	1,642
Contractual Services	0	0	1,474	(1,474)
Total Expenditures	3,873	3,873	3,705	168
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,873)	(3,873)	(3,230)	643
Fund Balance at Beginning of Year	3,873	3,873	3,873	0
Fund Balance at End of Year	$ 0	$ 0	$ 643	$ 643

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, 2014

MANDATORY FINES FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	$ 0	$ 70,000	$ 2,640	$ (67,360)
Total Revenues	0	70,000	2,640	(67,360)
Expenditures:				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	70,000	2,640	(67,360)
Fund Balance at Beginning of Year	6,324	6,324	6,324	0
Fund Balance at End of Year	$ 6,324	$ 76,324	$ 8,964	$ (67,360)

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, 2014

LAW ENFORCEMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	$ 75,000	$ 75,000	$ 26,871	$ (48,129)
All Other Revenues	0	0	3,404	3,404
Total Revenues	75,000	75,000	30,275	(44,725)
Expenditures:				
Security of Persons and Property:				
Materials and Supplies	96,836	40,228	40,228	0
Total Expenditures	96,836	40,228	40,228	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,836)	34,772	(9,953)	(44,725)
Other Financing Sources (Uses):				
Advances In	0	0	40,000	40,000
Total Other Financing Sources (Uses)	0	0	40,000	40,000
Net Change in Fund Balance	(21,836)	34,772	30,047	(4,725)
Fund Balance at Beginning of Year	97,357	97,357	97,357	0
Fund Balance at End of Year	$ 75,521	$ 132,129	$ 127,404	$ (4,725)

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, 2014

FEDERAL FORFEITURES FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	$ 0	$ 2,000	$ 2,700	$ 700
Total Revenues	0	2,000	2,700	700
Expenditures:				
Security of Persons and Property:				
Personal Services	0	0	2,491	(2,491)
Materials and Supplies	25,000	72,000	69,323	2,677
Contractual Services	55,000	14,000	12,454	1,546
Total Expenditures	80,000	86,000	84,268	1,732
Excess (Deficiency) of Revenues Over (Under) Expenditures	(80,000)	(84,000)	(81,568)	2,432
Fund Balance at Beginning of Year	133,588	133,588	133,588	0
Prior Year Encumbrances	47,966	47,966	47,966	0
Fund Balance at End of Year	$ 101,554	$ 97,554	$ 99,986	$ 2,432

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, 2014

COPS HIRING RECOVERY PROGRAM GRANT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	$ 0	$ 2,000	$ 2,412	$ 412
Total Revenues	0	2,000	2,412	412
Expenditures:				
Security of Persons and Property:				
Personal Services	279,000	0	0	0
Contractual Services	26,000	0	0	0
Total Expenditures	305,000	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(305,000)	2,000	2,412	412
Fund Balance at Beginning of Year	12,393	12,393	12,393	0
Fund Balance at End of Year	$ (292,607)	$ 14,393	$ 14,805	$ 412

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, 2014

RURAL LAW ENFORCEMENT ASSISTANCE GRANT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	$ 100,000	$ 85,000	$ 84,815	$ (185)
Total Revenues	100,000	85,000	84,815	(185)
Expenditures:				
Security of Persons and Property:				
Personal Services	27,000	9,064	9,064	0
Total Expenditures	27,000	9,064	9,064	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	73,000	75,936	75,751	(185)
Fund Balance at Beginning of Year	(62,409)	(62,409)	(62,409)	0
Fund Balance at End of Year	$ 10,591	$ 13,527	$ 13,342	$ (185)

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, 2014

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	$ 900,000	$ 900,000	$ 752,769	$ (147,231)
All Other Revenues	0	0	2,600	2,600
Total Revenues	900,000	900,000	755,369	(144,631)
Expenditures:				
Transportation:				
Personal Services	849,804	849,804	837,983	11,821
Materials and Supplies	56,900	56,206	54,236	1,970
Contractual Services	27,619	28,313	28,313	0
Capital Outlay	300	300	0	300
Total Expenditures	934,623	934,623	920,532	14,091
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,623)	(34,623)	(165,163)	(130,540)
Fund Balance at Beginning of Year	176,340	176,340	176,340	0
Fund Balance at End of Year	$ 141,717	$ 141,717	$ 11,177	$ (130,540)

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, 2014

STATE HIGHWAY IMPROVEMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	$ 55,000	$ 55,000	$ 53,387	$ (1,613)
Total Revenues	55,000	55,000	53,387	(1,613)
Expenditures:				
Transportation:				
Materials and Supplies	55,000	55,000	55,000	0
Total Expenditures	55,000	55,000	55,000	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	(1,613)	(1,613)
Fund Balance at Beginning of Year	96,498	96,498	96,498	0
Fund Balance at End of Year	$ 96,498	$ 96,498	$ 94,885	$ (1,613)

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, 2014

ENVIRONMENTAL STATE GRANTS FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	$ 547,800	$ 554,800	$ 555,558	$ 758
All Other Revenues	7,200	7,200	7,500	300
Total Revenues	555,000	562,000	563,058	1,058
Expenditures:				
Public Health and Welfare Services:				
Personal Services	514,716	514,716	511,506	3,210
Materials and Supplies	17,921	17,921	13,790	4,131
Contractual Services	62,200	62,200	45,364	16,836
Total Expenditures	594,837	594,837	570,660	24,177
Excess (Deficiency) of Revenues Over (Under) Expenditures	(39,837)	(32,837)	(7,602)	25,235
Other Financing Sources (Uses):				
Transfers In	18,000	18,000	18,000	0
Total Other Financing Sources (Uses)	18,000	18,000	18,000	0
Net Change in Fund Balance	(21,837)	(14,837)	10,398	25,235
Fund Balance at Beginning of Year	84,974	84,974	84,974	0
Fund Balance at End of Year	$ 63,137	$ 70,137	$ 95,372	$ 25,235

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, 2014

COMMUNITY DEVELOPMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	$ 260,000	$ 443,000	$ 444,942	$ 1,942
Investment Earnings	2,000	0	182	182
All Other Revenues	38,000	17,000	16,309	(691)
Total Revenues	300,000	460,000	461,433	1,433
Expenditures:				
Community Environment:				
Personal Services	10,915	19,923	19,923	0
Contractual Services	42,350	534,804	534,804	0
Total Expenditures	53,265	554,727	554,727	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	246,735	(94,727)	(93,294)	1,433
Fund Balance at Beginning of Year	521,453	521,453	521,453	0
Fund Balance at End of Year	$ 768,188	$ 426,726	$ 428,159	$ 1,433

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, 2014

TOURISM AND CULTURAL DEVELOPMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 75,000	$ 85,000	$ 84,747	$ (253)
Total Revenues	75,000	85,000	84,747	(253)
Expenditures:				
Community Environment:				
Contractual Services	80,000	82,645	82,645	0
Total Expenditures	80,000	82,645	82,645	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,000)	2,355	2,102	(253)
Fund Balance at Beginning of Year	14,452	14,452	14,452	0
Fund Balance at End of Year	$ 9,452	$ 16,807	$ 16,554	$ (253)

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, 2014

STATE GRANT HEALTH FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	$ 200,000	$ 180,000	$ 179,963	$ (37)
Charges for Services	76,000	42,000	42,270	270
All Other Revenues	5,000	0	74	74
Total Revenues	281,000	222,000	222,307	307
Expenditures:				
Public Health and Welfare Services:				
Prevention:				
Personal Services	66,169	66,169	64,181	1,988
Materials and Supplies	175	175	0	175
Contractual Services	825	825	2,905	(2,080)
Total Prevention	67,169	67,169	67,086	83
Tobacco Cessation Intervention:				
Personal Services	325	325	324	1
Total Tobacco Cessation Intervention	325	325	324	1
State Grant - Safety Grant:				
Personal Services	97,601	75,601	70,641	4,960
Materials and Supplies	0	0	556	(556)
Contractual Services	1,330	1,330	1,268	62
Total State Grant - Safety Grant	98,931	76,931	72,465	4,466
Bioterrorism Grant:				
Personal Services	75,657	75,657	55,875	19,782
Materials and Supplies	12,885	12,885	7,571	5,314
Contractual Services	33,263	33,263	19,869	13,394
Capital Outlay	1,250	1,250	36,858	(35,608)
Total Bioterrorism Grant	123,055	123,055	120,173	2,882
Total Expenditures	289,480	267,480	260,048	7,432
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,480)	(45,480)	(37,741)	7,739
Fund Balance at Beginning of Year	45,882	45,882	45,882	0
Fund Balance at End of Year	$ 37,402	$ 402	$ 8,141	$ 7,739

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, 2014

RURAL AIDS STATE GRANT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	$ 405,000	$ 245,000	$ 405,831	$ 160,831
All Other Revenues	0	0	6,704	6,704
Total Revenues	405,000	245,000	412,535	167,535
Expenditures:				
Public Health and Welfare Services:				
Personal Services	347,952	357,926	309,961	47,965
Materials and Supplies	3,379	3,379	19,140	(15,761)
Contractual Services	63,200	63,200	95,402	(32,202)
Total Expenditures	414,531	424,505	424,503	2
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,531)	(179,505)	(11,968)	167,537
Fund Balance at Beginning of Year	(4,269)	(4,269)	(4,269)	0
Fund Balance at End of Year	$ (13,800)	$ (183,774)	$ (16,237)	$ 167,537

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, 2014

DRUG FREE COMMUNITIES GRANT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	$ 125,000	$ 125,000	$ 123,953	$ (1,047)
Total Revenues	125,000	125,000	123,953	(1,047)
Expenditures:				
Public Health and Welfare Services:				
Personal Services	99,539	97,539	98,350	(811)
Materials and Supplies	11,456	11,456	17,999	(6,543)
Contractual Services	9,158	9,158	5,324	3,834
Capital Outlay	4,847	4,847	1,045	3,802
Total Expenditures	125,000	123,000	122,718	282
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	2,000	1,235	(765)
Fund Balance at Beginning of Year	(1,205)	(1,205)	(1,205)	0
Fund Balance at End of Year	$ (1,205)	$ 795	$ 30	$ (765)

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, 2014

FAMILY PLANNING FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	$ 70,000	$ 97,000	$ 96,876	$ (124)
Charges for Services	29,800	64,800	63,550	(1,250)
All Other Revenues	200	200	357	157
Total Revenues	100,000	162,000	160,783	(1,217)
Expenditures:				
Public Health and Welfare Services:				
Personal Services	85,214	101,214	102,600	(1,386)
Materials and Supplies	4,000	48,000	45,685	2,315
Contractual Services	900	900	0	900
Total Expenditures	90,114	150,114	148,285	1,829
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,886	11,886	12,498	612
Fund Balance at Beginning of Year	(1,470)	(1,470)	(1,470)	0
Fund Balance at End of Year	$ 8,416	$ 10,416	$ 11,028	$ 612

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, 2014

F.E.M.A. GRANT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	$ 0	$ 0	$ 0	$ 0
Expenditures:				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Other Financing Sources (Uses):				
Transfers Out	0	(94,809)	(94,809)	0
Total Other Financing Sources (Uses)	0	(94,809)	(94,809)	0
Net Change in Fund Balance	0	(94,809)	(94,809)	0
Fund Balance at Beginning of Year	94,809	94,809	94,809	0
Fund Balance at End of Year	$ 94,809	$ 0	$ 0	$ 0

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, 2014

REGIONAL HIV PREVENTION FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	$ 332,000	$ 580,000	$ 411,915	$ (168,085)
Total Revenues	332,000	580,000	411,915	(168,085)
Expenditures:				
Public Health and Welfare Services:				
Contractual Services	331,700	411,915	411,915	0
Total Expenditures	331,700	411,915	411,915	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	300	168,085	0	(168,085)
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	$ 300	$ 168,085	$ 0	$ (168,085)

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, 2014

RYAN WHITE TITLE III FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	$ 249,200	$ 209,200	$ 206,047	$ (3,153)
Charges for Services	700	700	1,057	357
All Other Revenues	100	100	668	568
Total Revenues	250,000	210,000	207,772	(2,228)
Expenditures:				
Public Health and Welfare Services:				
Personal Services	157,227	157,227	155,772	1,455
Materials and Supplies	9,100	31,100	30,325	775
Contractual Services	46,000	24,000	20,014	3,986
Total Expenditures	212,327	212,327	206,111	6,216
Excess (Deficiency) of Revenues Over (Under) Expenditures	37,673	(2,327)	1,661	3,988
Fund Balance at Beginning of Year	68,174	68,174	68,174	0
Fund Balance at End of Year	$ 105,847	$ 65,847	$ 69,835	$ 3,988

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, 2014

FLOOD DEFENSE FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 179,000	$ 199,000	$ 199,079	$ 79
Intergovernmental Revenues	11,000	13,000	12,372	(628)
All Other Revenues	0	0	520	520
Total Revenues	190,000	212,000	211,971	(29)
Expenditures:				
Security of Persons and Property:				
Personal Services	94,575	94,575	6,578	87,997
Materials and Supplies	17,500	17,500	11,338	6,162
Contractual Services	47,700	62,700	92,126	(29,426)
Capital Outlay	279,592	436,742	57,597	379,145
Total Expenditures	439,367	611,517	167,639	443,878
Excess (Deficiency) of Revenues Over (Under) Expenditures	(249,367)	(399,517)	44,332	443,849
Other Financing Sources (Uses):				
Transfers In	0	105,000	32,471	(72,529)
Total Other Financing Sources (Uses)	0	105,000	32,471	(72,529)
Net Change in Fund Balance	(249,367)	(294,517)	76,803	371,320
Fund Balance at Beginning of Year	600,877	600,877	600,877	0
Prior Year Encumbrances	15,000	15,000	15,000	0
Fund Balance at End of Year	$ 366,510	$ 321,360	$ 692,680	$ 371,320

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, 2014

LAND REUTILIZATION FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Licenses and Permits	$ 8,000	$ 8,000	$ 300	$ (7,700)
All Other Revenues	15,000	52,000	56,464	4,464
Total Revenues	23,000	60,000	56,764	(3,236)
Expenditures:				
Public Health and Welfare Services:				
Personal Services	17,783	19,783	18,914	869
Contractual Services	5,894	27,894	26,462	1,432
Total Expenditures	23,677	47,677	45,376	2,301
Excess (Deficiency) of Revenues Over (Under) Expenditures	(677)	12,323	11,388	(935)
Fund Balance at Beginning of Year	8,052	8,052	8,052	0
Fund Balance at End of Year	$ 7,375	$ 20,375	$ 19,440	$ (935)

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, 2014

RENTAL LICENSING PROGRAM FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Licenses and Permits	$ 120,000	$ 40,000	$ 38,430	$ (1,570)
Total Revenues	120,000	40,000	38,430	(1,570)
Expenditures:				
Public Health and Welfare Services:				
Personal Services	99,116	78,116	73,057	5,059
Materials and Supplies	1,000	1,000	0	1,000
Contractual Services	10,500	10,500	50	10,450
Capital Outlay	6,400	6,400	358	6,042
Total Expenditures	117,016	96,016	73,465	22,551
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,984	(56,016)	(35,035)	20,981
Fund Balance at Beginning of Year	59,936	59,936	59,936	0
Fund Balance at End of Year	$ 62,920	$ 3,920	$ 24,901	$ 20,981

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, 2014

COUNCIL TRUST FOR RECREATION FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	$ 50,000	$ 57,000	$ 55,013	$ (1,987)
All Other Revenues	0	1,000	552	(448)
Total Revenues	50,000	58,000	55,565	(2,435)
Expenditures:				
Leisure Time Activities:				
Personal Services	32,698	32,698	24,929	7,769
Materials and Supplies	8,475	7,468	6,468	1,000
Contractual Services	25,457	26,464	26,464	0
Total Expenditures	66,630	66,630	57,861	8,769
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,630)	(8,630)	(2,296)	6,334
Other Financing Sources (Uses):				
Transfers In	0	2,000	1,993	(7)
Total Other Financing Sources (Uses)	0	2,000	1,993	(7)
Net Change in Fund Balance	(16,630)	(6,630)	(303)	6,327
Fund Balance at Beginning of Year	46,304	46,304	46,304	0
Prior Year Encumbrances	5,587	5,587	5,587	0
Fund Balance at End of Year	$ 35,261	$ 45,261	$ 51,588	$ 6,327

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, 2014

PLAYGROUND TRUST FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	$ 2,000	$ 2,000	$ 2,286	$ 286
Total Revenues	2,000	2,000	2,286	286
Expenditures:				
Leisure Time Activity:				
Personal Services	0	559	559	0
Contractual Services	0	682	682	0
Total Expenditures	0	1,241	1,241	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,000	759	1,045	286
Other Financing Sources (Uses):				
Transfers In	0	9,000	8,926	(74)
Total Other Financing Sources (Uses)	0	9,000	8,926	(74)
Net Change in Fund Balance	2,000	9,759	9,971	212
Fund Balance at Beginning of Year	12,181	12,181	12,181	0
Fund Balance at End of Year	$ 14,181	$ 21,940	$ 22,152	$ 212

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, 2014

CEMETERY TRUST FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	$ 5,000	$ 1,000	$ 1,000	$ 0
All Other Revenues	0	1,000	1,000	0
Total Revenues	5,000	2,000	2,000	0
Expenditures:				
Public Health and Welfare Services:				
Personal Services	0	20,000	20,000	0
Materials and Supplies	2,150	2,150	1,133	1,017
Contractual Services	17,500	24,500	20,468	4,032
Capital Outlay	350	350	0	350
Total Expenditures	20,000	47,000	41,601	5,399
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,000)	(45,000)	(39,601)	5,399
Fund Balance at Beginning of Year	154,096	154,096	154,096	0
Fund Balance at End of Year	$ 139,096	$ 109,096	$ 114,495	$ 5,399

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, 2014

MAUSOLEUM TRUST FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	$ 0	$ 0	$ 0	$ 0
Expenditures:				
Public Health and Welfare Services:				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	4,852	4,852	4,852	0
Fund Balance at End of Year	$ 4,852	$ 4,852	$ 4,852	$ 0

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.

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2014

	Balance December 31, 2013	Additions	Deductions	Balance December 31, 2014
Performance Bonds Fund				
Restricted Assets:				
Cash and Cash Equivalents	$17,910	$67,267	($47,330)	$37,847
Total Assets	$17,910	$67,267	($47,330)	$37,847
Liabilities:				
Due to Others	$17,910	$67,267	($47,330)	$37,847
Total Liabilities	$17,910	$67,267	($47,330)	$37,847
Law Library Fund				
Assets:				
Accounts Receivable	$18,352	$20,683	($18,352)	$20,683
Restricted Assets:				
Cash and Cash Equivalents	2,451	36,561	(36,808)	2,204
Total Assets	$20,803	$57,244	($55,160)	$22,887
Liabilities:				
Due to Others	$20,803	$57,244	($55,160)	$22,887
Total Liabilities	$20,803	$57,244	($55,160)	$22,887
Ohio Board of Building Standards Fund				
Restricted Assets:				
Cash and Cash Equivalents	$134	$2,469	($2,584)	$19
Total Assets	$134	$2,469	($2,584)	$19
Liabilities:				
Due to Others	$134	$2,469	($2,584)	$19
Total Liabilities	$134	$2,469	($2,584)	$19
Municipal Court Fund				
Assets:				
Accounts Receivable	$512,574	$465,997	($512,574)	$465,997
Restricted Assets:				
Cash and Cash Equivalents	65,800	2,164,819	(2,186,660)	43,959
Total Assets	$578,374	$2,630,816	($2,699,234)	$509,956
Liabilities:				
Intergovernmental Payables	$36,550	$613,094	($619,454)	$30,190
Due to Others	541,824	2,017,722	(2,079,780)	479,766
Total Liabilities	$578,374	$2,630,816	($2,699,234)	$509,956

(Continued)

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2014

	Balance December 31, 2013	Additions	Deductions	Balance December 31, 2014
Totals - All Agency Funds				
Assets:				
Accounts Receivable	$530,926	$486,680	($530,926)	$486,680
Restricted Assets:				
Cash and Cash Equivalents	86,295	2,271,116	(2,273,382)	84,029
Total Assets	$617,221	$2,757,796	($2,804,308)	$570,709
Liabilities:				
Intergovernmental Payables	$36,550	$613,094	($619,454)	$30,190
Due to Others	580,671	2,144,702	(2,184,854)	540,519
Total Liabilities	$617,221	$2,757,796	($2,804,308)	$570,709

STATISTICAL SECTION

CITY OF PORTSMOUTH, OHIO

1803

STATISTICAL TABLES

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

Contents

Financial Trends S 2 – S 11

These schedules contain trend information to help the reader understand how the City's financial position has changed over time.

Revenue Capacity S 12 – S 15

These schedules contain information to help the reader understand and assess the factors affecting the City's ability to generate its most significant local revenue sources, which the income tax.

Debt Capacity S 16 – S 25

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Economic and Demographic Information S 26 – S 29

These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.

Operating Information S 30 – S 35

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources Note:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Portsmouth

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

	2005	2006	2007	2008
Governmental Activities:				
Net Investment in Capital Assets	$8,574,886	$20,148,126	$19,314,512	$18,230,304
Restricted	4,497,189	4,810,459	5,064,839	5,412,572
Unrestricted	922,719	566,578	274,557	(445,016)
Total Governmental Activities Net Position	$13,994,794	$25,525,163	$24,653,908	$23,197,860
Business-type Activities:				
Net Investment in Capital Assets	$9,498,779	$9,654,908	$9,373,296	$9,820,832
Restricted	1,956,563	935,246	783,278	755,780
Unrestricted	636,429	2,610,303	3,074,363	2,750,796
Total Business-type Activities Net Position	$12,091,771	$13,200,457	$13,230,937	$13,327,408
Primary Government:				
Net Investment in Capital Assets	$18,073,665	$29,803,034	$28,687,808	$28,051,136
Restricted	6,453,752	5,745,705	5,848,117	6,168,352
Unrestricted	1,559,148	3,176,881	3,348,920	2,305,780
Total Primary Government Net Position	$26,086,565	$38,725,620	$37,884,845	$36,525,268

Source: City Auditor's Office
(1) Amounts adjusted as a result of a prior period adjustment.

2009	2010	2011	2012	2013	2014
(1)		(1)			
$17,772,546	$17,777,202	$20,921,788	$20,630,492	$20,650,606	$19,585,820
6,422,601	6,165,793	6,931,652	5,446,225	5,948,525	5,561,675
(568,870)	(1,189,432)	(2,855,991)	(1,846,035)	(101,280)	121,913
$23,626,277	$22,753,563	$24,997,449	$24,230,682	$26,497,851	$25,269,408
$10,048,483	$13,226,718	$14,001,292	$14,995,902	$15,122,072	$15,436,290
873,786	930,461	942,914	953,034	963,878	557,025
1,772,923	1,998,260	2,030,176	1,921,714	2,337,602	2,677,961
$12,695,192	$16,155,439	$16,974,382	$17,870,650	$18,423,552	$18,671,276
$27,821,029	$31,003,920	$34,923,080	$35,626,394	$35,772,678	$35,022,110
7,296,387	7,096,254	7,874,566	6,399,259	6,912,403	6,118,700
1,204,053	808,828	(825,815)	75,679	2,236,322	2,799,874
$36,321,469	$38,909,002	$41,971,831	$42,101,332	$44,921,403	$43,940,684

City of Portsmouth

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

	2005	2006	2007	2008
Expenses				
Governmental Activities:				
Security of Persons and Property	$6,509,505	$7,122,782	$7,625,070	$7,842,183
Public Health and Welfare Services	2,861,518	3,018,275	2,861,477	2,986,843
Leisure Time Activities	118,705	107,307	26,055	38,446
Community Environment	515,633	635,785	454,715	585,826
Transportation	1,166,630	2,192,216	2,534,541	2,532,238
General Government	3,732,579	3,694,527	4,122,079	4,271,908
Interest and Fiscal Charges	75,124	101,815	138,677	158,664
Total Governmental Activities Expenses	14,979,694	16,872,707	17,762,614	18,416,108
Business-type Activities:				
Water	4,786,196	4,692,859	5,659,269	5,491,584
Sewer	2,205,402	2,533,086	2,690,618	2,920,998
Sanitation	1,066,267	1,100,988	1,295,143	1,463,080
Primary Care	0	1,147	160,583	190,251
Total Business-type Activities Expenses	8,057,865	8,328,080	9,805,613	10,065,913
Total Primary Government Expenses	$23,037,559	$25,200,787	$27,568,227	$28,482,021
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	$992,341	$952,245	$1,064,597	$917,498
Public Health and Welfare Services	335,412	343,817	427,938	405,343
Leisure Time Activities	65,987	65,966	81,513	73,823
Community Environment	157,818	144,084	204,896	194,868
Transportation	53,201	54,013	59,246	40,901
General Government	374,925	412,112	377,847	423,422
Operating Grants and Contributions	3,428,998	3,676,237	3,388,057	3,350,201
Capital Grants and Contributions	0	781	0	0
Total Governmental Activities Program Revenues	5,408,682	5,649,255	5,604,094	5,406,056

2009	2010	2011	2012	2013	2014
(1)		(1)			
$8,048,728	$7,783,737	$8,579,519	$8,608,663	$8,888,183	$9,047,187
3,044,217	3,148,969	2,621,773	2,840,139	2,893,736	2,959,083
67,947	68,553	79,666	126,749	83,400	68,933
750,295	547,482	693,688	822,320	616,289	1,236,218
2,471,165	2,394,638	1,632,106	2,119,056	1,872,986	2,431,358
4,099,865	3,655,472	4,197,318	3,960,999	3,890,219	4,037,247
158,928	126,256	121,302	113,254	111,808	100,934
18,641,145	17,725,107	17,925,372	18,591,180	18,356,621	19,880,960
6,383,345	6,683,628	5,786,341	6,032,711	5,841,561	5,939,858
2,634,267	2,575,805	2,896,984	2,894,710	3,097,309	3,538,609
1,396,175	1,438,197	1,314,807	1,431,274	1,532,213	1,858,980
82,577	13,571	44,432	50,045	92,388	111,594
10,496,364	10,711,201	10,042,564	10,408,740	10,563,471	11,449,041
$29,137,509	$28,436,308	$27,967,936	$28,999,920	$28,920,092	$31,330,001
$1,058,701	$782,236	$758,640	$862,367	$1,179,840	$755,818
374,135	367,324	336,951	414,378	407,318	351,480
75,800	76,784	68,158	86,633	79,158	76,153
88,559	114,273	95,092	89,638	76,568	93,865
36,450	37,253	41,584	36,224	34,715	39,790
402,007	432,183	349,822	435,442	442,522	497,485
5,066,400	4,186,589	2,727,791	2,926,892	4,341,552	3,108,213
0	0	0	0	0	0
7,102,052	5,996,642	4,378,038	4,851,574	6,561,673	4,922,804

(continued)

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

	2005	2006	2007	2008
Business-type Activities:				
Charges for Services				
Water	5,144,913	5,559,506	5,641,577	5,689,761
Sewer	2,666,107	2,532,099	2,639,583	2,645,697
Sanitation	1,265,772	1,334,647	1,322,894	1,332,278
Primary Care	0	10,514	82,039	126,946
Capital Grants and Contributions	0	0	0	231,602
Total Business-type Activities Program Revenues	9,076,792	9,436,766	9,686,093	10,026,284
Total Primary Government Program Revenues	14,485,474	15,086,021	15,290,187	15,432,340
Net (Expense)/Revenue				
Governmental Activities	(9,571,012)	(11,223,452)	(12,158,520)	(13,010,052)
Business-type Activities	1,018,927	1,108,686	(119,520)	(39,629)
Total Primary Government Net (Expense)/Revenue	($8,552,085)	($10,114,766)	($12,278,040)	($13,049,681)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	$1,653,097	$1,581,990	$1,742,823	$1,681,199
Special Purposes	288,402	278,976	344,718	320,395
Debt Service	105,023	93,208	150,919	233,466
Income Taxes	6,062,431	6,012,029	6,349,696	6,686,131
Other Local Taxes	253,264	259,561	266,330	288,923
Grants and Entitlements not Restricted to Specific Programs	1,708,788	1,646,207	2,037,424	2,183,479
Investment Earnings	144,644	343,205	341,030	119,544
Miscellaneous	383,620	175,372	204,325	176,967
Transfers	0	0	(150,000)	(136,100)
Total Governmental Activities	10,599,269	10,390,548	11,287,265	11,554,004
Business-type Activities:				
Transfers	0	0	150,000	136,100
Total Business-type Activities	0	0	150,000	136,100
Total Primary Government	$10,599,269	$10,390,548	$11,437,265	$11,690,104
Change in Net Position				
Governmental Activities	$1,028,257	($832,904)	($871,255)	($1,456,048)
Business-type Activities	1,018,927	1,108,686	30,480	96,471
Total Primary Government Change in Net Position	$2,047,184	$275,782	($840,775)	($1,359,577)

Source: City Auditor's Office
(1) Amounts adjusted as a result of a prior period adjustment.

2009	2010	2011	2012	2013	2014
(1)		(1)			
5,497,291	6,264,595	6,008,911	6,332,121	6,348,951	6,260,916
2,620,549	2,915,708	2,943,096	3,178,003	3,289,947	3,350,865
1,417,370	1,375,636	1,369,124	1,341,395	1,385,365	1,957,495
61,011	36,409	40,166	45,259	92,110	80,164
0	2,761,124	500,210	408,230	0	0
9,596,221	13,353,472	10,861,507	11,305,008	11,116,373	11,649,440
16,698,273	19,350,114	15,239,545	16,156,582	17,678,046	16,572,244
(11,539,093)	(11,728,465)	(13,547,334)	(13,739,606)	(11,794,948)	(14,958,156)
(900,143)	2,642,271	818,943	896,268	552,902	200,399
($12,439,236)	($9,086,194)	($12,728,391)	($12,843,338)	($11,242,046)	($14,757,757)
$1,774,175	$1,735,968	$1,596,316	$1,465,856	$1,455,262	$1,397,123
336,757	331,289	326,443	300,613	289,880	303,136
755,347	638,636	154,074	147,508	145,693	136,218
6,573,256	6,705,817	6,684,933	9,620,121	10,253,546	10,165,799
343,294	279,059	296,427	330,303	318,840	311,926
1,815,651	1,707,566	2,536,309	806,287	1,285,909	917,790
2,347	686	44	40	1,641	182
635,052	274,706	251,205	302,111	311,346	544,864
(62,500)	(817,976)	0	0	0	(47,325)
12,173,379	10,855,751	11,845,751	12,972,839	14,062,117	13,729,713
62,500	817,976	0	0	0	47,325
62,500	817,976	0	0	0	47,325
$12,235,879	$11,673,727	$11,845,751	$12,972,839	$14,062,117	$13,777,038
$634,286	($872,714)	($1,701,583)	($766,767)	$2,267,169	($1,228,443)
(837,643)	3,460,247	818,943	896,268	552,902	247,724
($203,357)	$2,587,533	($882,640)	$129,501	$2,820,071	($980,719)

City of Portsmouth

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

	2005	2006	2007	2008
General Fund				
Nonspendable	$0	$0	$0	$0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	98,476	82,472	129,318	68,808
Unreserved	864,105	619,184	669,976	194,845
Total General Fund	962,581	701,656	799,294	263,653
All Other Governmental Funds				
Nonspendable	$0	$0	$0	$0
Restricted	0	0	0	0
Committed	0	0	0	0
Unassigned	0	0	0	0
Reserved	416,408	535,621	399,443	1,748,111
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	2,770,689	2,519,419	2,578,171	2,575,725
Capital Projects Funds	780,868	969,910	1,409,916	(133,202)
Permanent Fund	168,324	174,297	161,071	159,392
Total All Other Governmental Funds	4,136,289	4,199,247	4,548,601	4,350,026
Total Governmental Funds	$5,098,870	$4,900,903	$5,347,895	$4,613,679

Source: City Auditor's Office
(1) Amounts adjusted as a result of a prior period adjustment.
Note: The City implemented GASB 54 in 2011 which established new fund balance classifications for governmental funds.

2009	2010	2011	2012	2013	2014
(1)					
$0	$0	$46,310	$33,670	$36,236	$72,839
0	0	0	0	0	373,351
0	0	(1,704,694)	(795,901)	937,700	887,753
72,684	19,498	0	0	0	0
(217,359)	(549,541)	0	0	0	0
(144,675)	(530,043)	(1,658,384)	(762,231)	973,936	1,333,943
$0	$0	$57,896	$55,253	$63,215	$86,495
0	0	4,927,522	4,699,200	4,735,911	4,723,099
0	0	55,800	132,861	104,261	74,273
0	0	(227,741)	(102,569)	(42,822)	(75,571)
572,079	485,976	0	0	0	0
3,013,959	2,373,901	0	0	0	0
671,599	1,099,276	0	0	0	0
159,635	157,531	0	0	0	0
4,417,272	4,116,684	4,813,477	4,784,745	4,860,565	4,808,296
$4,272,597	$3,586,641	$3,155,093	$4,022,514	$5,834,501	$6,142,239

City of Portsmouth

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

	2005	2006	2007	2008
Revenues:				
Taxes	$8,250,795	$8,310,392	$8,705,227	$9,100,353
Intergovernmental Revenues	5,123,524	5,068,076	5,442,279	5,421,898
Charges for Services	498,169	526,403	628,968	565,075
Licenses and Permits	189,102	174,978	255,533	232,738
Investment Earnings	144,644	343,205	341,030	119,544
Special Assessments	0	781	0	0
Fines and Forfeitures	1,138,755	1,181,478	1,251,120	1,180,816
All Other Revenue	517,542	302,800	308,225	491,256
Total Revenue	15,862,531	15,908,113	16,932,382	17,111,680
Expenditures:				
Current:				
Security of Persons and Property	6,532,111	6,868,634	7,264,770	7,444,324
Public Health and Welfare Services	2,851,886	2,957,064	2,806,647	2,910,053
Leisure Time Activities	111,168	99,621	19,116	25,986
Community Environment	404,492	562,329	587,307	527,297
Transportation	1,117,116	1,168,987	1,484,907	1,463,599
General Government	3,277,687	3,303,143	3,133,796	3,430,535
Capital Outlay	985,797	1,418,055	1,601,796	1,677,173
Debt Service:				
Principal Retirement	98,607	153,071	179,200	195,134
Interest and Fiscal Charges	110,808	102,436	139,489	159,480
Total Expenditures	15,489,672	16,633,340	17,217,028	17,833,581
Excess (Deficiency) of Revenues Over Expenditures	372,859	(725,227)	(284,646)	(721,901)
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	5,584	32,001	22,637	0
Other Financing Sources - Capital Leases	0	497,862	852,153	0
Transfers In	101,396	18,000	18,000	20,000
Transfers Out	(101,396)	(18,000)	(168,000)	(20,000)
Total Other Financing Sources (Uses)	5,584	529,863	724,790	0
Net Change in Fund Balance	$378,443	($195,364)	$440,144	($721,901)
Debt Service as a Percentage of Noncapital Expenditures	1.41%	1.66%	2.00%	2.12%

Source: City Auditor's Office
(1) Amounts adjusted as a result of a prior period adjustment.

2009	2010	2011	2012	2013	2014
(1)					
$9,699,794	$9,701,137	$9,061,432	$11,758,657	$12,497,593	$12,500,502
5,784,432	5,386,662	5,973,637	5,189,942	5,163,625	4,414,477
568,133	516,537	448,864	472,811	393,396	403,816
199,195	226,215	200,268	273,045	273,901	238,668
2,347	686	44	40	1,641	182
0	0	0	0	0	0
1,248,024	1,095,018	974,985	1,115,368	1,581,009	1,109,375
199,061	319,215	267,930	413,568	369,475	574,018
17,700,986	17,245,470	16,927,160	19,223,431	20,280,640	19,241,038
7,782,726	7,447,624	8,359,182	8,200,417	8,535,167	8,560,561
2,991,954	3,104,530	2,585,053	2,782,053	2,855,740	2,939,025
52,655	53,261	64,374	65,033	70,920	56,452
685,755	486,232	668,983	809,263	551,749	904,167
1,421,995	1,330,947	1,306,133	1,291,458	1,014,996	1,297,001
3,257,913	3,380,820	3,462,550	3,376,636	3,373,740	3,672,978
1,933,349	1,069,168	699,867	1,830,744	1,696,298	1,161,110
248,519	242,748	161,881	286,885	248,051	255,331
159,771	127,206	122,282	114,338	112,998	102,147
18,534,637	17,242,536	17,430,305	18,756,827	18,459,659	18,948,772
(833,651)	2,934	(503,145)	466,604	1,820,981	292,266
474,793	45,369	33,034	27,030	0	0
0	129,610	0	389,116	0	0
716,242	711,600	18,000	40,862	18,000	178,410
(716,242)	(1,529,576)	(18,000)	(40,862)	(18,000)	225,735
474,793	(642,997)	33,034	416,146	0	404,145
($358,858)	($640,063)	($470,111)	$882,750	$1,820,981	$696,411
2.37%	2.30%	1.65%	2.35%	2.13%	1.92%

City of Portsmouth

Income Tax Revenues by Source, Governmental Funds
Last Ten Years

Tax year	2005	2006	2007	2008
Income Tax Rate	1.40%	1.40%	1.40%	1.40%
Estimated Personal Income (in thousands)	$484,566	$499,328	$534,476	$576,273
Total Tax Collected	$6,275,016	$6,036,828	$6,178,521	$7,057,662
Income Tax Receipts				
Withholding	5,429,215	5,211,420	5,323,577	6,202,595
Percentage	86.52%	86.33%	86.16%	87.89%
Corporate	614,148	564,472	629,463	613,663
Percentage	9.79%	9.35%	10.19%	8.69%
Individuals	231,653	260,936	225,481	241,404
Percentage	3.69%	4.32%	3.65%	3.42%

Source: City Income Tax Department

2009	2010	2011	2012	2013	2014
1.40%	1.40%	1.40%	2.00%	2.00%	2.00%
$570,628	$565,377	$584,289	$615,922	$620,756	$620,756
$6,624,731	$6,687,883	$6,717,776	$9,272,190	$10,223,100	$10,151,503
5,775,601	5,810,503	5,900,172	8,296,325	8,846,473	8,921,883
87.18%	86.89%	87.83%	89.48%	86.53%	87.89%
603,317	653,048	565,908	678,619	1,006,435	891,858
9.11%	9.76%	8.42%	7.32%	9.84%	8.79%
245,813	224,332	251,696	297,246	370,192	337,762
3.71%	3.35%	3.75%	3.20%	3.63%	3.32%

City of Portsmouth

Income Tax Collections
Current Year and Nine Years Ago

Calendar Year 2014

Income Tax Filers	Number of Filers	Percent of Total	Taxable Income	Percent of Income	Income Tax Collections	Percent of Income
Top Ten	10	0.10%	$233,945,250	46.09%	$4,678,905	46.09%
All Others	10,098	99.90%	273,629,900	53.91%	5,472,598	53.91%
Total	10,108	100.00%	$507,575,150	100.00%	$10,151,503	100.00%

Calendar Year 2005

Income Tax Filers	Number of Filers	Percent of Total	Taxable Income	Percent of Income	Income Tax Collections	Percent of Income
Top Ten	10	N/A	$159,002,714	35.47%	$2,226,038	35.47%
All Others	N/A	N/A	289,212,714	64.53%	4,048,978	64.53%
Total	N/A	N/A	$448,215,428	100.00%	$6,275,016	100.00%

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

City of Portsmouth

Ratio of Outstanding Debt By Type
Last Ten Years

	2005	2006	2007	2008
Governmental Activities (1)				
General Obligation Bonds Payable	$1,915,000	$1,865,000	$1,815,000	$1,760,000
Bond Anticipation Notes Payable	44,132	22,475	0	0
Capital Leases	0	416,448	1,161,876	1,021,742
Business-type Activities (1)				
OWDA Loan Payable	$0	$0	$1,732,784	$4,094,027
OPWC Loan Payable	465,000	435,000	405,000	913,377
Water Refunding Revenue Bonds Payable	4,540,237	4,170,189	3,790,141	3,400,093
Capital Leases	456,278	305,421	7,855,343	7,661,637
Total Primary Government	$7,420,647	$7,214,533	$16,760,144	$18,850,876
Population (2)				
City of Portsmouth	20,909	20,909	20,909	20,909
Outstanding Debt Per Capita	$355	$345	$802	$902
Income (3)				
Personal (in thousands)	484,566	499,328	534,476	576,273
Percentage of Personal Income	1.53%	1.44%	3.14%	3.27%

Sources:

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

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

2009	2010	2011	2012	2013	2014
$1,705,000	$1,645,000	$1,585,000	$1,520,000	$1,450,000	$1,380,000
0	0	0	0	0	0
828,223	775,085	673,204	840,435	662,384	477,053
$3,968,134	$4,881,242	$5,237,048	$6,944,097	$6,974,518	$8,289,564
1,060,000	995,000	1,299,069	1,306,049	1,208,549	1,366,722
2,995,045	2,575,000	2,100,000	1,605,000	1,090,000	555,000
6,901,831	6,109,916	5,284,523	4,424,232	3,786,817	2,983,048
$17,458,233	$16,981,243	$16,178,844	$16,639,813	$15,172,268	$15,051,387
20,909	20,226	20,226	20,226	20,226	20,226
$835	$840	$800	$823	$750	$744
570,628	565,377	584,289	615,922	620,756	620,756
3.06%	3.00%	2.77%	2.70%	2.44%	2.42%

City of Portsmouth

Ratios of General Bonded Debt Outstanding
Last Ten Years

Year	2005	2006	2007	2008
Population (1)	20,909	20,909	20,909	20,909
Assessed Value (2)	$223,629,450	$220,033,280	$228,185,580	$221,748,980
General Bonded Debt (3)				
General Obligation Bonds-Governmental	$1,915,000	$1,865,000	$1,815,000	$1,760,000
Resources Available to Pay Principal (4)	$65,248	$25,419	$31,275	$32,394
Net General Bonded Debt	$1,849,752	$1,839,581	$1,783,725	$1,727,606
Ratio of Net Bonded Debt to Assessed Value	0.83%	0.84%	0.78%	0.78%
Net Bonded Debt per Capita	$88.47	$87.98	$85.31	$82.62

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

2009	2010	2011	2012	2013	2014
20,909	20,226	20,226	20,226	20,226	20,226
$214,886,500	$217,525,430	$217,525,430	$215,298,860	$213,252,580	$216,860,000
$1,705,000	$1,645,000	$1,585,000	$1,520,000	$1,450,000	$1,380,000
$11,191	$40,553	$65,065	$80,553	$97,815	$124,831
$1,693,809	$1,604,447	$1,519,935	$1,439,447	$1,352,185	$1,255,169
0.79%	0.74%	0.70%	0.67%	0.63%	0.58%
$81.01	$79.33	$75.15	$71.17	$66.85	$62.06

City of Portsmouth

Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2014

Jurisdiction	Gross Debt Outstanding	Percentage Applicable to the City of Portsmouth	Amount Applicable to the City of Portsmouth
Direct:			
City of Portsmouth	$1,857,053	100.00%	$1,857,053
Overlapping:			
Scioto County	9,227,030	21.38%	1,972,739
Portsmouth City School District	12,759,455	92.22%	11,766,769
		Subtotal	13,739,508
		Total	$15,596,561

Source: Scioto County Auditor
Portsmouth City School District

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

City of Portsmouth

Debt Limitations
Last Ten Years

Collection Year	2005	2006	2007	2008
Total Debt				
Net Assessed Valuation	$223,629,450	$220,033,280	$228,185,580	$221,748,980
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation ($) (1)	23,481,092	23,103,494	23,959,486	23,283,643
City Debt Outstanding (2)	1,959,132	1,887,475	1,815,000	2,440,000
Less: Applicable Debt Service Fund Amounts	(65,248)	(25,419)	(31,275)	(32,394)
Net Indebtedness Subject to Limitation	1,893,884	1,862,056	1,783,725	2,407,606
Overall Legal Debt Margin	$21,587,208	$21,241,438	$22,175,761	$20,876,037
Unvoted Debt				
Net Assessed Valuation	$223,629,450	$220,033,280	$228,185,580	$221,748,980
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation ($) (1)	12,299,620	12,101,830	12,550,207	12,196,194
City Debt Outstanding (2)	1,959,132	1,887,475	1,815,000	2,440,000
Less: Applicable Debt Service Fund Amounts	(65,248)	(25,419)	(31,275)	(32,394)
Net Indebtedness Subject to Limitation	1,893,884	1,862,056	1,783,725	2,407,606
Overall Legal Debt Margin	$10,405,736	$10,239,774	$10,766,482	$9,788,588

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

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

Source: City Auditor's Office

2009	2010	2011	2012	2013	2014
$214,886,500	$217,525,430	$217,525,430	$215,298,860	$213,252,580	$216,860,000
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
22,563,083	22,840,170	22,840,170	22,606,380	22,391,521	22,770,300
2,385,000	1,645,000	1,585,000	1,520,000	1,450,000	1,380,000
(11,191)	(40,553)	(65,065)	(80,553)	(97,815)	(124,831)
2,373,809	1,604,447	1,519,935	1,439,447	1,352,185	1,255,169
$20,189,274	$21,235,723	$21,320,235	$21,166,933	$21,039,336	$21,515,131
$214,886,500	$217,525,430	$217,525,430	$215,298,860	$213,252,580	$216,860,000
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
11,818,758	11,963,899	11,963,899	11,841,437	11,728,892	11,927,300
2,385,000	1,645,000	1,585,000	1,520,000	1,450,000	1,380,000
(11,191)	(40,553)	(65,065)	(80,553)	(97,815)	(124,831)
2,373,809	1,604,447	1,519,935	1,439,447	1,352,185	1,255,169
$9,444,949	$10,359,452	$10,443,964	$10,401,990	$10,376,707	$10,672,131

City of Portsmouth

Pledged Revenue Coverage
Last Ten Years

	2005	2006	2007	2008
Water Mortgage Bonds (1)				
Gross Revenues (2)	$5,144,913	$5,559,506	$5,641,577	$5,689,761
Direct Operating Expenses (3)	4,245,597	4,092,557	4,882,428	4,385,597
Net Revenue Available for Debt Service	899,316	1,466,949	759,149	1,304,164
Annual Debt Service Requirement	573,456	574,443	573,155	570,024
Coverage	1.57	2.55	1.32	2.29

(1) Water Mortgage Revenue Bonds were issued in 2001 in the amount of $600,000. These were refunded in 2003 with the issuance of $5,500,000 of Water Mortagage Revenue Bonds.
(2) Gross revenues include operating revenues plus interest income.
(3) Direct operating expenses include operating expenses less depreciation.
(4) Amounts adjusted as a result of a prior period adjustment.

Source: City Auditor's Office

2009	2010	2011	2012	2013	2014
(4)					
$5,497,291	$6,264,595	$6,008,911	$6,332,121	$6,348,951	$6,260,916
4,982,718	5,145,890	4,330,730	4,484,572	4,361,713	4,509,207
514,573	1,118,705	1,678,181	1,847,549	1,987,238	1,751,709
570,418	569,186	571,155	571,631	570,921	569,134
0.90	1.97	2.94	3.23	3.48	3.08

City of Portsmouth

Demographic and Economic Statistics
Last Ten Years

Calendar Year	2005	2006	2007	2008	2009
Population (1)					
City of Portsmouth	20,909	20,909	20,909	20,909	20,909
Scioto County	79,195	79,195	79,195	79,195	79,195
Income (2) (a)					
Total Personal (in thousands)	484,566	499,328	534,476	576,273	570,628
Per Capita	23,175	23,881	25,562	27,561	27,291
Unemployment Rate (3)					
Federal	5.5%	4.6%	4.6%	5.8%	9.3%
State	6.0%	5.5%	5.6%	6.5%	10.2%
Scioto County	8.8%	7.6%	7.4%	8.3%	12.3%
Civilian Work Force Estimates (3)					
State	5,900,400	5,934,000	5,976,500	5,971,900	5,970,200
Scioto County	32,300	31,300	32,200	32,800	33,100

Sources:

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2012. For the presentation of 2013 statistics, the City is using the latest information available.

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

(3) State Department of Labor Statistics

2010	2011	2012	2013	2014
20,226	20,226	20,226	20,226	20,226
79,499	79,277	78,477	78,153	78,153
565,377	584,289	615,922	620,756	620,756
27,953	28,888	30,452	30,691	30,691
9.6%	8.3%	8.1%	7.4%	6.2%
10.1%	7.6%	7.2%	7.4%	5.7%
12.8%	11.6%	10.7%	11.5%	8.7%
5,897,600	5,762,000	5,747,900	5,765,700	5,719,500
33,000	31,900	31,900	31,200	29,900

City of Portsmouth

Principal Employers
Current Year and Nine Years Ago

Employer	Nature of Business	2014 Number of Employees	Rank
Southern Ohio Medical Center	Health Care Services	2,651	1
Shawnee State University	Education	1,489	2
Scioto County Offices	Government	697	3
Portsmouth City Schools	Education	420	4
City of Portsmouth	Government	256	5
OSCO Industries	Manufacturing	256	6
Norfolk and Southern Railway	Railroad	254	7
State of Ohio	Government	186	8
Portsmouth Hospital Corporation	Health Care Services	185	9
SOMC Medical Care Foundation	Medical	110	10
Total		6,504	

Employer	Nature of Business	2005 Number of Employees	Rank
Southern Ohio Medical Center	Health Care Services	2,042	1
Shawnee State University	Education	1,483	2
Scioto County Offices	Government	662	3
State of Ohio	Government	327	4
Osco Industries	Manufacturing	292	5
City of Portsmouth	Government	286	6
Portsmouth City Schools	Education	271	7
Community Action Organization	Government / Social Services	250	8
Ohio Troopers Coalition	Marketing	200	9
Kroger	Retail Grocery	176	10
Total		5,989	

Sources: City Auditor's Office
Total employment within the City is not available.

Full Time Equivalent Employees by Function
Last Ten Years

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

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

Source: City Auditor's Office

2009	2010	2011	2012	2013	2014
52.0	52.0	50.0	44.0	47.0	48.0
36.0	39.0	36.0	37.0	36.0	39.0
33.0	30.0	25.5	28.0	28.5	33.0
7.0	6.0	7.0	7.0	7.0	7.0
3.0	2.5	3.0	3.0	2.0	3.0
5.0	4.0	5.0	5.0	5.0	5.0
5.0	5.0	5.0	5.0	5.0	5.0
24.0	24.5	24.5	25.0	25.0	23.0
3.0	3.0	2.0	2.0	2.0	3.0
4.0	3.0	3.0	2.0	4.0	4.0
7.0	5.5	3.0	3.0	3.0	8.0
5.0	6.0	3.0	3.0	3.0	4.0
14.0	15.0	12.0	14.0	13.0	14.0
3.0	3.0	3.0	3.0	2.0	3.0
2.0	2.0	2.0	2.0	0.0	6.0
3.0	2.0	1.0	1.0	1.0	3.0
2.0	1.0	1.0	1.0	1.0	2.0
38.0	36.0	38.0	38.0	38.0	39.0
23.0	22.0	24.0	24.0	22.0	30.0
13.0	10.5	12.0	13.0	15.0	13.0
282.0	272.0	260.0	260.0	259.5	292.0

Operating Indicators by Function
Last Ten Years

	2005	2006	2007	2008
Governmental Activities				
General Government				
Licenses and Permits				
Number of Building Permits	326	336	166	305
Security of Persons and Property				
Police				
Number of Patrol Units	27	27	27	27
Criminal/Juvenile Citations and Charges	2,346	2,202	1,912	1,668
Traffice Citations Issued	2,955	1,392	2,052	1,441
Parking Tickets Written	614	946	616	385
Fire				
Number of Calls Answered	683	717	747	782
Number of Fire Inpections	131	154	121	126
Number of Investigations	50	30	20	22
Business-Type Activities				
Water				
Number of Service Connections	14,140	13,963	13,963	13,900
Average Daily Consumption (thousands of gallons)	7M	7M	6M	6M
Maximum Daily Capacity (thousands of gallons)	12M	12M	12M	12M
Sewer				
Number of Service Connections	8,580	8,318	8,362	8,353
Average Daily Sewage Treatment (thousands of gallons)	5	5	5	5
Maximum Daily Plant Capacity (thousands of gallons)	10	10	10	10
Solid Waste				
Number of Customers Served	7,700	7,327	7,597	7,600

Source: City Auditor's Office

2009	2010	2011	2012	2013	2014
612	508	325	352	516	463
27	27	27	27	29	29
1,327	1,991	1,686	1,332	1,482	1,795
1,267	1,966	1,604	738	3,537	619
487	347	549	495	233	325
785	810	789	861	792	962
99	115	79	79	84	99
32	21	46	83	86	61
13,900	13,900	13,600	13,600	13,493	13,398
6M	6M	6M	6M	6M	6M
12M	12M	12M	12M	12M	12M
8,360	8,360	8,200	8,200	8,119	7,843
5	5	5	5	5	5
10	10	10	10	10	10
7,600	7,600	7,600	7,600	7,440	6,371

Capital Asset Statistics by Function
Last Ten Years

	2005	2006	2007	2008
Governmental Activities				
General Government				
Public Land and Buildings				
Land (acres)	7,680	7,680	7,680	7,680
Security of Persons and Property				
Police				
Stations	1	1	1	1
Vehicles	27	27	27	27
Fire				
Stations	3	3	3	3
Vehicles	10	10	10	14
Transportation				
Street				
Streets (lane miles)	220	220	220	220
Street Lights	1,475	1,475	1,475	1,476
Leisure Time Activities				
Recreation/Seniors				
Land (acres)	223	223	223	223
Parks	17	17	17	17
Number of Ball Fields (Lighted)	7	7	7	7
Number of Ball Fields (Unlighted)	4	4	4	4
Number of Tennis Courts (Lighted)	4	4	4	4
Number of Tennis Courts (Unlighted)	8	8	8	8
Public Health and Welfare				
Cemeteries				
Cemeteries	1	1	1	1
Land (acres)	40	40	40	40
Business-Type Activities				
Utilities				
Water				
Number of Filtration/Purification Plants	1	1	1	1
Waterlines (Miles)	400	400	400	400
Number of Hydrants	865	865	865	865
Sewer				
Number of Sewage Treatment Plants	2	2	2	2
Sewerlines (Miles)	30	30	30	30
Storm Water Drainage				
Storm Drains (Miles)	30	30	30	30

Source: City Auditor's Office

2009	2010	2011	2012	2013	2014
7,680	7,680	7,680	7,680	7,680	7,680
1	1	1	1	1	1
27	27	27	27	29	29
3	3	3	3	3	3
17	17	17	17	17	17
220	220	220	220	220	220
1,476	1,476	1,476	1,476	1,476	1,476
223	223	223	223	223	223
17	17	17	17	17	17
7	7	7	7	7	7
4	4	4	4	4	4
0	0	0	0	0	0
11	11	11	11	11	11
1	1	1	1	1	1
40	40	40	40	40	40
1	1	1	1	1	1
400	400	400	400	400	400
865	865	865	865	865	865
2	2	2	2	2	2
30	30	30	30	30	30
30	30	30	30	30	30

Dave Yost • Auditor of State

CITY OF PORTSMOUTH

SCIOTO COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 14, 2015

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov