

City of Chillicothe, Ohio Comprehensive Annual Financial Report

For the Year Ended December 31, 2011



Thomas M. Spetnagel Jr.
Chillicothe City Auditor

CITY OF CHILLICOTHE, OHIO
Comprehensive Annual Financial Report
For the Year Ended December 31, 2011

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CITY OF CHILLICOTHE - Ohio's First Capital

THOMAS M. SPETNAGEL, JR., City Auditor



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June 28, 2012

TO: The Honorable Citizens of Chillicothe
Mayor, Law Director, Treasurer, and Members of City Council

FROM: City Auditor Tom Spetnagel Jr. and Staff

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Chillicothe for the year ended December 31, 2011. This report, prepared by the City Auditor's Office, contains a comprehensive analysis of the City's financial position and activities for the year 2011. It is intended to provide all pertinent and necessary financial information to the Citizens of Chillicothe.

Responsibility for both the accuracy of the data presented and the completeness of the presentation rests with the City's management. We believe that this data is accurate in all material respects and that it is presented in a manner which fairly sets forth both the financial position of the City and the operation of the City. It is hoped that this report will enable our citizens to better understand all of our City's services and functions as we strive to better serve the people of Chillicothe.

This Comprehensive Annual Financial Report is based on Governmental Accounting Standards Board Statement No. 34. Statement No. 34 was implemented to make annual financial reports easier to understand and more comprehensive for those who analyze these governmental reports.

Generally accepted accounting principles (GAAP) 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 the MD&A and should be read in conjunction with it. The City of Chillicothe's MD&A can be found immediately following the Independent Auditor's opinion letter.

Audit

The 2011 basic financial statements were audited by Millhuff-Stang C.P.A., Inc. This audit was conducted according to generally accepted auditing standards and Government Auditing Standards and included a legal and financial compliance audit, a review of internal controls, and tests of transactions. The Independent Auditor's opinion letter is at the beginning of the financial section.

Reporting Entity

In accordance with the Governmental Accounting Standards Board (GASB) Statement 14, the following is a brief definition of the reporting entity. This report includes all funds, agencies, boards, and commissions for which the City is financially accountable. In considering that responsibility the City must determine whether an entity is fiscally independent of the City and whether it has the ability to significantly influence operations, select the governing authority, designate management, and maintain accountability over fiscal matters of the entity. The reporting entity is discussed in more detail in Note 1 of the Notes to the Basic Financial Statements.

History and City Organization

The City of Chillicothe, the first capital of the State of Ohio, was founded in 1796 and served as Ohio's Capital twice from 1803 to 1809 and from 1812 to 1816. Located in Ross County, at the intersection of Routes 23, 35, and 50 approximately 45 miles south of Columbus, Ohio, Chillicothe covers 9.7 square miles and has approximately 21,901 citizens according to the 2010 census. The City has twelve public parks consisting of 225 acres, six public schools, one parochial school, one charter school, a branch of Ohio University, and two public libraries.

The City has operated under the Mayor - Council form of Government since 1965 and functions as such under the Ohio Revised Code statutes of law. The Mayor is elected to four-year terms and serves as the Chief Executive and Administrative Officer of the City. The Mayor is charged with enforcing the laws of Ohio and all City ordinances, and appoints and removes all heads of departments except other elected officials and their employees. The Mayor has the authority to veto any legislation passed by City Council. Such veto may be overturned by a two-thirds vote of City Council.

The Auditor is elected to four-year terms and serves as the Chief Fiscal Officer of the City and has all the powers and duties as imposed by the laws of the State of Ohio. The City Auditor keeps the books of the City, receives all funds for the City and all its departments, and deposits all monies belonging to the City or held in trust by it. The City Auditor is responsible for the Tax Auditor and the collection of City income tax.

The City Auditor is also responsible for the issuing of all bonds and notes of the City. The Investment Board, made up of the City Auditor, the Mayor, and the Law Director, determines the investments of the City's monies. City monies are invested within the framework of the policy established by City Ordinance #100-96. The City invests in certificates of deposit with local approved banks, through a bid process, which is conducted by the City Auditor's Office whenever monies are available to invest in Treasury Notes and Money Market Funds.

The Treasurer, also elected to four-year terms, signs all receipts and vouchers for payment and serves as a check and balance to the City Auditor.

The Law Director is elected to four-year terms and serves as legal counsel to City Council, the Auditor, the Administration, Civil Service, and City Schools, and represents the City in all civil and criminal matters.

City Council consists of nine members plus the President of Council, all of whom are elected to two-year terms, and serves as the legislative branch of City Government. They are responsible for enacting ordinances and resolutions, appropriating funds, levying taxes, and fixing compensation for all City Officials and employees. Council appoints a Clerk of Council to assist them in legislative matters.

The City also operates a Municipal Court that employs two Judges, elected for six-year terms, and a Municipal Clerk of Court.

A complete list of elected officials, department heads, and an organizational chart are included at the end of this section.

The City employs 249 people, both full-time and permanent part-time, to serve the citizens of Chillicothe in the various departments described as follows: Public Safety (Police, Fire, and School Patrol), Recreation (Parks and Recreation), Utilities (Water, Sewer, and Sanitation), Transportation (Bus System), Community Environment (Planning, Zoning, and Economic Development), Streets (Engineering and Service Departments), General Government (Administrative services, including Municipal Court), and Finance (Auditor, Tax Auditor, and Treasurer).

Economic Outlook

The City of Chillicothe made several strides forward in 2011, even though some lingering effects of the national economic recession could still be felt. Cuts to the City workforce made in the second half of 2010 continued into 2011, but their impact was lessened by the attainment of two separate three-year federal grants, valued at \$485,402 and \$767,805 respectively, which prevented the layoffs of two police officers and five firefighters and allowed the City to reopen two of its fire stations.

As of December 2011, Chillicothe's unemployment rate was 8.7%, which represented a significant improvement from the December 2010 rate of 10.8% and the December 2009 rate of 12.5%. By comparison, the State unemployment rate stood at 8.1% and the national average was 8.5%. Increases in local income tax and sales tax revenue provided tangible evidence that the job market had improved to a measurable degree and disposable income was now higher among taxpayers.

The local housing market also rebounded quite dramatically in 2011, with home sales increasing by 15.9% as compared with 2010. This upward trend in home sales continued in January 2012 when the Scioto Valley Association of Realtors achieved the second-highest sales increase in the State at 107.4% (56 sales as compared with 27 in January 2011). In the same timeframe, there was a 17.7% decrease in

foreclosures in Ross County, which recorded 349 filings in 2011 versus 424 in 2010. A decrease in foreclosures is important not only because it indicates improvement in the local economy and job market, but also because foreclosures tend to have a chilling effect on sales prices of other homes on the market.

For many of the region's major employers, the year 2011 will be remembered as a banner year. In January, the Kenworth Truck Company announced the hiring of an additional shift of workers, which meant several hundred new employees for the Chillicothe plant, as well as new employees and expansions for the company's suppliers. Throughout the year, the VA Medical Center continued work on its more than \$100 million in construction for a new biomass electric generating plant and upgrades to its urgent care and emergency center area. The Glatfelter Corporation, in spite of a mid-year reorganization that netted 20 job losses, reported record sales for fiscal year 2011. Finally, by year's end, the Adena Health System had announced a merger with Pike Health Services and had completed work on its new \$21 million cancer center with a grand opening scheduled for January 2012.

Outside of the major employers, there was an explosion of commercial activity within the City in 2011, particularly along North Bridge Street where a large number of restaurants and retailers have helped make Chillicothe a regional shopping hub. Several new restaurants opened up during the year, including Longhorn Steakhouse and Hana Japanese Steakhouse, as well as new retailers such as TJ Maxx, Christopher & Banks, Aspen Dental, AT&T, Game Stop, and Mattress Firm. The McDonalds at Second and Bridge underwent a complete rebuild in order to make way for a new prototype model. This uptick in commercial activity was reflected in the 239 commercial building permits issued within the City limits, which represented a 75% increase over 2010 figures.

Looking ahead, the economic outlook for Chillicothe is much brighter than it was a year ago. With home sales continuing to climb and construction underway on many new projects, the pessimism and gloom of the recession has seemingly given way to better days. At the end of 2011, news had broken that Pegasus Industries would be bringing 40 manufacturing jobs to Chillicothe in 2012. In addition, Fifth Third Bank was planning to open up a new branch office in the City. Still, within City government, budgetary concerns were at the forefront due to the impending elimination of the estate tax in 2013, the phase-out of the State's Local Government Fund and tangible personal property tax reimbursements in 2012 and 2013, and the expiration of the City's two federal grants in July and August of 2013. Depending on how well these cuts can be absorbed, the City should be well positioned to improve its infrastructure, plan for the future, and deliver better-quality services to its citizens.

Major Initiatives

In 2011, the City expended great effort in improving its infrastructure and had a number of successes. Some of the most important accomplishments during the year were the following:

- < The Chillicothe Utilities Department began work on a \$2.4 million project to construct a new booster station and upgrade the water lines near Adena Hospital. This will greatly improve service to the northern side of town and ensure adequate fire suppression for one of the City's biggest customers.
- < The Utilities Department also obtained Council approval for and placed out to bid a \$1.6 million project to install sanitary sewer service to the Neenah Gardens area.
- < Chillicothe Transit completed all required environmental remediation work at Seventh and Watt Streets, the site of the new Transit Facility, and obtained a No Further Action notice and Covenant Not to Sue.
- < Planning and design work continued for the Chillicothe Municipal Court's eventual move to a new building, now expected to take place in August 2012.
- < The Ohio Public Works Commission awarded \$220,000 to the City for the 2011 Street and Alley Program. This money will be applied towards the repaving of N. High Street and S. Paint Street, which is going forward as scheduled in the spring of 2012.
- < The Chillicothe Fire Department retained its Class 3 ISO Public Protection Classification, which puts it in the top 4.4% in the Country and is one of the best in the State for a city the size of Chillicothe. During the year, the Fire Department responded to 6,230 emergency calls, of which 823 required fire apparatus and 5,407 were emergency medical service calls.
- < The Chillicothe Police Department moved to the MARCS radio system with the help of a \$75,000 grant

and a lease-to-own agreement for the use of the equipment.

- < The City issued a \$1.1 million bond anticipation note for the purpose of financing additions to its vehicle fleet in 2012. These funds will be used to acquire two new pumper trucks for the Fire Department at an estimated \$840,000 and an armored vehicle for the Police Department's tactical division at an estimated \$260,000.
- < The Donald E. Smith Memorial Swimming Pool opened for the 2011 season with the help of over \$50,000 in donations from the public.
- < The City established a Joint Recreation Board with the Ross County Park District, comprised of public and private individuals, to construct, operate, and maintain the Donald F. Coppel Soccer Complex.

Future Initiatives

Many projects are already underway which are expected to enhance the City in 2012. These include all of the following:

- < The Chillicothe Municipal Court will finally relocate to its new home, the former AEP building on Main Street.
- < The Utilities Department will complete its upgrades of the water system near Adena Hospital and sanitary sewer system near Neenah Gardens.
- < Two major roadways, N. High Street and S. Paint Street, will be repaved by the City as part of the 2011 Street and Alley Program in conjunction with ODOT and the Ohio Public Works Commission.
- < The Police and Fire Departments will add to their fleet of vehicles by acquiring two new pumper trucks and an armored vehicle.
- < In a joint effort with the Chillicothe City School district, Chillicothe Transit will apply for a grant from the State's Local Government Innovation Fund in order to study the long-term benefits of sharing mechanics and equipment with the school district.
- < Chillicothe Transit will also install a new refueling station with \$260,000 received from the American Recovery and Reinvestment Act (ARRA).

Long-Term Financial Planning

At the beginning of 2011, the City's revenues had just started to rebound after a two-year period of decline. A balanced budget was achieved through personnel cuts, which took the form of layoffs, furloughs, and other job eliminations achieved by way of attrition. However, long-term plans were still on hold pending passage of the State's new biennial budget. Over \$1 million of the general fund had been tied to the State budget in 2011.

In July, the picture became clearer when HB153 (the State's FY2012 - FY2013 budget) was passed by the legislature. The legislation anticipated a 50% reduction in the Local Government Fund over two years, accelerated phase-outs of the tangible personal property tax reimbursements paid to cities, and the elimination of Ohio's estate tax in 2013. It was immediately clear that the new budget would have severe consequences for the City's general fund.

How well the City can absorb these cuts depends largely on the strength of the economic recovery. Local taxes and fees have certainly increased since 2010, but growth in the City has been slower than in the past. For its part, the City has attempted to reduce costs by implementing a health savings account (HSA) option on the insurance plan it offers to employees and by negotiating a new contract with the AFSCME union that is less expensive than prior contracts. The City is also actively seeking grants to replace personnel and move forward with capital projects that have been delayed. Finally, there has been a new focus on sharing services whenever possible, increasing day-to-day efficiencies, and making the most of existing revenue, all of which should help the City's financial position.

Relevant Financial Policies

The City formally adopted an investment policy by City Ordinance #100-96 which makes it the City Auditor's responsibility to invest all the City's funds in certificates of deposit, money markets, and Treasury Notes with local approved banks. These certificates of deposit range in length from 30 days to one year and are awarded on a bid basis to the institution having the best bid whenever an investment is to

be made. The policy further encourages the City to take advantage of every opportunity to earn interest on other funds, including the float on outstanding checks and funds being held by bond trustees. Interest earned on all investments is designated to the General Fund by law. The only exception is for specifically designated trustee funds and borrowed funds for major projects such as those within the Water and Sewer funds.

In addition to its investment policy, the City has various other policies in place as well. For example, the City adopted a formal payroll policy by City Ordinance #75-08 and an identity theft protection policy by City Ordinance #27-09. The City also has a disaster recovery and business continuity plan which is updated annually and shared among management. These policies are designed to provide guidance and standards for financial decision-making and to promote consistency in matters such as budgeting, financial reporting, asset and debt management, and internal controls.

Budgetary Controls

The City Council adopts an annual appropriation ordinance at the beginning of each fiscal year (January 1st to December 31st). This appropriation is done in basic categories such as personal services (salaries and fringe benefits), travel transportation, materials and supplies, contractual services, capital outlay, miscellaneous expenditure/expense, transfers and debt service, for each department. Within the travel transportation, materials, and supplies, contractual services and miscellaneous expenditure/expense categories, departments make needed adjustments throughout the course of the year as necessary. During the course of the year, only City Council may authorize by ordinance any additions, deletions, or changes between funds as they have originally been appropriated.

Within each fund and/or department these dollars are maintained, as appropriated, on a daily basis by the Auditor's Office with weekly detailed budget expense reports distributed to all departments. Each department controls its own expenditures/expenses and budgets.

The City maintains its budgetary control by not allowing expenditures/expenses plus encumbrances to exceed appropriations at the object level. All purchases are processed through the computer system in two stages. A department first initiates a purchase by issuing a purchase requisition which is approved by the Purchasing Agent, the Mayor, and then by the City Auditor. This requisition is then converted into a purchase order, which is again signed by both the Purchasing Agent and the City Auditor, and then forwarded to the appropriate vendor. It is important to note that the Auditor approves as to availability of funds and reviews the legality of the expenditures. It should also be noted that any purchase in excess of \$500 must be approved by the Board of Control, which consists of the Mayor, Service Director, and Safety Director.

Internal Controls

The City's accounting system has in place many internal controls to ensure reasonable, although not absolute, assurance that all of the City's assets are protected against loss from unauthorized or improper use or disposition. These controls require that all executed transactions follow set guidelines and are subject to multiple approvals. These controls are designed to ensure that explicit and complete financial records are maintained to the satisfaction of the City Auditor and meet GAAP financial guidelines. It should be noted that the "reasonable assurance" concept recognizes that the cost of a control should not exceed the benefits likely to be derived therefrom and that it is the task of management to make that evaluation.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Chillicothe for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2010. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Chillicothe has now received a Certificate of Achievement for each of the years ended December 31, 1991 through December 31, 2010. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgement

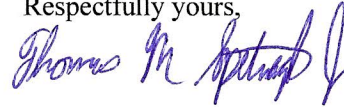
This Comprehensive Annual Financial Report for the City of Chillicothe is the 21st for our City and represents not only a tremendous effort on the part of the Auditor's staff but is indicative of the professionalism of all the people involved. With this report our taxpayers may now better understand the operation of our City and its basic financial structure.

I would first like to thank all members of my staff who are listed on page 11 who spent many hours compiling and entering the data for this report.

I would also like to thank J.L. Uhrig & Associates, C.P.A. for their efforts. Without their assistance, this project would have been extremely difficult to accomplish and certainly would not have achieved the high level of professionalism exhibited herein. I send my thanks also to Millhuff-Stang C.P.A., Inc. for their assistance and helpful service.

Finally, I would like to thank our City Council members and the Administration for their cooperation and support throughout this project.

Respectfully yours,

A handwritten signature in blue ink, reading "Thomas M. Spetnagel Jr.", written in a cursive style.

Thomas M. Spetnagel Jr.
Chillicothe City Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Chillicothe
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

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



Linda C. Danison

President

Jeffrey R. Emer

Executive Director

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**CITY OF CHILLICOTHE, OHIO
LISTING OF ELECTED OFFICIALS**

MAYOR

Joseph P. Sulzer
Term Expired 12-31-11

CITY COUNCIL

Bruce A. Arnold
President
Term Expired 12-31-11

Thomas Trutschel
1st Ward Council
Term Expired 12-31-11

Queen Lester
3rd Ward Council
Term Expired 12-31-11

Jeremy Siberell
5th Ward Council
Term Expired 12-31-11

Dustin Proehl
Council At Large
Term Expired 12-31-11

Nancy Ames
2nd Ward Council
Term Expired 12-31-11

Jean Malone
4th Ward Council
Term Expired 12-31-11

Patricia Patrick
6th Ward Council
Term Expired 12-31-11

Joseph Sharp
Council At Large
Term Expired 12-31-11

Napoleon Cross
Council At Large
Term Expired 12-31-11

CITY AUDITOR

Thomas M. Spetnagel Jr.
Term Expires 12-31-13

CITY TREASURER

David A. Neal
Term Expires 12-31-13

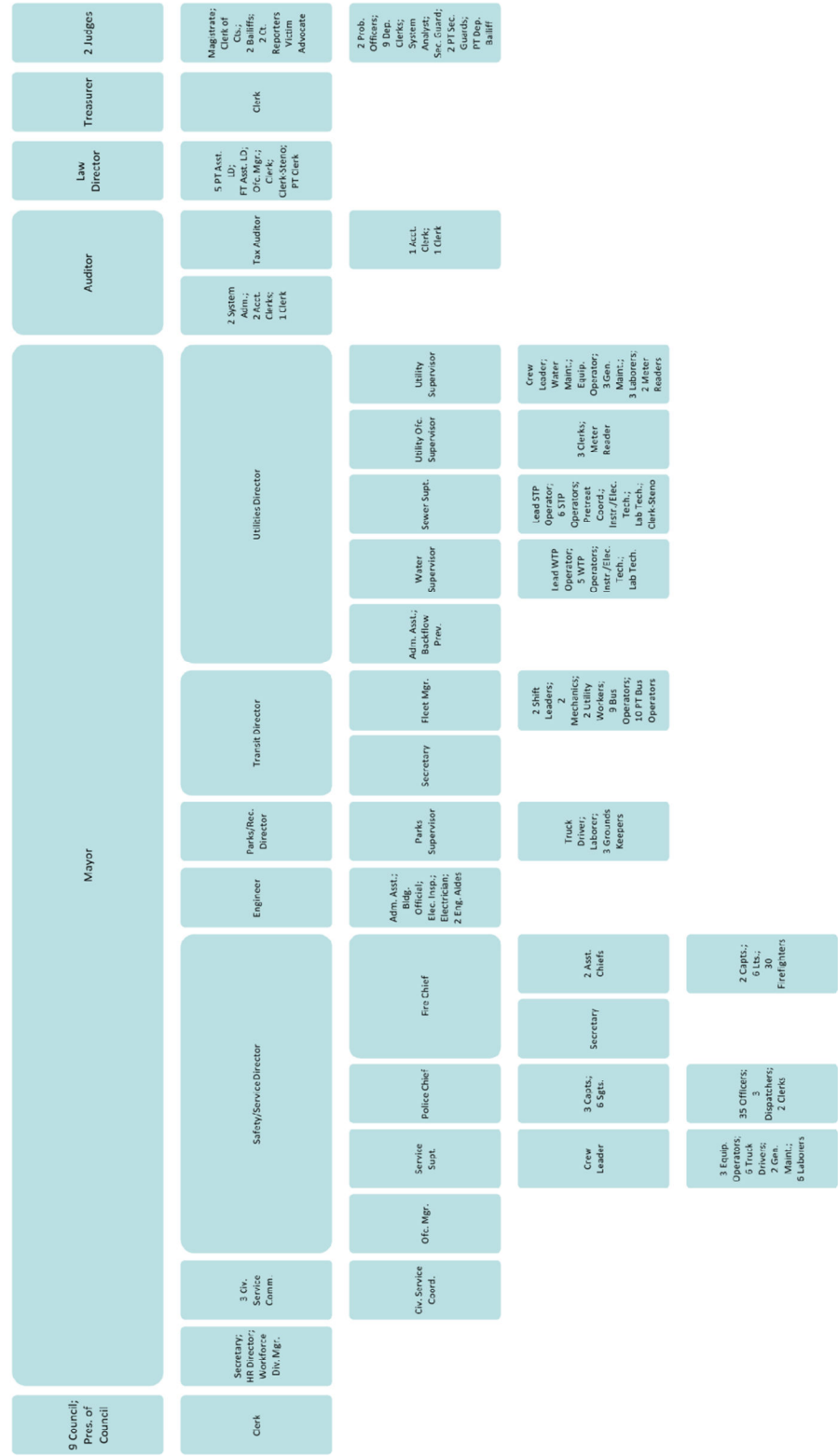
DIRECTOR OF LAW

Toni Eddy
Term Expired 12-31-11

**CITY OF CHILLICOTHE, OHIO
LISTING OF APPOINTED OFFICIALS**

CITY ENGINEER	Thomas Day
UTILITIES DIRECTOR	Richard Johnson
SAFETY/SERVICE DIRECTOR	Michael Pfeiffer/ Thomas Day
HUMAN RESOURCES DIRECTOR	Tammy Bochar
PARKS/RECREATION DIRECTOR	Cathy Primer
TRANSIT DIRECTOR	Michael Scholl
CLERK OF COUNCIL	John Fosson
ASSISTANT LAW DIRECTOR	Joseph Motes
ASSISTANT LAW DIRECTOR	Mark Preston
ASSISTANT LAW DIRECTOR	Michelle Rout
ASSISTANT LAW DIRECTOR	Carrie Rowland
ASSISTANT LAW DIRECTOR	Sherri Rutherford

GENERAL PUBLIC



**CITY OF CHILLICOTHE, OHIO
2011 CITY AUDITOR'S STAFF**

CITY AUDITOR	Thomas Spetnagel Jr.
TAX AUDITOR	Julie A. Parker
SYSTEM ADMINISTRATOR	Linda J. Tackett/ Heidi Leasure
SYSTEM ADMINISTRATOR	Kathy L. Knece
ACCOUNTING CLERK	Holly Cousins
ACCOUNTING CLERK	Mary Schmidt
AUDITOR'S CLERK	Katherine Flechtner
AUDITOR'S CLERK	Shannon Robinson

Independent Auditor's Report

City of Chillicothe
35 South Paint Street
Chillicothe, Ohio 45601

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Chillicothe, Ross County, Ohio (the City) as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Chillicothe, Ross County, Ohio as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund, Bus Transit Fund, and Street Construction Maintenance & Repair Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and statistical tables are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

As described in Note 5, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and GASB Statement No. 59, *Financial Instruments Omnibus*.

A handwritten signature in cursive script, reading "Natalie Millhuff-Stang".

Natalie Millhuff-Stang, CPA
President/Owner
Millhuff-Stang, CPA, Inc.

June 28, 2012

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

The discussion and analysis of the City of Chillicothe's financial performance provides an overall review of its financial activities for the year ended December 31, 2011. The purpose of this discussion and analysis is to look at the City's financial performance and discuss pertinent points to better help the reader understand our performance.

Financial Highlights

1. The City of Chillicothe's total net assets decreased \$1,872,709; net assets of the governmental activities decreased \$1,388,723; and net assets of the business-type activities decreased \$483,986.
2. The General Fund balance of \$2,077,309 increased \$493,799, or 31.18%, from the previous year's balance of \$1,583,510. This was a result of a decrease in expenditures for Security of Persons and Property: Police and a decrease in transfers out.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Chillicothe's basic financial statements. The City of Chillicothe's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements - The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Chillicothe's finances, in a manner similar to private-sector businesses.

The *statement of net assets* presents information on all of the City of Chillicothe's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Chillicothe is improving or deteriorating.

The *statement of activities* presents information showing how the City of Chillicothe's net assets changed during the recent fiscal year.

Both of the government-wide financial statements distinguish functions of the City of Chillicothe that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, security of persons and property, transportation, community environment, basic utility services and leisure time activities. The business-type activities include water and sewer operations.

The government-wide financial statements can be found starting on page 21 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law and by bond covenants.

However, the Auditor establishes many other funds to help control and manage money for particular purposes or to show that the City of Chillicothe is meeting legal responsibilities for using certain taxes,

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
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grants, and other money. All of the funds of the City of Chillicothe can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - Most of the City of Chillicothe's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements use the modified accrual basis of accounting and provide a detailed short-term view of its general government operations and the basic services it provides. Governmental fund information may be useful in evaluating a government's near term financing requirements. We describe the relationship (or differences) between governmental activities (reported in the *statement of net assets* and the *statement of activities*) and governmental funds in a reconciliation which follows the fund financial statements.

The City of Chillicothe maintains 25 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances, for the General Fund, Bus Transit Fund, Street Construction Maintenance & Repair Fund, and Safety Levy Capital Fund, which are considered to be major funds. Data from the other 21 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Chillicothe adopts an annual appropriated budget for each of its funds. A budgetary comparison schedule (budget basis) has been provided in the combining and individual fund section of this report for each governmental and proprietary fund to demonstrate budgetary compliance.

Proprietary Funds - The City of Chillicothe uses enterprise funds to account for its water and sewer operations. Proprietary funds are reported in the same way that all activities are reported in the *statement of net assets* and the *statement of activities* using the full accrual basis of accounting. The City of Chillicothe has two funds that are considered to be major funds, the Water and Sewer funds.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources from those funds are not available to support the City's programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Government-Wide Financial Analysis

While this document contains information about the funds used by the City of Chillicothe to provide services to our citizens, the view as a whole looks at all financial transactions. The *statement of net assets* and the *statement of activities* include all assets and liabilities using the full accrual basis of accounting similar to the accounting used by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

The City of Chillicothe as a Whole

The following two statements reflect the net assets of the City of Chillicothe as a whole and are divided into the following categories:

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

Assets						
Liabilities						
Net assets (assets minus liabilities)						
Revenues						
Expenses						
Increase (decrease) in net assets						
Net Assets						
	Governmental Activities		Business-Type Activities		Total	
	2011	2010*	2011	2010	2011	2010*
Assets						
Current and Other Assets	\$10,926,441	\$9,566,084	\$11,699,405	\$9,386,218	\$22,625,846	\$18,952,302
Capital Assets, Net	41,388,907	43,796,484	37,958,801	38,714,250	79,347,708	82,510,734
<i>Total Assets</i>	<u>52,315,348</u>	<u>53,362,568</u>	<u>49,658,206</u>	<u>48,100,468</u>	<u>101,973,554</u>	<u>101,463,036</u>
Liabilities						
Current and Other Liabilities	8,195,138	7,373,152	3,609,226	296,961	11,804,364	7,670,113
Long-Term Liabilities:						
Due within One Year	1,060,011	1,256,539	1,541,404	1,503,493	2,601,415	2,760,032
Due in More Than One Year	2,145,309	2,429,264	4,204,380	5,512,832	6,349,689	7,942,096
<i>Total Liabilities</i>	<u>11,400,458</u>	<u>11,058,955</u>	<u>9,355,010</u>	<u>7,313,286</u>	<u>20,755,468</u>	<u>18,372,241</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	36,905,390	40,021,089	29,750,744	32,510,938	66,656,134	72,532,027
Restricted for:						
Debt Service	14,670	14,099	1,283,936	1,627,337	1,298,606	1,641,436
Capital Projects	2,419,328	1,488,796	1,818,467	1,818,467	4,237,795	3,307,263
Other Purposes	1,979,848	1,949,284	0	0	1,979,848	1,949,284
Permanent Fund Purpose:						
Expendable	2,235	2,207	0	0	2,235	2,207
Nonexpendable	1,000	1,000	0	0	1,000	1,000
Unrestricted	<u>(407,581)</u>	<u>(1,172,862)</u>	<u>7,450,049</u>	<u>4,830,440</u>	<u>7,042,468</u>	<u>3,657,578</u>
<i>Total Net Assets</i>	<u>\$40,914,890</u>	<u>\$42,303,613</u>	<u>\$40,303,196</u>	<u>\$40,787,182</u>	<u>\$81,218,086</u>	<u>\$83,090,795</u>

*As Restated. See Note 5 to the basic financial statements.

City of Chillicothe, Ohio
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Current and other assets of governmental activities increased by \$1,360,357 or 14.22% due to an increase in equity in pooled cash and cash equivalents. Capital assets of the governmental activities decreased due to depreciation expenses exceeding current capital asset additions. Total liabilities of the governmental activities increased by \$341,503 or 3.09% due to an increase in notes payable.

Current and other assets of business-type activities increased by \$2,313,187 or 24.64% due to an increase in equity in pooled cash and cash equivalents and accounts receivable. Capital assets decreased by \$755,449 or 1.95% due to depreciation expense exceeding current capital asset additions. Total liabilities of business-type activities increased by \$2,041,724 or 27.92% due to an increase in notes payable.

The City of Chillicothe's total net assets decreased from \$83,090,795 at the beginning of 2011 to \$81,218,086 at the end of the year, a change of \$1,872,709 or 2.25%. This decrease is the result of a decrease in the net assets of the governmental activities of \$1,388,723 or 3.28% and a decrease in the net assets of the business-type activities of \$483,986 or 1.19%.

In order to further understand what makes up the changes in net assets for the current year, the following table gives readers further details regarding the results of activities for years 2011 and 2010.

Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010*	2011	2010	2011	2010*
Revenues						
Program Revenues:						
Charges for Services	\$5,637,987	\$5,744,025	\$7,704,515	\$7,526,003	\$13,342,502	\$13,270,028
Operating Grants and Contributions	4,259,697	2,198,928	0	0	4,259,697	2,198,928
Capital Grants and Contributions	336,199	930,890	0	0	336,199	930,890
General Revenues:						
Property Taxes	1,115,450	1,167,527	0	0	1,115,450	1,167,527
Income and Other Taxes	11,085,658	10,829,679	0	0	11,085,658	10,829,679
Grants and Entitlements	1,937,176	1,820,969	0	0	1,937,176	1,820,969
Other	391,845	512,625	120,893	403,064	512,738	915,689
Total Revenues	24,764,012	23,204,643	7,825,408	7,929,067	32,589,420	31,133,710
Program Expenses						
General Government	5,714,391	5,972,704	0	0	5,714,391	5,972,704
Security of Persons and Property:						
Police	5,347,177	5,921,752	0	0	5,347,177	5,921,752
Fire	5,486,905	5,427,992	0	0	5,486,905	5,427,992
Transportation	6,504,578	5,650,615	0	0	6,504,578	5,650,615
Leisure Time Activities	863,046	969,074	0	0	863,046	969,074
Community Environment	1,432,828	1,172,801	0	0	1,432,828	1,172,801
Basic Utility Services	673,426	856,056	0	0	673,426	856,056
Interest and Fiscal Charges	116,032	132,305	0	0	116,032	132,305
Water and Sewer	0	0	8,323,746	7,788,005	8,323,746	7,788,005
Total Expenses	26,138,383	26,103,299	8,323,746	7,788,005	34,462,129	33,891,304
Increase (Decrease) in Net Assets						
Before Transfers	(1,374,371)	(2,898,656)	(498,338)	141,062	(1,872,709)	(2,757,594)

City of Chillicothe, Ohio
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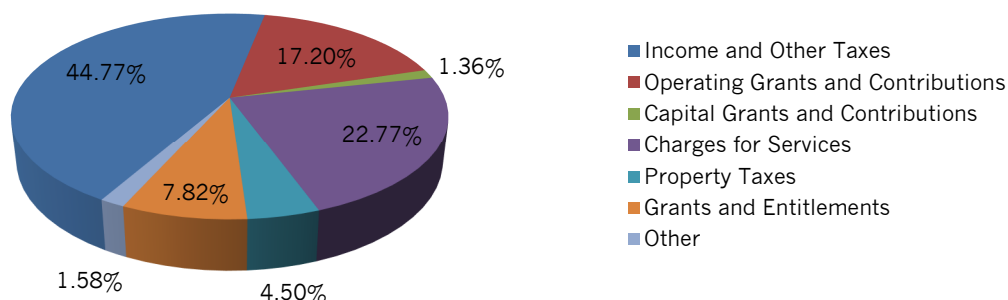
Net Transfers In (Out)	(14,352)	(16,423)	14,352	16,423	0	0
Increase (Decrease) in Net Assets	(1,388,723)	(2,915,079)	(483,986)	157,485	(1,872,709)	(2,757,594)
Net Assets at Beginning of Year	42,303,613	45,218,692	40,787,182	40,629,697	83,090,795	85,848,389
Net Assets at End of Year	<u>\$40,914,890</u>	<u>\$42,303,613</u>	<u>\$40,303,196</u>	<u>\$40,787,182</u>	<u>\$81,218,086</u>	<u>\$83,090,795</u>

*As Restated. See Note 5 to the basic financial statements.

Governmental Activities

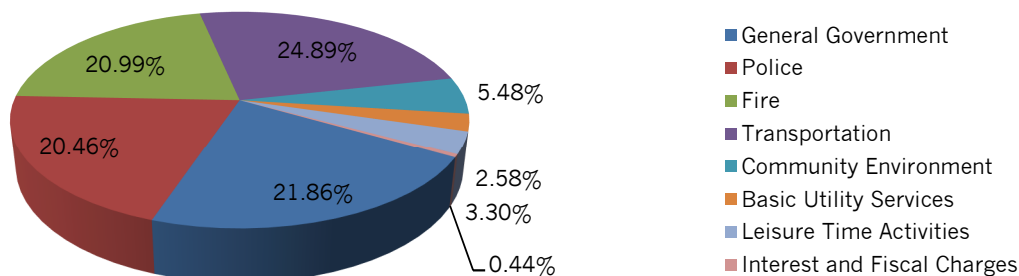
Governmental activities decreased the City of Chillicothe's net assets by \$1,388,723. The primary reason for the decrease in net assets relates to an increase in expenditures for transportation of \$853,963 and a decrease in revenue from capital grants and contributions of \$594,691.

Revenues - Governmental Activities



Of the \$24,764,012 in total revenues, income and other taxes account for 44.77%; charges for services of \$5,637,987 account for 22.77%; operating grants and contributions account for 17.20%; capital grants and contributions account for 1.36%; and unrestricted grants and entitlements, property taxes, and other revenue make up the remaining 13.90%. The income and other tax revenue for 2011 was \$11,085,658, which was an increase of \$255,979 or 2.36%.

Expenses - Governmental Activities

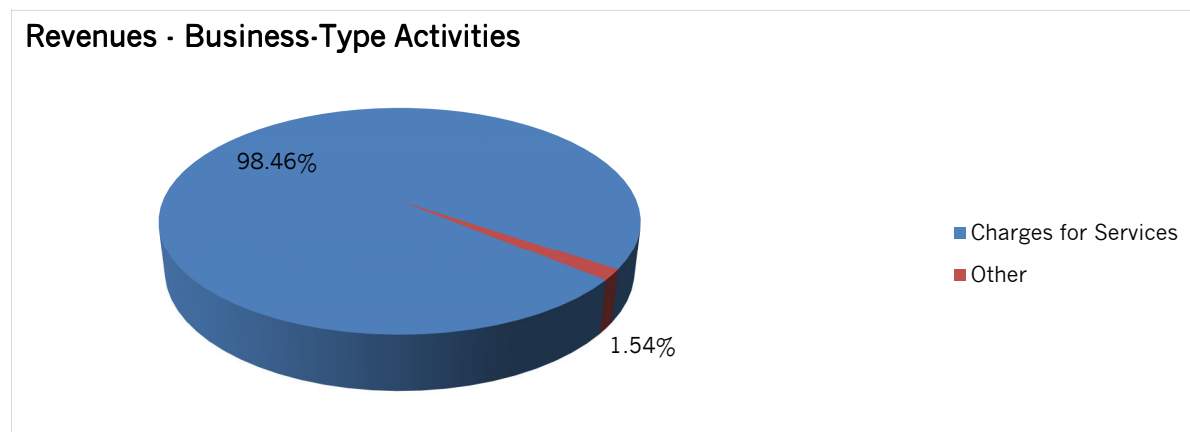


City of Chillicothe, Ohio
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The largest functional expense for the City of Chillicothe was for security of persons and property, which includes the Police and Fire departments.

Business-Type Activities

The business-type activities of the City of Chillicothe, which include its water and sewer operations, decreased the net assets by \$483,986. The majority of the decrease in net assets is the result of an increase in current and other liabilities from notes payable.



Financial Analysis of the City of Chillicothe's Funds

Governmental Funds

The focus of the City of Chillicothe's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year. These funds are accounted for by using the modified accrual basis of accounting. The General Fund is the chief operating fund of the City of Chillicothe. At the end of 2011, the total fund balance for the General Fund was \$2,077,309 of which \$1,619,127 was unassigned.

During the current year, the fund balance of the General Fund increased by \$493,799. The increase in the General Fund balance was the result of a decrease in expenditures for Security of Persons and Property: Police and a decrease in transfers out.

At the end of 2011, the Bus Transit Fund had a fund deficit of (\$1,133,095), which is an increase of \$23,429. This was the result of a decrease in capital outlay and other expenditures.

The Street Construction Maintenance & Repair Fund had a fund deficit of (\$585,475) at the end of 2011, which is an increase of \$87,056. This was the result of a decrease in liabilities from notes payable.

The Safety Levy Capital Fund had a fund deficit of (\$61,839), which is a decrease of \$247,596. This was the result of an increase in liabilities from notes payable.

City of Chillicothe, Ohio
Management's Discussion and Analysis
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Proprietary Funds

During the current year, the net assets of the City of Chillicothe's Water Fund decreased by \$400,406 or 1.83%. The decrease in the Water Fund net assets is due mostly to an increase in notes payable.

During the current year, the net assets of the Sewer Fund decreased by \$83,580 or 0.44%. The decrease in the Sewer Fund net assets is also due to an increase in notes payable.

General Fund Budgeting Highlights

The City of Chillicothe's budget is prepared according to Ohio law and is based on accounting for certain transactions on a budget basis of cash receipts (revenues), and disbursements and encumbrances (expenditures). The most significant budgeted fund is the General Fund. During 2011, the City of Chillicothe amended its General Fund budget on various occasions. All recommendations for budget changes come to the Finance Committee of City Council for review before going to the whole Council for an ordinance on the change. The City of Chillicothe does allow small budget changes that modify line items within departments within the same fund.

For the General Fund, the original budgeted revenues were \$16,146,672 and the final budgeted revenue amount was \$16,944,337.

The difference between the General Fund's final budget and actual revenues in the Local Taxes was \$151,500 or 1.51%. This was due to a decrease in the receipt of municipal income taxes.

The differences between the General Fund's original budget and final amended budget of expenditures amounted to a \$3,202,812 increase, which included \$2,000,000 for retirement of principal and \$904,534 additional appropriation in Security of Persons and Property.

The difference between the General Fund's final budget and actual for the General Government expenditures was \$1,357,349 or 20.51%. This decrease in actual expenditures was the result of decreases in materials and supplies and contractual services, particularly in Municipal Court.

Capital Assets and Debt Administration

CAPITAL ASSETS AT DECEMBER 31
(NET OF DEPRECIATION)

	Governmental Activities		Business-Type Activities	
	2011	2010	2011	2010
Land	\$6,864,490	\$6,864,490	\$1,889,017	\$1,889,017
Land Improvements	0	3,354	0	0
Buildings, Structures and Improvements	10,566,304	11,007,641	1,849,566	1,961,157
Plant and Facilities	0	0	14,361,437	14,859,461
Furniture, Fixtures, & Equipment	2,253,252	2,433,805	474,854	577,702
Infrastructure	21,704,861	23,487,194	19,383,927	19,426,913
Total	<u>\$41,388,907</u>	<u>\$43,796,484</u>	<u>\$37,958,801</u>	<u>\$38,714,250</u>

City of Chillicothe, Ohio
Management's Discussion and Analysis
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Total capital assets for governmental activities of the City of Chillicothe for the year 2011 were \$41,388,907 or \$2,407,577 less than in 2010. This decrease was mostly due to the annual depreciation expense.

The decrease in capital assets for business-type activities of \$755,449 was due primarily to the annual depreciation expense. Additional information concerning capital assets can be found in Note 8 of the notes to the basic financial statements.

As of December 31, 2011, the City of Chillicothe had \$13,763,838 in bonds, OPWC loan, and notes outstanding.

OUTSTANDING DEBT AT DECEMBER 31

	<u>2011</u>	<u>2010</u>
Governmental Activities		
General Obligation Bonds:		
Various Purpose	\$75,000	\$265,000
Police and Fire Pension	375,000	395,000
Street Improvement Note	800,000	900,000
Bus Garage Facility Note	1,200,000	1,400,000
Safety Vehicles Note	1,100,000	0
Municipal Court Building Note	2,000,000	2,100,000
OPWC Loan	<u>37,838</u>	<u>50,450</u>
Total Governmental Activities	5,587,838	5,110,450
Business-Type Activities		
Water Revenue Bonds	3,520,000	4,615,000
Sewer General Obligation Bonds	1,415,000	1,510,000
ARMC Water Note	2,441,000	0
Neenah Gardens Sewer Note	<u>800,000</u>	<u>0</u>
Total Business-Type Activities	<u>8,176,000</u>	<u>6,125,000</u>
Total	<u><u>\$13,763,838</u></u>	<u><u>\$11,235,450</u></u>

The general obligation bonds issued for various purposes are comprised of (1) #1 fire house, (2) jail complex, and (3) landfill closure obligations and sewer project. In 2003 the City of Chillicothe refunded the various purpose general obligation bonds and water revenue bonds.

In 1999 the City of Chillicothe issued general obligation bonds to pay off its debt to the Ohio Police and Fire Pension Fund.

There is \$3,520,000 in water revenue bonds.

The \$800,000 general obligation note is for street improvements.

The \$2,441,000 general obligation note is for water system improvements near the Adena Regional

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
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Medical Center.

The \$1,200,000 general obligation note is for the new bus transit facility.

The \$800,000 general obligation note is for sewer system improvements in the Neenah Gardens area.

The \$1,100,000 general obligation note is for new vehicles for the police and fire departments.

The \$2,000,000 general obligation note is for the new Municipal Court building.

The \$37,838 OPWC loan was for street improvements.

Additional information concerning the City of Chillicothe's debt can be found in Note 9 and Note 10 of the notes to the basic financial statements.

Current Known Facts and Conditions

City income tax collections increased in 2011 due to improvements in the local job market, including significant rounds of hiring at Kenworth Truck Company and Glatfelter. There was also a 75% increase in building permits, which points to a turnaround in the local economy.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City of Chillicothe's finances and to show its accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Auditor's Office, 35 S. Paint Street, Chillicothe, Ohio 45601.

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City of Chillicothe, Ohio
Statement of Net Assets
December 31, 2011

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$6,071,456	\$7,079,357	\$13,150,813
Cash and Cash Equivalents in Segregated Accounts	103,044	0	103,044
Investments	1,000	0	1,000
Materials and Supplies Inventory	88,829	41,502	130,331
Accrued Interest Receivable	3,309	0	3,309
Accounts Receivable	144,836	1,408,649	1,553,485
Intergovernmental Receivable	1,770,920	0	1,770,920
Prepaid Items	150,772	38,631	189,403
Other Taxes Receivable	126,313	0	126,313
Income Taxes Receivable	1,282,272	0	1,282,272
Property Taxes Receivable	1,143,424	0	1,143,424
Special Assessments Receivable	40,266	9,159	49,425
<i>Restricted Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	0	1,818,467	1,818,467
Cash and Cash Equivalents with Fiscal Agents	0	1,283,936	1,283,936
Deferred Charges	0	19,704	19,704
Non-Depreciable Capital Assets	6,864,490	1,889,017	8,753,507
Depreciable Capital Assets, net	34,524,417	36,069,784	70,594,201
<i>Total Assets</i>	<u>52,315,348</u>	<u>49,658,206</u>	<u>101,973,554</u>
Liabilities:			
Accounts Payable	254,664	85,893	340,557
Accrued Wages and Benefits	456,633	107,049	563,682
Contracts Payable	358,450	3,360	361,810
Intergovernmental Payable	846,610	113,410	960,020
Matured Compensated Absences	40,610	0	40,610
Accrued Interest Payable	20,833	58,514	79,347
Retainage Payable	4,800	0	4,800
Unearned Revenue	1,112,538	0	1,112,538
Notes Payable	5,100,000	3,241,000	8,341,000
Long-Term Liabilities:			
Due Within One Year	1,060,011	1,541,404	2,601,415
Due in More Than One Year	2,145,309	4,204,380	6,349,689
<i>Total Liabilities</i>	<u>11,400,458</u>	<u>9,355,010</u>	<u>20,755,468</u>
Net Assets:			
Investments in Capital Assets, Net of Related Debt	36,905,390	29,750,744	66,656,134
<i>Restricted for:</i>			
Debt Service	14,670	1,283,936	1,298,606
Capital Outlay	2,419,328	1,818,467	4,237,795
Street Maintenance and Repair	377,749	0	377,749
Bus Transit	3,164	0	3,164
Housing and Urban Development	655,388	0	655,388
Other Purposes	943,547	0	943,547
<i>Permanent Fund Purpose:</i>			
Expendable	2,235	0	2,235
Nonexpendable	1,000	0	1,000
Unrestricted	(407,581)	7,450,049	7,042,468
<i>Total Net Assets</i>	<u>\$40,914,890</u>	<u>\$40,303,196</u>	<u>\$81,218,086</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Activities
For the Year Ended December 31, 2011

		Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
	Expenses			
Governmental Activities:				
General Government	\$5,714,391	\$2,248,670	\$250,860	\$0
<i>Security of Persons and Property:</i>				
Police	5,347,177	52,402	0	0
Fire	5,486,905	1,227,034	0	0
Transportation	6,504,578	1,059,399	2,125,408	336,199
Leisure Time Services	863,046	107,531	17,046	0
Community Environment	1,432,828	0	1,866,383	0
Basic Utility Services	673,426	942,951	0	0
Interest and Fiscal Charges	116,032	0	0	0
<i>Total Governmental Activities</i>	<u>26,138,383</u>	<u>5,637,987</u>	<u>4,259,697</u>	<u>336,199</u>
Business-Type Activities:				
Sewer	3,328,562	3,188,581	0	0
Water	4,995,184	4,515,934	0	0
<i>Total Business-Type Activities</i>	<u>8,323,746</u>	<u>7,704,515</u>	<u>0</u>	<u>0</u>
<i>Totals</i>	<u>\$34,462,129</u>	<u>\$13,342,502</u>	<u>\$4,259,697</u>	<u>\$336,199</u>

General Revenues

Property Taxes Levied for:

General Purposes

Police and Fire Pension

Municipal Income Taxes Levied for:

General Purposes

Transportation

Capital Outlay

Other Taxes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year, As Restated (See Note 5)

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(3,214,861)	\$0	(\$3,214,861)
(5,294,775)	0	(5,294,775)
(4,259,871)	0	(4,259,871)
(2,983,572)	0	(2,983,572)
(738,469)	0	(738,469)
433,555	0	433,555
269,525	0	269,525
(116,032)	0	(116,032)
(15,904,500)	0	(15,904,500)
0	(139,981)	(139,981)
0	(479,250)	(479,250)
0	(619,231)	(619,231)
(15,904,500)	(619,231)	(16,523,731)
899,306	0	899,306
216,144	0	216,144
9,348,023	0	9,348,023
679,854	0	679,854
849,806	0	849,806
207,975	0	207,975
1,937,176	0	1,937,176
50,035	2,846	52,881
341,810	118,047	459,857
14,530,129	120,893	14,651,022
(14,352)	14,352	0
14,515,777	135,245	14,651,022
(1,388,723)	(483,986)	(1,872,709)
42,303,613	40,787,182	83,090,795
\$40,914,890	\$40,303,196	\$81,218,086

City of Chillicothe, Ohio
Balance Sheet
Governmental Funds
December 31, 2011

	General	Bus Transit	Street Construction Maintenance & Repair Fund	Safety Levy Capital Fund	All Other Governmental Funds	Total Governmental Funds
Assets:						
Equity in Pooled Cash and Cash Equivalents	\$3,175,054	\$355,999	\$194,895	\$1,017,521	\$1,327,987	\$6,071,456
Cash and Cash Equivalents in Segregated Accounts	74,554	27,279	0	0	1,211	103,044
Investments in City Treasury	0	0	0	0	1,000	1,000
Accrued Interest Receivable	3,309	0	0	0	0	3,309
Accounts Receivable	131,197	13,260	0	0	379	144,836
Interfund Receivable	58,126	0	0	0	0	58,126
Intergovernmental Receivable	653,234	0	446,382	0	671,304	1,770,920
Income Taxes Receivable	1,041,846	80,142	0	80,142	80,142	1,282,272
Property Taxes Receivable	922,196	0	0	0	221,228	1,143,424
Other Taxes Receivable	126,313	0	0	0	0	126,313
Special Assessments Receivable	40,266	0	0	0	0	40,266
Materials and Supplies Inventory	62,909	11,776	14,144	0	0	88,829
Prepaid Items	132,765	11,982	42	4,105	1,878	150,772
<i>Total Assets</i>	<u>\$6,421,769</u>	<u>\$500,438</u>	<u>\$655,463</u>	<u>\$1,101,768</u>	<u>\$2,305,129</u>	<u>\$10,984,567</u>
Liabilities:						
Accounts Payable	\$98,751	\$15,337	\$92,879	\$42,466	\$5,231	\$254,664
Accrued Wages and Benefits	392,991	36,864	15,856	0	10,922	456,633
Contracts Payable	51,647	306,803	0	0	0	358,450
Intergovernmental Payable	400,000	46,554	26,887	0	373,169	846,610
Matured Compensated Absences	40,610	0	0	0	0	40,610
Accrued Interest Payable	764	8,600	7,728	1,765	0	18,857
Retainage Payable	4,800	0	0	0	0	4,800
Interfund Payable	0	19,375	0	19,376	19,375	58,126
Deferred Revenue	1,354,897	0	297,588	0	579,383	2,231,868
Notes Payable	2,000,000	1,200,000	800,000	1,100,000	0	5,100,000
<i>Total Liabilities</i>	<u>4,344,460</u>	<u>1,633,533</u>	<u>1,240,938</u>	<u>1,163,607</u>	<u>988,080</u>	<u>9,370,618</u>
Fund Balances:						
Nonspendable	252,251	23,758	14,186	4,105	2,878	297,178
Restricted	0	0	0	0	1,658,904	1,658,904
Committed	159,667	0	0	0	0	159,667
Assigned	46,264	0	0	0	5,765	52,029
Unassigned	1,619,127	(1,156,853)	(599,661)	(65,944)	(350,498)	(553,829)
<i>Total Fund Balances</i>	<u>2,077,309</u>	<u>(1,133,095)</u>	<u>(585,475)</u>	<u>(61,839)</u>	<u>1,317,049</u>	<u>1,613,949</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$6,421,769</u>	<u>\$500,438</u>	<u>\$655,463</u>	<u>\$1,101,768</u>	<u>\$2,305,129</u>	<u>\$10,984,567</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio

Reconciliation of Total Governmental Fund Balances to

Net Assets of Governmental Activities

December 31, 2011

Total Governmental Fund Balances

\$1,613,949

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

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds

41,388,907

Other long-term assets are not available to pay for current-
period expenditures and therefore are deferred in the funds:

Property and Other Taxes

39,621

Intergovernmental

1,048,178

Special Assessments

31,531

Total

1,119,330

Some interest is not due and payable in the current period and
therefore is not reported in the funds.

(1,976)

Some liabilities, including the bonds and loan payable, are not due
and payable in the current period and therefore are not
reported in the funds:

General Obligation Bonds

(75,000)

Police & Fire Pension Bonds

(375,000)

OPWC Loan Payable

(37,838)

Capital Leases Payable

(270,679)

Landfill Postclosure Costs

(463,056)

Compensated Absences Payable

(1,983,747)

Total

(3,205,320)

Net Assets of Governmental Activities

\$40,914,890

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

	General	Bus Transit	Street Construction Maintenance & Repair Fund	Safety Levy Capital Fund	All Other Governmental Funds	Total Governmental Funds
Revenues:						
Property Taxes	\$913,458	\$0	\$0	\$0	\$219,324	\$1,132,782
Income Taxes	8,838,118	679,854	0	679,854	679,857	10,877,683
Other Local Taxes	207,975	0	0	0	0	207,975
Charges for Services	2,867,039	1,048,443	0	0	41,923	3,957,405
Fines, Licenses, and Permits	1,586,492	0	0	0	72,287	1,658,779
Intergovernmental	2,103,449	1,541,895	932,490	8,585	2,096,177	6,682,596
Special Assessments	34,087	0	0	0	0	34,087
Interest	50,006	0	0	0	29	50,035
Other	304,492	70,870	12,686	10,268	38,801	437,117
<i>Total Revenues</i>	<u>16,905,116</u>	<u>3,341,062</u>	<u>945,176</u>	<u>698,707</u>	<u>3,148,398</u>	<u>25,038,459</u>
Expenditures:						
<i>Current:</i>						
General Government	5,604,348	0	0	0	0	5,604,348
<i>Security of Persons and Property:</i>						
Police	4,708,481	0	0	0	623,676	5,332,157
Fire	4,421,878	0	0	0	669,592	5,091,470
Transportation	262,999	3,271,152	1,213,470	0	90,658	4,838,279
Leisure Time Services	101,114	0	0	0	645,848	746,962
Community Environment	47,594	0	0	0	1,115,755	1,163,349
Basic Utility Services	685,053	0	0	0	0	685,053
Capital Outlay	59,045	0	0	482,883	34,704	576,632
<i>Debt Service:</i>						
Principal Retirements	38,523	2,148	12,612	0	210,798	264,081
Interest and Fiscal Charges	45,769	26,105	14,538	1,765	30,507	118,684
<i>Total Expenditures</i>	<u>15,974,804</u>	<u>3,299,405</u>	<u>1,240,620</u>	<u>484,648</u>	<u>3,421,538</u>	<u>24,421,015</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>930,312</u>	<u>41,657</u>	<u>(295,444)</u>	<u>214,059</u>	<u>(273,140)</u>	<u>617,444</u>
Other Financing Sources and Uses:						
Inception of Capital Lease	203,086	0	0	0	6,069	209,155
Transfers In	960,357	0	382,500	0	1,160,825	2,503,682
Transfers Out	(1,599,956)	(18,228)	0	(461,655)	(438,195)	(2,518,034)
<i>Total Other Financing Sources and Uses</i>	<u>(436,513)</u>	<u>(18,228)</u>	<u>382,500</u>	<u>(461,655)</u>	<u>728,699</u>	<u>194,803</u>
<i>Net Change in Fund Balance</i>	<u>493,799</u>	<u>23,429</u>	<u>87,056</u>	<u>(247,596)</u>	<u>455,559</u>	<u>812,247</u>
<i>Fund Balance (Deficit) at Beginning of Year, As Restated</i>	<u>1,583,510</u>	<u>(1,156,524)</u>	<u>(672,531)</u>	<u>185,757</u>	<u>861,490</u>	<u>801,702</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$2,077,309</u>	<u>(\$1,133,095)</u>	<u>(\$585,475)</u>	<u>(\$61,839)</u>	<u>\$1,317,049</u>	<u>\$1,613,949</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2011

Net Change in Fund Balances - Total Governmental Funds \$812,247

**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 Asset Additions	872,203	
Current Year Depreciation	(3,258,573)	
Total		(2,386,370)

Governmental funds only report the disposal of capital assets to the
extent proceeds are received from the sale. In the statement of
activities, a gain or loss is reported for each disposal.

(21,207)

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues.

Delinquent Property Taxes	(17,332)	
Delinquent Special Assessments	(12,284)	
Intergovernmental	(244,831)	
Total		(274,447)

Repayment of bond, notes, loan and capital lease principal is an expenditure
in the governmental funds, but the repayment reduces long-term liabilities
in the statement of net assets.

Principal Retirement	264,081	
Capital Leases Traded-In	4,871	
Total		268,952

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

571

Other financing sources in the governmental funds that increase long-term
liabilities in the statement of net assets are not reported as
revenues in the statement of activities.

(209,155)

Landfill Closure expenditures that are reported as a reduction of a
liability as a change in estimate and are reported in the statement of activities.

48,325

Some expenses in the statement of activities do not require the use of current
financial resources and therefore are not reported as expenditures.

Compensated Absences	370,280	
Premium on Bonds Issued	2,081	
Total		372,361

Change in Net Assets - Governmental Activities		(\$1,388,723)
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See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$10,060,658	\$10,060,658	\$9,909,158	(\$151,500)
Charges for Services	2,749,990	2,791,190	2,884,542	93,352
Fines, Licenses and Permits	1,536,810	1,536,810	1,507,184	(29,626)
Intergovernmental	1,334,784	2,068,258	2,239,839	171,581
Special Assessments	50,000	50,000	34,087	(15,913)
Investment Earnings	75,000	75,000	51,835	(23,165)
Miscellaneous	339,430	362,421	292,818	(69,603)
Total Revenue	16,146,672	16,944,337	16,919,463	(24,874)
Expenditures:				
Current:				
General Government	6,479,137	6,616,891	5,259,542	1,357,349
Security of Persons and Property				
Police	4,454,745	4,818,711	4,747,503	71,208
Fire	3,983,660	4,524,228	4,491,520	32,708
Transportation	235,000	265,000	262,999	2,001
Community Environment	475	498	75	423
Basic Utility Services	757,706	763,706	681,295	82,411
Leisure Time Activities	0	124,501	103,933	20,568
Debt Service:				
Principal Retirement	100,000	2,100,000	2,100,000	0
Interest and Fiscal Charges	42,000	42,000	36,750	5,250
Total Expenditures	16,052,723	19,255,535	17,683,617	1,571,918
Excess of Revenues Over (Under) Expenditures	93,949	(2,311,198)	(764,154)	1,547,044
Other Financing Sources and Uses:				
Proceeds from Sale of Capital Assets	5,000	5,000	0	(5,000)
Issuance of Notes	0	2,000,000	2,000,000	0
Transfers In	836,763	972,745	880,357	(92,388)
Transfers Out	(2,217,038)	(2,074,268)	(1,966,406)	107,862
Total Other Sources and Uses	(1,375,275)	903,477	913,951	10,474
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,281,326)	(1,407,721)	149,797	1,557,518
Fund Balances at Beginning of Year	2,568,635	2,568,635	2,568,635	0
Prior Year Encumbrances Appropriated	32,505	32,505	32,505	0
Fund Balances at End of Year	\$1,319,814	\$1,193,419	\$2,750,937	\$1,557,518

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Budget Basis)
Bus Transit Fund
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Local Taxes	\$681,250	\$681,250	\$676,534	(\$4,716)
Charges for Services	847,000	1,028,000	1,048,443	20,443
Intergovernmental	1,776,080	1,536,010	1,745,464	209,454
Other	59,955	64,955	58,768	(6,187)
<i>Total Revenues</i>	<u>3,364,285</u>	<u>3,310,215</u>	<u>3,529,209</u>	<u>218,994</u>
Expenditures:				
Current:				
Transportation	<u>3,176,193</u>	<u>4,647,726</u>	<u>4,542,943</u>	<u>104,783</u>
<i>Total Expenditures</i>	<u>3,176,193</u>	<u>4,647,726</u>	<u>4,542,943</u>	<u>104,783</u>
<i>Excess of Revenues (Under) Expenditures</i>	188,092	(1,337,511)	(1,013,734)	323,777
Other Financing Sources and Uses:				
Issuance of Notes	0	1,200,000	1,200,000	0
Transfers-Out	<u>(18,355)</u>	<u>(18,355)</u>	<u>(18,228)</u>	<u>127</u>
<i>Total Other Sources and Uses</i>	<u>(18,355)</u>	<u>1,181,645</u>	<u>1,181,772</u>	<u>127</u>
<i>Excess of Revenues and Other Sources (Under) Expenditures and Other Uses</i>	169,737	(155,866)	168,038	323,904
<i>Fund Balances at Beginning of Year</i>	60,342	60,342	60,342	0
<i>Prior Year Encumbrances Appropriated</i>	<u>115,532</u>	<u>115,532</u>	<u>115,532</u>	<u>0</u>
<i>Fund Balances at End of Year</i>	<u>\$345,611</u>	<u>\$20,008</u>	<u>\$343,912</u>	<u>\$323,904</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Budget Basis)
Street Construction Maintenance & Repair Fund
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$935,000	\$935,000	\$939,483	\$4,483
Other	14,235	14,235	12,686	(1,549)
<i>Total Revenues</i>	<u>949,235</u>	<u>949,235</u>	<u>952,169</u>	<u>2,934</u>
Expenditures:				
Current:				
Transportation	1,331,965	2,236,317	2,162,703	73,614
<i>Total Expenditures</i>	<u>1,331,965</u>	<u>2,236,317</u>	<u>2,162,703</u>	<u>73,614</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(382,730)	(1,287,082)	(1,210,534)	76,548
Other Financing Sources:				
Issuance of Notes	0	800,000	800,000	0
Transfers In	410,000	410,000	382,500	(27,500)
<i>Total Other Financing Sources</i>	<u>410,000</u>	<u>1,210,000</u>	<u>1,182,500</u>	<u>(27,500)</u>
<i>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</i>	27,270	(77,082)	(28,034)	49,048
<i>Fund Balances at Beginning of Year</i>	137,779	137,779	137,779	0
<i>Prior Year Encumbrances Appropriated</i>	<u>664</u>	<u>664</u>	<u>664</u>	<u>0</u>
<i>Fund Balances at End of Year</i>	<u>\$165,713</u>	<u>\$61,361</u>	<u>\$110,409</u>	<u>\$49,048</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2011

	Enterprise Funds		
	Water	Sewer	Total
Assets:			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$3,172,201	\$3,907,156	\$7,079,357
Accounts Receivable	829,987	578,662	1,408,649
Special Assessments Receivable	7,360	1,799	9,159
Materials and Supplies Inventory	38,032	3,470	41,502
Prepaid Items	19,261	19,370	38,631
<i>Total Current Assets</i>	<u>4,066,841</u>	<u>4,510,457</u>	<u>8,577,298</u>
<i>Noncurrent Assets:</i>			
<i>Restricted Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	1,200,000	618,467	1,818,467
Cash and Cash Equivalents with Fiscal Agents	1,283,936	0	1,283,936
Deferred Charges	19,704	0	19,704
Non-Depreciable Capital Assets	1,412,520	476,497	1,889,017
Depreciable Capital Assets, Net	20,097,391	15,972,393	36,069,784
<i>Total Noncurrent Assets</i>	<u>24,013,551</u>	<u>17,067,357</u>	<u>41,080,908</u>
<i>Total Assets</i>	<u>28,080,392</u>	<u>21,577,814</u>	<u>49,658,206</u>
Liabilities:			
<i>Current:</i>			
Accounts Payable	73,358	12,535	85,893
Accrued Wages and Benefits	41,261	65,788	107,049
Contracts Payable	1,680	1,680	3,360
Intergovernmental Payable	58,490	54,920	113,410
Accrued Interest Payable	50,764	7,750	58,514
Notes Payable	2,441,000	800,000	3,241,000
Compensated Absences Payable	143,218	173,186	316,404
General Obligation Bonds Payable	0	95,000	95,000
Revenue Bonds Payable	1,130,000	0	1,130,000
<i>Total Current Liabilities</i>	<u>3,939,771</u>	<u>1,210,859</u>	<u>5,150,630</u>
<i>Noncurrent Liabilities:</i>			
Compensated Absences Payable	199,633	242,986	442,619
General Obligation Bonds Payable	0	1,320,000	1,320,000
Revenue Bonds Payable	2,441,761	0	2,441,761
<i>Total Noncurrent Liabilities</i>	<u>2,641,394</u>	<u>1,562,986</u>	<u>4,204,380</u>
<i>Total Liabilities</i>	<u>6,581,165</u>	<u>2,773,845</u>	<u>9,355,010</u>
Net Assets:			
Investments in Capital Assets, Net of Related Debt	15,516,854	14,233,890	29,750,744
Restricted for Debt Service	1,283,936	0	1,283,936
Restricted for Capital Outlay	1,200,000	618,467	1,818,467
Unrestricted	3,498,437	3,951,612	7,450,049
<i>Total Net Assets</i>	<u>\$21,499,227</u>	<u>\$18,803,969</u>	<u>\$40,303,196</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Revenues, Expenses and
Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2011

	Enterprise Funds		
	Water	Sewer	Total
Operating Revenues:			
Charges for Services	\$4,515,934	\$3,188,581	\$7,704,515
Other	83,755	34,292	118,047
<i>Total Operating Revenues</i>	<u>4,599,689</u>	<u>3,222,873</u>	<u>7,822,562</u>
Operating Expenses:			
Personal Services	1,261,623	1,213,503	2,475,126
Fringe Benefits	660,528	550,367	1,210,895
Travel	55	0	55
Contractual Services	362,801	96,722	459,523
Materials and Supplies	1,247,282	486,499	1,733,781
Depreciation	756,593	676,668	1,433,261
Other	386,997	243,885	630,882
<i>Total Operating Expenses</i>	<u>4,675,879</u>	<u>3,267,644</u>	<u>7,943,523</u>
<i>Operating Income (Loss)</i>	<u>(76,190)</u>	<u>(44,771)</u>	<u>(120,961)</u>
Non-Operating Revenues (Expenses):			
Interest	2,846	0	2,846
Interest and Fiscal Charges	(193,649)	(58,820)	(252,469)
Loss on Disposal of Capital Assets	(102,864)	(2,098)	(104,962)
Bond Issuance Costs	(22,792)	0	(22,792)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(316,459)</u>	<u>(60,918)</u>	<u>(377,377)</u>
<i>Income (Loss) Before Contributions and Transfers</i>	<u>(392,649)</u>	<u>(105,689)</u>	<u>(498,338)</u>
Transfers In	0	30,000	30,000
Transfers Out	(7,757)	(7,891)	(15,648)
<i>Change in Net Assets</i>	<u>(400,406)</u>	<u>(83,580)</u>	<u>(483,986)</u>
<i>Net Assets at Beginning of Year</i>	<u>21,899,633</u>	<u>18,887,549</u>	<u>40,787,182</u>
<i>Net Assets at End of Year</i>	<u><u>\$21,499,227</u></u>	<u><u>\$18,803,969</u></u>	<u><u>\$40,303,196</u></u>

See accompanying notes to the basic financial statements

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City of Chillicothe, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011

	Enterprise Funds		
	Water	Sewer	Total
Cash Flows from (Used by) Operating Activities:			
Cash Received from Customers	\$4,304,945	\$3,073,723	\$7,378,668
Cash Received from Other Receipts	84,031	34,611	118,642
Cash Payments to Employees	(1,945,353)	(1,770,064)	(3,715,417)
Cash Payments for Contractual Services	(359,986)	(94,230)	(454,216)
Cash Payments for Supplies and Materials	(1,261,959)	(519,857)	(1,781,816)
Cash Payments for Other Expenses	(338,667)	(232,964)	(571,631)
<i>Net Cash Provided by Operating Activities</i>	<u>483,011</u>	<u>491,219</u>	<u>974,230</u>
Cash Flows from (Used by) Non-Capital Financing Activities:			
Transfers In from Other Funds	0	30,000	30,000
Transfers Out to Other Funds	(7,757)	(7,891)	(15,648)
<i>Net Cash Provided (Used) by Non-Capital Financing Activities</i>	<u>(7,757)</u>	<u>22,109</u>	<u>14,352</u>
Cash Flows from (Used by) Capital and Related Financing Activities:			
Proceeds Received from Bonds and Notes	2,441,000	800,000	3,241,000
Interest Paid on Bonds and Capital Leases	(184,429)	(55,810)	(240,239)
Principal Paid on Bonds and Capital Leases	(1,095,670)	(95,000)	(1,190,670)
Cash Paid to Acquire/Construct Capital Assets	(623,660)	(159,114)	(782,774)
<i>Net Cash Provided by Capital and Related Financing</i>	<u>537,241</u>	<u>490,076</u>	<u>1,027,317</u>
Cash Flows from (Used by) Investing Activities:			
Interest Received on Investments	2,846	0	2,846
<i>Net Cash Provided by Investing Activities</i>	<u>2,846</u>	<u>0</u>	<u>2,846</u>
<i>Net Increase In Cash and Cash Equivalents</i>	<u>1,015,341</u>	<u>1,003,404</u>	<u>2,018,745</u>
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>4,640,796</u>	<u>3,522,219</u>	<u>8,163,015</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$5,656,137</u>	<u>\$4,525,623</u>	<u>\$10,181,760</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011

	Enterprise Funds		
	Water	Sewer	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating Income (Loss)	(\$76,190)	(\$44,771)	(\$120,961)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation Expense	756,593	676,668	1,433,261
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(210,469)	(114,858)	(325,327)
(Increase) Decrease in Special Assessments Receivable	(244)	319	75
(Increase) Decrease in Material & Supply Inventory	(4,923)	1,824	(3,099)
(Increase) Decrease in Prepaid Items	11,232	(115)	11,117
Increase (Decrease) in Accounts Payable	44,544	(20,901)	23,643
Increase (Decrease) in Contracts Payable	(13,562)	(753)	(14,315)
Increase (Decrease) in Accrued Wages Payable	(699)	23,666	22,967
Increase (Decrease) in Compensated Absences Payable	(20,452)	(33,538)	(53,990)
Increase (Decrease) in Intergovernmental Payable	(2,819)	3,678	859
Net Cash Provided by Operating Activities	<u>\$483,011</u>	<u>\$491,219</u>	<u>\$974,230</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2011

	Agency Funds
	<hr/>
Assets:	
Current Assets:	
Equity in Pooled Cash & Cash Equivalents	\$30,367
Cash and Cash Equivalents in Segregated Accounts	<hr/> 171,314
<i>Total Assets</i>	<hr/> 201,681
 Liabilities:	
Current Liabilities:	
Intergovernmental Payable	59,189
Undistributed Monies	112,125
Deposits Held and Due to Others	<hr/> 30,367
<i>Total Liabilities</i>	<hr/> <hr/> \$201,681

See accompanying notes to the basic financial statements

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1 - DESCRIPTION OF THE CITY OF CHILLICOTHE

The City of Chillicothe (the City) was founded in 1796 and is a municipal corporation under the laws of the State of Ohio. The City operates under a Mayor-Council form of government. Legislative power is vested in a ten member council, each elected to two year terms. The Mayor, Auditor, Treasurer, and Law Director are elected to four-year terms.

The major services provided by the City include police and fire protection, civil and criminal justice system, street maintenance and repair, community environment, transportation, recreation, sanitation, and water and sewer services. The operation and control of these services is governed by the City Council through the budgetary process and by the Mayor through administrative and managerial requirements and procedures.

As required by generally accepted accounting principles, the basic financial statements present the City of Chillicothe (the primary government) and any component units.

In determining whether to include a governmental department, agency, commission, or organization as a component unit, the City must evaluate each entity as to whether they are legally separate and financially accountable based on criteria set forth by the Governmental Accounting Standards Board (GASB). Legal separateness is evaluated on the basis of (1) its corporate name, (2) the right to sue or be sued, and (3) the right to buy, sell, lease, and mortgage property. Financial accountability is based on (1) the appointment of the governing authority and (2) the ability to impose will or (3) the providing of specific financial benefit or imposition of a specific financial burden. Another factor to consider in this evaluation is whether an entity is fiscally dependent on the City.

In applying the above criteria, there are no component units to present outside the scope of the primary government (City).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities provided they do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB Statements and interpretations issued after November 30, 1989, to its business-type activities and enterprise funds. The most significant of the City's accounting policies are described below.

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated on the statement of net activities. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. 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 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.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General Fund - This fund accounts for all financial resources except those required to be 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.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Bus Transit Fund - This fund accounts for the operation of the City Bus Transit System. Principal sources of revenue are income tax revenue, charges for services, and grants.

Street Construction Maintenance & Repair Fund - This fund accounts for that portion of the state gasoline tax and motor vehicle registration fees designated for maintenance and repair of streets within the City.

Safety Levy Capital Fund – This fund accounts for a portion of the income tax collected for the purpose of acquiring capital items for safety program purposes as provided for in the income tax ordinance.

The other governmental funds of the City account for grants and other resources whose use is restricted to a particular purpose for special revenue, debt service, permanent, and capital projects funds.

Proprietary Funds

Proprietary fund reporting focuses on changes in net assets, financial position, and cash flows. The City's proprietary funds are classified as enterprise funds. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Water Fund - This fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City.

Sewer Fund - This fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for assets that are held pending determination of their disposition and the City's Municipal Court balances.

Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net assets.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

This approach differs from the manner in which the governmental activities of the government-wide 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.

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

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include municipal income taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from municipal income taxes is recognized in the period in which the income is earned (See Note 15).

Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 14). Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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 specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: municipal income taxes, state-levied locally shared taxes (including gasoline tax), grants, and interest.

Unearned/Deferred Revenue

Unearned/deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2011, but which were levied to finance year 2012 operations, have been recorded as unearned/deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgetary Accounting and Control

Under Ohio law, City Council must adopt an appropriations budget by January 1st of a given year, or adopt a temporary appropriation measure with final passage of a permanent budget by April 1st, for all funds except Agency Funds. Budgets are adopted for each organizational unit by fund, department, and object.

Each City department prepares a budget which is approved by City Council. All modifications made throughout the year to the original department budgets must be requested by the departmental management and approved through legal resolution by City Council, except in the travel transportation, materials and supplies, and contractual services and miscellaneous or other expenditure categories of each department. Several budget modifications and supplemental appropriations were made during the year and each final budget amount reported in the budget to actual comparisons includes all modifications and supplemental appropriations that were necessary.

The City maintains budgetary control by object and ordinance does not permit expenditures and encumbrances to exceed appropriations for each object. Unencumbered and unexpended appropriations

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

lapse at year-end in all budgeted funds.

Prior year encumbrances and corresponding prior year appropriations are carried forward as part of the budgetary authority for next year and are included in the original and final budget amounts shown in the budget-to-actual comparisons.

The City's budgetary process accounts for certain transactions on a budgetary basis instead of a GAAP basis. The major differences between the budget basis and the GAAP basis are that revenues are recorded when actually received (budget basis) as opposed to when susceptible to accrual (GAAP basis), and expenditures are recorded when paid (budget basis) as opposed to when incurred (GAAP basis).

Additionally, the City reflects outstanding encumbrances at year-end as expenditures on the budgetary basis.

Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, except the HUD fund, are maintained in this pool. Monies in the HUD fund are maintained in separate bank accounts. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents."

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and investments with an original maturity of three months or less at the time of purchase.

Investments are reported at fair value which is based on quoted market prices.

Following the local ordinance of the City as well as Ohio statutes, the City has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during 2011 amounted to \$50,006, which includes \$38,835 assigned from other City funds.

The City has segregated bank accounts for monies held separate from the City's treasury accounts. These interest-bearing depository accounts are presented on the statement of net assets and balance sheet as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City's treasury. The cash of the Municipal Court is included in this line item.

The City has bank accounts for monies held by a trustee which is used to make debt payments. These accounts are presented on the statement of net assets as "cash and cash equivalents with fiscal agents."

Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental funds and as an expense in the proprietary funds when used.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2011 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

Restricted Assets

Restricted assets in the enterprise funds represent cash and cash equivalents that are restricted in their use by legal or contractual requirements.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deletions during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five hundred dollars. The City's infrastructure consists of streets, traffic signals, floodwall, park lighting, water and sewer lines, valves, and meters.

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized. All reported capital assets are depreciated except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	5 years	5 years
Buildings, Structures and Improvements	20-50 years	20-50 years
Plant and Facilities	N/A	50 years
Furniture, Fixtures, Equipment, and Vehicles	5-15 years	5-15 years
Infrastructure	20-50 years	20-50 years

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

Compensated Absences

The City reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences."

Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year-end taking into consideration any limits specified in the City's termination policy.

The City records a liability for all accumulated unused vacation and compensatory time when earned for all employees. The City records a liability for accumulated unused sick leave for employees of the Police Department after eight years of accumulated service, and for all other employees of the City after five years of accumulated service, except for employees of the Fire Department where no requirement exists for years of accumulated service. The entire compensated absence liability is reported on the government-wide financial statements.

In governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignation or retirement. The noncurrent portion of the liability is not reported on the fund financial statements. In proprietary funds, the entire amount of compensated absences is reported as a fund liability on the fund financial statements.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, and matured compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term loans are recognized as a liability on the fund financial statements when due.

Fund Balance

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Restricted – amounts that can be spent only for restricted purposes because either (a) constraints imposed by law through constitutional provisions, charter requirements or enabling legislation; or (b) constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal ordinances or resolutions of City Council – the City’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action as when imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. The City Council and City Officials have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned – this is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the City considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

Net Assets

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

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Operating Revenues and Expenses

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 and sanitary sewer services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

Interfund Transactions

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Interfund services provided and used are not eliminated on the statement of activities.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the government-wide financial statements. On the government-wide statements, "internal balances" represent short-term interfund loans between governmental and business-type activities. Interfund services provided and used are not eliminated in the process of consolidation.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence.

Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2011.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While the City is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The statement of revenues, expenditures, and changes in fund balance - budget and actual (budget basis) is presented for the General Fund, Bus Transit Fund, and Street Construction Maintenance & Repair Fund on the budgetary basis to provide a meaningful comparison of actual results with the budget.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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The major differences between the budget basis and modified accrual GAAP basis are that:

1. Revenues and Other Financing Sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures and Other Financing Uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance.

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund, Bus Transit Fund, and Street Construction Maintenance & Repair Fund:

Net Change in Fund Balance/Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses			
	<u>General Fund</u>	<u>Bus Transit Fund</u>	<u>Street Construction Maintenance & Repair Fund</u>
GAAP Basis	\$493,799	\$23,429	\$87,056
Adjustments:			
Net Adjustment for Revenue Accruals	22,228	188,147	6,993
Net Adjustment for Expenditure Accruals	(2,184,566)	(1,254,832)	(1,006,569)
Encumbrances	47,454	11,294	84,486
Net Adjustment for Other Sources (Uses)	1,796,914	1,200,000	800,000
<i>Prospective Difference:</i>			
Activity of Funds Reclassified For GAAP Reporting Purposes	<u>(26,032)</u>	<u>0</u>	<u>0</u>
Budget Basis	<u>\$149,797</u>	<u>\$168,038</u>	<u>\$(28,034)</u>

As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a GAAP basis. This includes the Floodwall Fund, the Income Tax Fund, the Landfill Closure Fund, the Streetscape Fund, and the Unclaimed Monies Fund. These funds were excluded from the budgetary presentation for the General Fund.

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

Deficit Fund Balances

<u>Major Funds</u>	<u>Deficit</u>
Bus Transit	\$1,133,095
Street Construction Maintenance & Repair	585,475
Safety Levy Capital Fund	61,839

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<u>Nonmajor Funds</u>	<u>Deficit</u>
Police Pension	\$157,368
Fire Pension	193,130

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. The General Fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 5 - NEW GASB PRONOUNCEMENTS AND RESTATEMENT OF NET ASSETS/FUND BALANCE

During 2011, the City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," and GASB Statement No. 59, "Financial Instruments Omnibus."

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that compromise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the reclassification of certain funds and restatement of the City's financial statements.

GASB Statement No. 59 addresses significant practice issues that have arisen when accounting for financial instruments and external investment pools. The implementation of this statement did not result in any change in the City's financial statements.

During 2011, the City determined that a receivable accrual made in the Bus Transit Fund for the year ended December 31, 2010 was improper. This accrual caused the fund balance in the Bus Transit Fund to be overstated in the previous year.

Restatement of Prior Year's Fund Balance and Net Assets: During 2011, it was determined that the implementation of GASB Statement No. 54 had the following effect on the General Fund, Bus Transit Fund, All Other Governmental Funds, Private Purpose Trust Fund, and Net Asset balances as they were previously reported.

	<u>General Fund</u>	<u>Bus Transit Fund</u>	<u>All Other Governmental Funds</u>	<u>Private Purpose Trust</u>	<u>Governmental Activities</u>
Fund Balances/Net Assets, December 31, 2010	\$1,337,555	(\$963,678)	\$1,058,554	48,891	\$42,447,568
GASB 54 Change in Fund Structure	245,955	0	(197,064)	(48,891)	48,891
Restatement of Error in Receivable	0	(192,846)	0	0	(192,846)
Adjusted Fund Balance/Net Assets, December 31, 2011	<u>\$1,583,510</u>	<u>(\$1,156,524)</u>	<u>\$861,490</u>	<u>\$0</u>	<u>\$42,303,613</u>

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NOTE 6 - CASH, DEPOSITS, AND INVESTMENTS

Monies held in the City Treasury are pooled for the purpose of investment management. The City is authorized to invest in those instruments identified in sections 135.14, 135.45, and 133.03 of the Ohio Revised Code. Specifically, these authorized instruments consist of:

1. Bonds, notes, or other obligations guaranteed by the United States or those for which the full faith and credit of the United States is pledged;
2. Bonds, notes, debentures, or other obligations or securities insured by any federal government agency;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of Ohio, its political subdivisions, or other units or agencies of Ohio or its political subdivisions;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investment in securities are made only through eligible institutions; and
7. The State Treasurer's investment pool (Star Ohio).

The amount available for deposit and investment are as follows:

Cash and Cash Equivalents	
-Pooled	\$14,999,647
-Segregated	274,358
-Fiscal & Escrow Agents	1,283,936
Investment (Carrying Amount)	1,000
Reconciling items (net) to arrive at bank balances for deposits	<u>292,243</u>
Total available for deposit and investment	<u>\$16,851,184</u>

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

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Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At fiscal year end, the City had \$1,000 in undeposited cash on hand which is included on the financial statements as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at the Federal Reserve Bank in the name of the City.

At December 31, 2011, the carrying amount of all City deposits was \$15,274,005. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures," as of December 31, 2011, the City's bank balance of \$15,566,248 was either covered by the Federal Deposit Insurance or collateralized by the financial institution's public entity deposit pools in the manner described above.

Investments: As of December 31, 2011, the City had the following investments and maturities:

Investment Type	Fair Value	One Year or Less
U.S. Treasury Bond	\$1,000	\$1,000
Money Market Mutual Fund	1,283,936	1,283,936
Totals:	<u>\$1,284,936</u>	<u>\$1,284,936</u>

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the City's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City limits its investments to those authorized by state statute. Moody's has assigned the Fifth Third Money Market Mutual Fund an "AAA" rating.

Custodial Credit Risk: For investments, custodial credit risk is the risk that, in the event of the failure of the counter party, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. City policy and Ohio Revised Code provide that investment collateral is held by the counter party as trust department or agent, and may be held in the name of the City or not. All of the City's securities are either insured and registered in the name of the City or at least registered in the name of the City.

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NOTE 7 - RECEIVABLES

Receivables at December 31, 2011 consisted of property and other taxes, municipal income taxes, interest, accounts (billings for user charged services), special assessments, and intergovernmental grants. All receivables are considered fully collectible. A summary of the principal items of intergovernmental receivables follows:

Governmental Activities

General Fund:

Local Government Distributions	\$544,380
State Property Tax Reimbursements	58,990
Estate Taxes and Other Revenues	<u>49,864</u>
Total General Fund	653,234
Street Construction Maintenance & Repair Distributions	446,382
<i>Nonmajor Special Revenue Funds:</i>	
State Highway Distributions	36,194
Housing and Urban Development Grants	438,805
State Grants	182,235
Police & Fire Pension State Property Tax Reimbursements	<u>14,070</u>
Total Nonmajor Special Revenue Funds	<u>671,304</u>
Total Intergovernmental Receivables	<u><u>\$1,770,920</u></u>

NOTE 8 - CAPITAL ASSETS

The following table provides a summary of the changes in capital assets during 2011 for the governmental activities:

	Balance 1/1/2011	Additions	Deletions	Balance 12/31/2011
Governmental Activities:				
Nondepreciable Capital Assets				
Land	<u>\$6,864,490</u>	<u>\$0</u>	<u>\$0</u>	<u>\$6,864,490</u>
Total Nondepreciable Capital Assets	<u>6,864,490</u>	<u>0</u>	<u>0</u>	<u>6,864,490</u>
Depreciable Capital Assets				
Land Improvements	4,827,698	0	0	4,827,698
Buildings, Structures, & Improvements	18,855,786	47,766	(120,658)	18,782,894
Furniture, Fixtures, Equipment, & Vehicles	11,050,634	752,749	0	11,803,383
Infrastructure	<u>57,547,438</u>	<u>71,688</u>	<u>0</u>	<u>57,619,126</u>
Total Depreciable Capital Assets	<u>92,281,556</u>	<u>872,203</u>	<u>(120,658)</u>	<u>93,033,101</u>

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Less Accumulated Depreciation:				
Land Improvements	(4,824,344)	(3,354)	0	(4,827,698)
Buildings, Structures, & Improvements	(7,848,145)	(368,445)	0	(8,216,590)
Furniture, Fixtures, Equipment, & Vehicles	(8,616,829)	(1,032,753)	99,451	(9,550,131)
Infrastructure	<u>(34,060,244)</u>	<u>(1,854,021)</u>	<u>0</u>	<u>(35,914,265)</u>
Total Accumulated Depreciation	<u>(55,349,562)</u>	<u>(3,258,573)</u>	<u>99,451</u>	<u>(58,508,684)</u>
Total Capital Assets Being Depreciated, Net	<u>36,931,994</u>	<u>(2,386,370)</u>	<u>(21,207)</u>	<u>34,524,417</u>
Governmental Activities Capital Assets, Net	<u>\$43,796,484</u>	<u>\$(2,386,370)</u>	<u>\$(21,207)</u>	<u>\$41,388,907</u>

Within the governmental activities, depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$140,970
<i>Security of Persons and Property:</i>	
Police	225,010
Fire	456,201
Transportation	2,029,281
Community Environment	276,617
Leisure Time Activities	<u>130,494</u>
Governmental Activities Depreciation Expense	<u>\$3,258,573</u>

For the business-type activities of the City, which includes the water and sanitary sewer operations, the changes in capital assets were as follows:

	Balance 1/1/2011	Additions	Deletions	Balance 12/31/2011
Business-Type Activities:				
Nondepreciable Capital Assets				
Land	<u>\$1,889,017</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,889,017</u>
Total Nondepreciable Capital Assets	<u>1,889,017</u>	<u>0</u>	<u>0</u>	<u>1,889,017</u>
Depreciable Capital Assets				
Land Improvements	272,721	0	0	272,721
Buildings, Structures, & Improvements	3,863,400	0	(4,125)	3,859,275
Plant & Facilities	25,072,722	0	0	25,072,722
Furniture, Fixtures, Equipment, & Vehicles	2,980,834	130,918	(3,390)	3,108,362
Infrastructure	<u>29,352,671</u>	<u>651,856</u>	<u>(137,786)</u>	<u>29,866,741</u>
Total Depreciable Capital Assets	<u>61,542,348</u>	<u>782,774</u>	<u>(145,301)</u>	<u>62,179,821</u>
Less Accumulated Depreciation:				
Land Improvements	(272,721)	0	0	(272,721)
Buildings, Structures, & Improvements	(1,902,243)	(109,116)	1,650	(2,009,709)
Plant & Facilities	<u>(10,213,261)</u>	<u>(498,024)</u>	<u>0</u>	<u>(10,711,285)</u>

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Furniture, Fixtures, Equipment, & Vehicles	(2,403,132)	(233,035)	2,659	(2,633,508)
Infrastructure	(9,925,758)	(593,086)	36,030	(10,482,814)
Total Accumulated Depreciation	(24,717,115)	(1,433,261)	40,339	(26,110,037)
Total Capital Assets Being Depreciated, Net	36,825,233	(650,487)	(104,962)	36,069,784
Business-Type Activities Capital Assets, Net	\$38,714,250	\$(650,487)	\$(104,962)	\$37,958,801

NOTE 9 - NOTES PAYABLE

The City's note transactions for the year ended December 31, 2011, were as follows:

Purpose	Balance 1/1/2011	Additions	Deletions	Balance 12/31/2011
Governmental Activities:				
Bond Anticipation Notes Payable:				
Street Improvement, 1.78%	\$900,000	\$0	\$900,000	\$0
Street Improvement, 1.68%	0	800,000	0	800,000
Bus Garage Facility, 1.85%	1,400,000	0	1,400,000	0
Bus Garage Facility, 2.00%	0	1,200,000	0	1,200,000
Safety Vehicles, 1.75%	0	1,100,000	0	1,100,000
Municipal Court Building, 1.75%	2,100,000	0	2,100,000	0
Municipal Court Building, 1.25%	0	2,000,000	0	2,000,000
Governmental Activities Notes Payable	\$4,400,000	\$5,100,000	\$4,400,000	\$5,100,000

Purpose	Balance 1/1/2011	Additions	Deletions	Balance 12/31/2011
Business-Type Activities:				
Bond Anticipation Notes Payable:				
ARMC Water, 1.90%	\$0	\$2,441,000	\$0	\$2,441,000
Neenah Gardens Sewer, 1.449%	0	800,000	0	800,000
Business-Type Activities Notes Payable	\$0	\$3,241,000	\$0	\$3,241,000

According to State statute, notes can be issued in anticipation of bond proceeds, special assessment bond proceeds and levies, or for up to 50% of anticipated revenue collections. All of the City's notes are backed by the full faith and credit of the City and mature within one year.

In March of 2011, the City issued \$2,441,000 in notes for improvements to the water system near the Adena Regional Medical Center (ARMC); in June, the City paid \$100,000 of the \$900,000 in notes outstanding for street improvements and reissued \$800,000 in notes; in August, the City paid \$200,000 of the \$1,400,000 in outstanding notes for the new Bus Garage Facility and reissued \$1,200,000 in notes; in

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September, the City issued \$800,000 in notes for improvements to the sewer system in the Neenah Gardens subdivision; in November, the City issued \$1,100,000 in notes to purchase new vehicles for the police and fire departments; and in December, the City paid \$100,000 of the \$2,100,000 in notes outstanding for the new Municipal Court building and reissued \$2,000,000 in notes. Therefore, the City had \$8,341,000 in bond anticipation notes outstanding at December 31, 2011.

NOTE 10 - LONG-TERM OBLIGATIONS

The City's long-term obligations activity for the year ended December 31, 2011 was as follows:

Governmental Activities General Obligation Bonds and Other Long-Term Obligations

Purpose	Balance 1/1/2011	Additions	Deletions	Balance 12/31/2011	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds Payable:					
Various Purpose G.O. Bonds, \$2,125,000, 3.31%, 2003 - 2012	\$265,000	\$ 0	(\$190,000)	\$75,000	\$75,000
Issuance Premium on Bonds	2,081	0	(2,081)	0	0
Police & Fire Pension Bonds, \$575,000, 3.75% - 5.625%, 1999-2024	395,000	0	(20,000)	375,000	20,000
OPWC Term Loan Payable \$126,126, 0.00%, 2005 - 2014	50,450	0	(12,612)	37,838	12,613
Other Long-Term Obligations:					
Compensated Absences	2,354,027	811,823	(1,182,103)	1,983,747	835,845
Capital Leases	107,864	209,155	(46,340)	270,679	66,601
Landfill Post-Closure Care	511,381	0	(48,325)	463,056	49,952
Governmental Activities Long-Term Obligations	<u>\$3,685,803</u>	<u>\$1,020,978</u>	<u>(\$1,501,461)</u>	<u>\$3,205,320</u>	<u>\$1,060,011</u>

In 2003, the City issued \$2,125,000 of general obligation bonds for governmental activities. The \$16,642 premium on this issue is being amortized over the life of this debt.

General obligation bonds issued for governmental activities of the City are retired through the Bond Retirement Debt Service Fund using monies transferred from the General, Safety Levy Capital, and Police and Fire Pension Funds. General obligation bonds are secured by the City's ability to levy a voted or unvoted property tax levy within the limitations of Ohio law. These bonds are also backed by the full faith and credit of the City as additional security.

In 2005, the City of Chillicothe borrowed \$126,126 in Issue II funds for street improvements. The OPWC loan will be paid from the Street Construction Maintenance & Repair Fund. Compensated absences will be paid from the fund from which the employees' salaries are paid, which include the General, Street Construction Maintenance & Repair, Parks and Recreation, Parking, and Bus Transit funds. Capital lease

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obligations will be paid from the fund that maintains custody of the related asset. The landfill post-closure care liability will be paid from the General Fund. For a description of the bond anticipation notes see Note 9.

Business-Type Activities Bonds and Other Long-Term Obligations

Purpose	Balance 1/1/2011	Additions	Deletions	Balance 12/31/2011	Amounts Due Within One Year
Business-Type Activities:					
Revenue Bonds Payable:					
Municipal Water System Refunding \$11,350,000, 5.22%, 2003 - 2014	\$4,615,000	\$ 0	(\$1,095,000)	\$3,520,000	\$1,130,000
Issuance Premium on Bonds	77,642	0	(25,881)	51,761	0
General Obligation Bonds Payable:					
Municipal Sewer Bond \$2,095,000, 3.31%, 2003 - 2023	1,510,000	0	(95,000)	1,415,000	95,000
Other Long-Term Obligations:					
Compensated Absences	813,013	253,188	(307,178)	759,023	316,404
Capital Leases	670	0	(670)	0	0
Business-Type Activities Long-Term Obligations	<u>\$7,016,325</u>	<u>\$253,188</u>	<u>(\$1,523,729)</u>	<u>\$5,745,784</u>	<u>\$1,541,404</u>

In 2003, the City issued \$11,350,000 of revenue refunding bonds for business-type activities. The \$258,809 premium on this issue is being amortized over the life of this debt.

Revenue and general obligation bonds issued for business-type activities are retired through the respective enterprise funds. The City has pledged gross revenues to be derived from the City's water system, after provision of reasonable expenses of operation and maintenance of the system, and certain funds held by the City's trustee. Total principal and interest remaining on these bonds is \$3,832,751, payable through December 1, 2014. For the current year, total principal and interest paid was \$1,279,418 and pledged revenues, net of operation expenses, was \$599,494. General obligation bonds also require the City to generate revenues from the enterprise operations that are sufficient to meet debt service requirements.

Enterprise fund assets, whose use is restricted under bond indentures, are presented as restricted assets on the statement of net assets. Restricted assets relating to the revenue bonds at December 31, 2011 are as follows:

Business-Type Activities

Restricted Assets Held by the City For:	
Sewer Replacement and Improvement	\$618,467
Restricted Assets Held by the City For:	
Water Replacement and Improvement	1,200,000
Restricted Assets Held by the Trustee for:	
Water Bond Debt Service	<u>1,283,936</u>
Business-Type Activities Restricted Assets	<u><u>\$3,102,403</u></u>

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Compensated absences for business-type activities will be paid from the Water and Sewer funds. Capital lease obligations for business-type activities will be paid from the fund that maintains custody of the related asset.

Debt service requirements are as follows:

Various Purpose General Obligation Bonds			Police & Fire Pension Bonds	
For year ended December 31	Principal	Interest	Principal	Interest
2012	\$75,000	\$2,325	\$20,000	\$20,944
2013	0	0	20,000	19,903
2014	0	0	25,000	18,844
2015	0	0	25,000	17,437
2016	0	0	25,000	16,031
2017 – 2021	0	0	150,000	57,402
2022 – 2026	0	0	110,000	12,656
	<u>\$75,000</u>	<u>\$2,325</u>	<u>\$375,000</u>	<u>\$163,217</u>
Water Revenue Bonds			Sewer G.O. Bonds	
For year ended December 31	Principal	Interest	Principal	Interest
2012	\$1,130,000	\$147,188	\$95,000	\$52,960
2013	1,175,000	104,813	100,000	50,015
2014	1,215,000	60,750	100,000	46,765
2015	0	0	105,000	43,415
2016	0	0	110,000	39,792
2017 – 2021	0	0	620,000	134,885
2022 – 2026	0	0	285,000	17,920
	<u>\$3,520,000</u>	<u>\$312,751</u>	<u>\$1,415,000</u>	<u>\$385,752</u>
For Year Ended Dec 31	OPWC Loan Payable Principal Only			
2012	\$12,613			
2013	12,612			
2014	12,613			
	<u>\$37,838</u>			

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NOTE 11 - CAPITAL LEASES

The City has entered into various agreements to lease equipment. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Lease payments are made in accordance with the amortization schedule. At the end of the lease the City has the option of purchasing the asset or trade-in the asset for credit on another purchase. New capital leases are reflected in the statement of revenues, expenditures, and changes in fund balance for governmental funds as a functional expenditure and "inception of capital lease." Capital lease payments are reflected as debt service expenditures in the General, Bus Transit, Street Construction Maintenance & Repair, and Parks and Recreation funds. These capital leased assets, consisting of equipment, have been capitalized in the amount of \$395,315 in the governmental funds, which represents the present value of the minimum lease payments at the time of acquisition. Principal payments in 2011 were \$41,469 in the governmental funds. The City also received credit on the trade-in of leased assets in the amount of \$4,871.

The City's future minimum lease payments and present value of net minimum lease payments required under these capital lease obligations as of December 31, 2011 are as follows:

Year Ended December 31,	Capital Lease Payments Governmental Activities
2012	\$81,988
2013	73,213
2014	62,286
2015	51,070
2016	40,222
Total Future Minimum Lease Payments	308,779
Less: Amount Representing Interest	(38,100)
Present Value of Net Minimum Lease Payments	<u>\$270,679</u>

NOTE 12 - PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description: The City of Chillicothe contributes to the Ohio Public Employees Retirement System of Ohio (OPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State. OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan is a defined contribution Plan; and the Combined Plan is 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,

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to qualifying members 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.

The Member-Directed 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 Member-Directed Plan, members accumulate retirement assets equal to the value of member and vested employer contributions, plus any investment earnings.

Under the Combined Plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments, to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Benefits are established and amended by state statute and are contained in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone, publicly available annual financial report that includes financial statements and required supplementary information. This report may be obtained by visiting <http://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-PERS (7377).

Funding Policy: The Ohio Revised Code provides statutory authority for member and employer contribution rates. For 2011, member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety divisions exist only within the Traditional Pension Plan. Plan members, other than those engaged in law enforcement, are required to contribute 10.0% of their annual covered salary. Public safety and law enforcement members contributed 11.0% and 11.6%, respectively.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. The employer contribution rate for pension benefits for 2011 was 14.0% of covered payroll, except for those plan members in law enforcement or public safety. For those classifications, the employer's pension contribution was 18.1% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for State and local employer units and 18.1% of covered payroll for law enforcement and public safety employer units. The City's required contributions to OPERS for the years ending December 31, 2011, 2010, and 2009 were \$1,017,529, \$1,065,694, and \$1,082,423, respectively; 89.17% has been contributed for 2011, 100% for years 2010 and 2009. Of the 2011 amount, \$110,184 was unpaid at December 31, 2011 and is recorded as a fund liability in the basic financial statements.

Post-Employment Benefits: The OPERS also provides post-employment health care benefits to age and service retirees under the Traditional Pension and Combined Plans who have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45.

A portion of each employer's contribution to OPERS is set aside for the funding of post-employment health care benefits. The Ohio Revised Code provides statutory authority for employer contributions. The OPERS law enforcement program was separated into two divisions, law enforcement and public safety,

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

with separate employee contribution rates and benefits. The Ohio Revised Code 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 Ohio Revised Code. Active members do not make contributions to the OPEB plan.

In 2011, the portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% and the portion of employer contributions allocated to health care for members in the Combined Plan was 6.05%.

OPERS' Post Employment Healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The OPERS Board of Trustees 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.

Of the employer contributions made by the City for the year 2011, \$290,731 was the amount used to fund post-employment health care. The actual contribution and the actuarially required contribution amounts are the same.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through their contributions to OPERS.

On September 9, 2004 the OPERS Retirement Board adopted a Healthcare Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' healthcare coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008. Rates for law enforcement and public safety employees increased over a six year period beginning January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the healthcare plan.

Ohio Police and Fire Pension Fund

Plan Description: The City of Chillicothe contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. 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.

Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The OP&F issues a publicly available financial report that includes financial information and required supplementary information. This report may be obtained by writing to Ohio Police & Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43125-5164 or by calling (614) 228-2975.

Funding Policy: Plan members are required to contribute 10.0% of their annual covered salary to fund pension benefits, while the City is required to contribute 19.5% and 24.0%, respectively, for police officers and firefighters. Contributions are authorized by state statute. The City's contributions to OP&F for the years ending December 31, 2011, 2010 and 2009 were \$1,196,485, \$1,161,462, and \$1,167,098, respectively; 70.12% has been contributed for 2011 and 100% for years 2010 and 2009. Of the 2011

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

amount \$357,508 was unpaid at December 31, 2011 and is recorded as a fund liability in the basic financial statements.

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 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.

Post-Employment Benefits: The OP&F System of Ohio provides access to post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check, or who is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Active members do not make contributions to the OPEB Plan. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F shall be included in the employer's contribution rate, which is 19.5% of covered payroll for police officers and 24.0% of covered payroll for firefighters. Of these employer contribution rates for the City, 6.75% was applied to the post-employment health care program. Of the employer contributions made by the City for the year 2011, \$357,813 was the amount used to fund post-employment health care.

The Ohio Revised Code provides the statutory authority allowing the OP&F Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree healthcare expenses. The Board defined allocation was 6.75% of covered payroll in 2010 and 6.75% in 2011. 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 the Internal Revenue Code Section 115 and the Internal Revenue Code Section 401(h). In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

Beginning in 2001, all retirees and survivors have monthly health care contributions.

NOTE 13 - COMPENSATED ABSENCES

Upon retirement, employees of the Police Department with at least eight years of credited service are paid 75% of their accrued sick leave if hired prior to January 1, 1988. Those hired after January 1, 1988 will be paid 50% of their accrued sick leave. Vacation time is vested for these employees after one year of credited service. Unused vacation may be accumulated and carried over without limit. Compensatory time may also be accumulated by employees but must be used within specified limits.

No provision exists for these employees to be compensated for overtime worked in lieu of compensatory time off. All sick leave, vacation, and compensatory time off is compensated at the employee's current

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

rate of pay at the time of retirement or termination. Employees of the Fire Department have no requirement for years of credited service in order to be compensated for accrued sick leave and are paid 75% of their sick leave if earned prior to April 1, 1987, and 60% of sick leave earned after April 1, 1987. Vacation time is vested for these employees after six months of credited service. Compensatory time may also be accumulated for overtime worked in lieu of compensatory time off. Employees may elect to be compensated for overtime worked in lieu of compensatory time off.

All other full-time employees of the City with at least five years of credited service upon retirement are paid 75% of their accrued sick leave if earned prior to September 1, 1987, and 60% of accrued sick leave after September 1, 1987. Vacation time is vested for these employees after six months of credited service. Unused vacation may be accumulated and carried over up to three years accrual. Compensatory time may also be accumulated up to specified limits.

Employees may elect to be compensated for overtime worked in lieu of compensatory time off. All sick leave, vacation, and compensatory time are compensated at the employee's current rate of pay at the time of retirement or termination.

NOTE 14 - PROPERTY TAXES

Property taxes include amounts levied against real, public utility, and tangible personal (business) property. The assessed value by property classification upon which the 2011 tax levy was based follows:

Property Tax Classification	Assessed Value
Real Property	\$390,798,540
Public Utility Property	18,993,540
Total	<u>\$409,792,080</u>

Ohio law prohibits taxation of property from all taxing authorities in excess of 10 mills of assessed value without a vote of the people. Presently, the City levies differing millages of 2.60 mills and 1.60 mills of the first 10 mills of assessed value for the General Fund, which is dependent upon the various taxing districts within the City. In addition to the 2.60 mills and 1.60 mills, the City has levied .30 and .30 mills of non-voted millage for the Police Pension and Fire Pension levies respectively.

In 2011, real property taxes were levied on January 1, 2011, on assessed values as of January 1, 2010, the lien date. Real estate taxes were due and payable on February 11 and July 8, 2011.

The County Treasurer collects property taxes on behalf of all taxing districts within the City. The County Auditor periodically remits to the taxing districts their portions of the taxes collected. Accrued property taxes receivable represent current taxes which were levied, measurable, and unpaid, as well as delinquent taxes outstanding as of December 31, 2011.

Although total property tax collections for the next ensuing fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are intended to finance the subsequent year's operations. Therefore, the total property taxes receivable at year-end are credited to unearned/deferred revenue on the financial statements.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 15 - MUNICIPAL INCOME TAXES

The City levies an income tax of 1.6% on substantially all income earned within the City. In addition, residents of the City are required to pay City income tax on income they earn outside the City. However, a credit is allowed for income taxes paid to other municipalities. The income tax consists of a 1.0% general tax imposed without authority of an election; a 0.1% tax approved by voters in 1981 for the Bus Transit Fund; a 0.4% tax approved by voters in 1984 for the police and fire departments, with 0.1% being reserved for capital outlay; and a 0.1% tax approved by voters in 1993 for the Parks & Recreation Fund, with 0.025% being reserved for capital outlay.

Employers within the City are required to withhold income tax on employees' compensation and remit this tax to the City at least quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration of tax liability annually.

In 2011, these municipal income taxes generated a combined total of \$10,877,683 in local tax revenue.

NOTE 16 - INTERFUND ACTIVITY

As of December 31, 2011, receivables and payables that resulted from various interfund transactions were as follows:

	Interfund Receivables	Interfund Payables
Governmental Activities		
General Fund	\$58,126	\$0
Bus Transit Fund	0	19,375
Safety Levy Capital	0	19,376
<i>Nonmajor Capital Projects Funds:</i>		
Parks and Recreation Capital	0	19,375
Total Nonmajor Capital Projects Fund	0	19,375
<i>Total</i>	<u>\$58,126</u>	<u>\$58,126</u>

All balances are scheduled to be collected in the subsequent year. All balances resulted from the time lag between the dates that (1) interfund goods and services are provided, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

A summary of interfund transfers for 2011 are as follows:

Transfers In							
Transfers Out	General	Street Construction Maintenance & Repair Fund	Nonmajor Special Revenue	Nonmajor Capital Projects	Bond Retirement	Sewer	Total
General	\$150,231	\$382,500	\$962,800	\$0	\$74,425	\$30,000	\$1,599,956
Bus Transit	18,228	0	0	0	0	0	18,228
Nonmajor Special Revenue Funds	420,140	0	0	0	0	0	420,140
Safety Levy Capital	338,055	0	0	0	123,600	0	461,655
Nonmajor Capital Projects Funds	18,055	0	0	0	0	0	18,055
Water	7,757	0	0	0	0	0	7,757
Sewer	7,891	0	0	0	0	0	7,891
	<u>\$960,357</u>	<u>\$382,500</u>	<u>\$962,800</u>	<u>\$0</u>	<u>\$198,025</u>	<u>\$30,000</u>	<u>\$2,533,682</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

In 2011, the City made transfers of \$962,800 from the General Fund to various Nonmajor Special Revenue Funds to subsidize the programs of those funds.

NOTE 17 - ROSS COUNTY AND CHILLICOTHE LAW ENFORCEMENT COMPLEX

The Ross County and Chillicothe Law Enforcement Complex is a shared asset between Ross County and the City which is located in downtown Chillicothe and houses the Chillicothe Police Department, Ross County Sheriff's Department, and Ross County Jail.

An agreement developed by and between Ross County and the City governs the shared costs of constructing the facility as well as the continuing costs of maintaining the facility.

In the agreement with Ross County, the City has agreed to lease space in the Law Complex from the County for fifty years. All lease payments made by the City were paid at the beginning of the lease term and were considered the City's share of the costs incurred during construction of the Law Complex. The agreement further states that Ross County and the City will share in the costs of repairs, maintenance, and replacement incurred relative to the operation of the Law Complex. Those costs are explained as follows:

- The cost of any repairs or maintenance to the roof section which covers the Law Complex section of the facility shall be shared equally by both entities.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

- The City shall pay a pro rata share of 18.47 percent of the costs associated with repairing, maintaining, and replacing the public elevators, freight lift, heating, air conditioning, electrical systems, and plumbing within the Law Complex section of the facility. The City's pro rata share of 18.47 percent is derived by taking a percentage of the square footage occupied by the City to the total square footage of the Law Complex.
- Any costs of repairs, maintenance, or replacement to sidewalks, public areas, and parking lots contiguous to the Law Complex, including snow removal, shall be shared equally by both entities.
- The City shall pay 100 percent of the costs of repairing, maintaining, and replacing interior decorations within the City offices and 50 percent of the costs relative to interior decorations in the common offices of the Law Complex.
- The City shall pay 50 percent of the costs of repairing, maintaining, and replacing telephone equipment in the common offices of the Law Complex.
- The City shall pay 18.47 percent of gas, electric, water, sewer, and solid waste disposal utilities and 50 percent of janitorial services.
- The City has no percentage interest in the jail area of the facility; rather, the City is billed on a per diem basis by Ross County for the housing of its prisoners.

Ross County originally paid all of the costs of constructing the Law Complex, including the costs of purchasing the land on which the facility is located, which totaled \$11,995,690. Ross County billed the City for its share of these costs, after deducting certain costs related only to the jail area, based on a percentage of square footage to be occupied by the City in proportion to the total square footage of the facility.

As a result of the construction costs of the Law Complex being shared by the City and Ross County, the facility will be treated as a shared asset with both entities reflecting a proportionate share of the facility in their capital assets. Since the original construction of the Law Complex, various improvements have been made. Therefore, the City has recorded \$2,004,214 as a capital asset, which reflects the City's share of the asset.

NOTE 18 - LANDFILL CLOSURE AND POST CLOSURE CARE

In 1988, state and federal laws and regulations required the City to stop accepting waste at the Chillicothe Landfill and place a final cover on the landfill site as well as perform certain maintenance and monitoring functions at the site for thirty years after closure. Final closure of the landfill occurred in 1990.

In 2011, the City incurred \$52,380 in post closure care costs and decreased its postclosure care liability by \$48,325, which is a change in estimate. To this date, the City has incurred approximately \$2,249,128 in closure and postclosure care costs. These costs have been incurred by the Landfill Closure Fund.

The City has accrued a liability for landfill post-closure care costs of \$463,056. The liability is based on an average of cumulative postclosure care costs to this date projected over the next twelve years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Financial

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

assurance to fund this liability is provided through the General Fund where transfers will be made over the next twelve years.

NOTE 19 – FUND CASH BALANCES

As of December 31, 2011 fund balances are composed of the following:

	General Fund	Bus Transit Fund	Street Construction Maintenance & Repair Fund	Safety Levy Capital Fund	All Other Governmental Funds	Total Governmental Funds
<i>Nonspendable:</i>						
Prepaid Items	\$132,765	\$11,982	\$42	\$4,105	\$1,878	\$150,772
Materials/Supplies	62,909	11,776	14,144	0	0	88,829
Unclaimed Monies	56,577	0	0	0	0	56,577
Carlisle Hill Trust	0	0	0	0	1,000	1,000
<i>Restricted:</i>						
State Highway	0	0	0	0	113,217	113,217
Parks & Recreation	0	0	0	0	192,621	192,621
HUD	0	0	0	0	356,084	356,084
State Grants	0	0	0	0	223,257	223,257
Law Enforcement	0	0	0	0	58,138	58,138
Indigent Drivers	0	0	0	0	256,572	256,572
OMVI	0	0	0	0	4,253	4,253
Mandatory Drug Fines	0	0	0	0	32,169	32,169
Parking	0	0	0	0	72,545	72,545
Bond Retirement Capital	0	0	0	0	16,646	16,646
Improvement	0	0	0	0	32,000	32,000
Parks & Rec Capital	0	0	0	0	299,167	299,167
Carlisle Hill Trust	0	0	0	0	2,235	2,235
<i>Committed:</i>						
Floodwall	80,387	0	0	0	0	80,387
Income Tax Refunds	72,848	0	0	0	0	72,848
Streetscape	6,432	0	0	0	0	6,432
<i>Assigned:</i>						
Encumbrances	46,264	0	0	0	0	46,264
Cablevision	0	0	0	0	5,765	5,765
<i>Unassigned</i>	<u>1,619,127</u>	<u>(1,156,853)</u>	<u>(599,661)</u>	<u>(65,944)</u>	<u>(350,498)</u>	<u>(553,829)</u>
Total Balances	<u><u>\$2,077,309</u></u>	<u><u>(\$1,133,095)</u></u>	<u><u>(\$585,475)</u></u>	<u><u>(\$61,839)</u></u>	<u><u>\$1,317,049</u></u>	<u><u>\$1,613,949</u></u>

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 20 – ENCUMBRANCE COMMITMENTS

As of December 31, 2011, the City had encumbrance commitments in the Governmental Funds as follows:

<u>Major Funds</u>	
General	\$47,454
Bus Transit	11,294
Street Construction Maintenance and Repair	<u>84,486</u>
<u>Nonmajor Funds</u>	
HUD	152,709
Law Enforcement	555
Mandatory Drug Fines	14,000
Safety Levy Capital	<u>910,349</u>
Total Nonmajor Funds	<u>1,077,613</u>
Total Encumbrances	<u>\$1,220,847</u>

NOTE 21 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft, destruction of assets, errors and omissions, employee injuries, and natural disasters. The City has addressed these various types of risk by purchasing insurance through commercial carriers. The City belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles.

General liability insurance is maintained in the amount of \$2,000,000 for each occurrence. Other liability insurance includes \$2,000,000 for law enforcement professional liability, \$2,000,000 for public official errors and omissions liability, \$2,000,000 for automobile liability, and \$100,000 for uninsured motorists' liability.

In addition, the City maintains replacement cost insurance on buildings and contents in the amount of \$59,928,900. Other property insurance includes \$111,400 unscheduled and \$1,562,465 scheduled for other equipment. Comprehensive boiler and machinery coverage is carried in the amount of \$59,928,900. Insurance deductibles on any of the above coverages do not exceed \$50,000.

The City participates in the Workers' Compensation Program provided by the State of Ohio. Beginning in 2011, the City belonged to a pool with other Ohio cities for a workers' compensation group rating program.

The City has also established a limited risk health and dental program for employees. Claims are paid directly to Medical Mutual, who services all claims submitted. Claims are paid through each of the General, Street Construction Maintenance and Repair, State Highway, Park and Recreation, Parking, Bus Transit, Water, and Sewer Funds. Additionally, each fund is responsible for paying its respective portion of administrative costs.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

With the exception of workers' compensation, all insurance is held with commercial carriers. The City pays all elected officials' bonds by statute.

The City has had no significant reductions in any of its insurance coverages from that maintained in prior years. Additionally, there have been no insurance settlements that have exceeded insurance coverage in any of the past three years.

NOTE 22 - CONTINGENCIES

The City participates in several federal and state assisted grants and programs that are subject to financial and compliance audits by grantor agencies or their representatives. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The City believes that disallowed claims, if any, will not have a material adverse effect on the City's financial position.

Additionally, there are currently no material claims or lawsuits pending against the City with either the Law Director or other outside attorneys.

NOTE 23 - SUBSEQUENT EVENTS

On March 9, 2012, the City reissued \$2,441,000 in general obligation bond anticipation notes for the purpose of constructing a new water tower and making various water line upgrades in the area of the Adena Regional Medical Center. The interest rate on the new notes is 1.25%.

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**CITY OF CHILLICOTHE, OHIO
GOVERNMENTAL FUNDS**

NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The following are descriptions of the City's nonmajor special revenue funds:

State Highway Fund

To account for that portion of the state gasoline tax and motor vehicle registration fees designated for maintenance and repair of state highways located within the boundaries of the City.

Parks and Recreation Fund

To account for proceeds of an income tax levy and charges for services to be used for park and recreation purposes. The park operation is governed by a park board of trustees organized pursuant to Section 755.14 (A) of the Revised Code.

HUD Fund

To account for grant revenue received from the Federal Government, Department of Housing and Urban Development (HUD). The primary purpose of the grants is to provide funding for rental rehabilitation programs and downtown development revolving loan programs.

Grants Fund

To account for grant revenues that are used to fund community policing programs and provide assistance for victims of crime.

Cablevision Fund

To account for monies received for the purpose of maintenance and repair of the cable system as provided for in the cable franchise agreement.

Law Enforcement Fund

To account for the distribution of proceeds from the sale of forfeited property or contraband to be allocated by City Council only to the police department of the City.

Indigent Drivers Alcohol Treatment Fund

To account for 50% part of fines (under 4511.191(M) of the Revised Code) that are collected by Municipal Court from DUI offenders.

OMVI Enforcement & Education Fund

To account for those costs incurred by the Police Department in enforcing Section 4511.19 of the Revised Code or a substantially similar municipal ordinance and in educating the public of laws governing operation of a motor vehicle while under the influence of alcohol, the dangers of operation of a motor vehicle while under the influence of alcohol, and other information relating to the operation of a motor vehicle and the consumption of alcoholic beverages.

Mandatory Drug Fines Fund

To account for monies received from fines imposed for felony drug trafficking offenses which shall be paid to law enforcement agencies in the state that were primarily responsible for or involved in making the arrest of and in prosecuting the offender.

**CITY OF CHILLICOTHE, OHIO
GOVERNMENTAL FUNDS**

NONMAJOR SPECIAL REVENUE FUNDS

Parking Fund

To account for the operation of parking meters and the parking facility. The costs of these services are financed through meter fees, parking fines, and transfers from the General Fund.

Police Pension Fund

To account for property tax revenue and transfers from the General Fund used to pay the City's accrued liability for police benefits and the employer's quarterly retirement contribution.

Fire Pension Fund

To account for property tax revenue and transfers from the General Fund used to pay the City's accrued liability for fire benefits and the employer's quarterly retirement contribution.

**CITY OF CHILLICOTHE, OHIO
GOVERNMENTAL FUNDS**

NONMAJOR BOND RETIREMENT FUND

The bond retirement fund is used to account for the accumulation of resources for, and the payment of principal and interest on, general obligation bonds. Since this is the only debt service fund, no combining statements are presented for the debt service fund.

NONMAJOR CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary and trust funds. The following are descriptions of the City's nonmajor capital projects funds:

Capital Improvement Fund

To account for funds received for the purpose of making capital improvements and for purchases of capital equipment.

Parks and Recreation Capital Fund

To account for a portion of the income tax collected for the purpose of acquiring capital items for the parks and recreation capital program as provided for in the income tax ordinance.

**CITY OF CHILLICOTHE, OHIO
GOVERNMENTAL FUNDS**

NONMAJOR PERMANENT FUND

The permanent fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs. The following is a description of the City's nonmajor permanent fund:

Carlisle Hill Fund

To account for the interest proceeds relating to a bequest to the City for the purpose of maintaining the entryway to Carlisle Hill. Since this is the only permanent fund, no combining statements are presented for the permanent fund.

FUNDS REPORTED SEPARATELY FOR BUDGETARY PURPOSES

The following funds have been combined with the General Fund for reporting in accordance with accounting principles generally accepted in the United States of America. However, their budgets are reported separately in this section for accountability purposes.

Floodwall Fund

To account for income tax proceeds transferred from the General Fund for the maintenance of a floodwall. The transfers are made per ordinance requirements. One quarter of one percent (0.025%) is to be transferred into the fund until the fund reaches a balance of sixty thousand dollars transferred per year.

Income Tax Fund

To account for the excess income tax received after ceilings have been reached for the General Fund, Floodwall Fund, and Bus Transit Fund have been reached. All income tax refunds are disbursed from this fund.

Landfill Closure

To account for postclosure care costs to monitor the landfill site. The funding for these costs is being provided by transfers from the General Fund.

Streetscape

To account for streetscape maintenance expenses, which are covered by transfers from the General Fund.

Unclaimed Monies

To account for assets held for owners of unclaimed intangible property. Unclaimed property is property for which the owner has not taken some action to indicate ownership interest over a certain period of time specified under Chapter 169, Ohio Revised Code.

City of Chillicothe, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$985,953	\$16,646	\$323,153	\$2,235	\$1,327,987
Cash and Cash Equivalents in Segregated Accounts	1,211	0	0	0	1,211
Investments in City Treasury	0	0	0	1,000	1,000
Accounts Receivable	379	0	0	0	379
Intergovernmental Receivable	671,304	0	0	0	671,304
Income Taxes Receivable	51,932	0	28,210	0	80,142
Property Taxes Receivable	221,228	0	0	0	221,228
Prepaid Items	1,878	0	0	0	1,878
<i>Total Assets</i>	<u>\$1,933,885</u>	<u>\$16,646</u>	<u>\$351,363</u>	<u>\$3,235</u>	<u>\$2,305,129</u>
Liabilities:					
Accounts Payable	\$4,410	\$0	\$821	\$0	\$5,231
Accrued Wages and Benefits	10,922	0	0	0	10,922
Intergovernmental Payable	373,169	0	0	0	373,169
Interfund Payable	0	0	19,375	0	19,375
Deferred Revenue	579,383	0	0	0	579,383
<i>Total Liabilities</i>	<u>967,884</u>	<u>0</u>	<u>20,196</u>	<u>0</u>	<u>988,080</u>
Fund Balances:					
Nonspendable	1,878	0	0	1,000	2,878
Restricted	1,308,856	16,646	331,167	2,235	1,658,904
Assigned	5,765	0	0	0	5,765
Unassigned	(350,498)	0	0	0	(350,498)
<i>Total Fund Balances</i>	<u>966,001</u>	<u>16,646</u>	<u>331,167</u>	<u>3,235</u>	<u>1,317,049</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,933,885</u>	<u>\$16,646</u>	<u>\$351,363</u>	<u>\$3,235</u>	<u>\$2,305,129</u>

City of Chillicothe, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Property Taxes	\$219,324	\$0	\$0	\$0	\$219,324
Income Taxes	509,905	0	169,952	0	679,857
Charges for Services	41,923	0	0	0	41,923
Fines, Licenses, and Permits	72,287	0	0	0	72,287
Intergovernmental	2,096,177	0	0	0	2,096,177
Interest	1	0	0	28	29
Other	34,021	0	4,780	0	38,801
<i>Total Revenues</i>	<u>2,973,638</u>	<u>0</u>	<u>174,732</u>	<u>28</u>	<u>3,148,398</u>
Expenditures:					
<i>Current:</i>					
<i>Security of Persons and Property:</i>					
Police	623,676	0	0	0	623,676
Fire	669,592	0	0	0	669,592
Transportation	90,658	0	0	0	90,658
Leisure Time Services	645,848	0	0	0	645,848
Community Environment	1,115,755	0	0	0	1,115,755
Capital Outlay	0	0	34,704	0	34,704
<i>Debt Service:</i>					
Principal Retirements	20,798	190,000	0	0	210,798
Interest and Fiscal Charges	22,482	8,025	0	0	30,507
<i>Total Expenditures</i>	<u>3,188,809</u>	<u>198,025</u>	<u>34,704</u>	<u>0</u>	<u>3,421,538</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(215,171)</u>	<u>(198,025)</u>	<u>140,028</u>	<u>28</u>	<u>(273,140)</u>
Other Financing Sources and Uses:					
Inception of Capital Lease	6,069	0	0	0	6,069
Transfers In	962,800	198,025	0	0	1,160,825
Transfers Out	(420,140)	0	(18,055)	0	(438,195)
<i>Total Other Financing Sources and Uses</i>	<u>548,729</u>	<u>198,025</u>	<u>(18,055)</u>	<u>0</u>	<u>728,699</u>
<i>Net Change in Fund Balance</i>	<u>333,558</u>	<u>0</u>	<u>121,973</u>	<u>28</u>	<u>455,559</u>
<i>Fund Balance at Beginning of Year, As Restated</i>	<u>632,443</u>	<u>16,646</u>	<u>209,194</u>	<u>3,207</u>	<u>861,490</u>
<i>Fund Balance at End of Year</i>	<u><u>\$966,001</u></u>	<u><u>\$16,646</u></u>	<u><u>\$331,167</u></u>	<u><u>\$3,235</u></u>	<u><u>\$1,317,049</u></u>

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City of Chillicothe, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011

	State Highway	Parks & Recreation	HUD	Grants
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$101,152	\$167,599	\$216,583	\$61,674
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	36,194	0	438,805	182,235
Income Taxes Receivable	0	51,932	0	0
Property Taxes Receivable	0	0	0	0
Prepaid Items	0	1,878	0	0
<i>Total Assets</i>	<u>\$137,346</u>	<u>\$221,409</u>	<u>\$655,388</u>	<u>\$243,909</u>
Liabilities:				
Accounts Payable	\$0	\$4,410	\$0	\$0
Accrued Wages and Benefits	0	9,066	0	0
Intergovernmental Payable	0	13,434	0	0
Deferred Revenue	24,129	0	299,304	20,652
<i>Total Liabilities</i>	<u>24,129</u>	<u>26,910</u>	<u>299,304</u>	<u>20,652</u>
Fund Balances:				
Nonspendable	0	1,878	0	0
Restricted	113,217	192,621	356,084	223,257
Assigned	0	0	0	0
Unassigned	0	0	0	0
<i>Total Fund Balances</i>	<u>113,217</u>	<u>194,499</u>	<u>356,084</u>	<u>223,257</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$137,346</u>	<u>\$221,409</u>	<u>\$655,388</u>	<u>\$243,909</u>

continued

Cablevision	Law Enforcement	Indigent Driver's Alcohol Treatment	OMVI Enforcement & Education	Mandatory Drug Fines	Parking
\$5,765	\$58,138	\$255,421	\$4,193	\$31,790	\$76,628
0	0	1,151	60	0	0
0	0	0	0	379	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$5,765</u>	<u>\$58,138</u>	<u>\$256,572</u>	<u>\$4,253</u>	<u>\$32,169</u>	<u>\$76,628</u>
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	1,856
0	0	0	0	0	2,227
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,083</u>
0	0	0	0	0	0
0	58,138	256,572	4,253	32,169	72,545
5,765	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>5,765</u>	<u>58,138</u>	<u>256,572</u>	<u>4,253</u>	<u>32,169</u>	<u>72,545</u>
<u>\$5,765</u>	<u>\$58,138</u>	<u>\$256,572</u>	<u>\$4,253</u>	<u>\$32,169</u>	<u>\$76,628</u>

continued

City of Chillicothe, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011

	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$3,653	\$3,357	\$985,953
Cash and Cash Equivalents in Segregated Accounts	0	0	1,211
Accounts Receivable	0	0	379
Intergovernmental Receivable	7,035	7,035	671,304
Income Taxes Receivable	0	0	51,932
Property Taxes Receivable	110,614	110,614	221,228
Prepaid Items	0	0	1,878
<i>Total Assets</i>	<u>\$121,302</u>	<u>\$121,006</u>	<u>\$1,933,885</u>
Liabilities:			
Accounts Payable	\$0	\$0	\$4,410
Accrued Wages and Benefits	0	0	10,922
Intergovernmental Payable	161,021	196,487	373,169
Deferred Revenue	117,649	117,649	579,383
<i>Total Liabilities</i>	<u>278,670</u>	<u>314,136</u>	<u>967,884</u>
Fund Balances:			
Nonspendable	0	0	1,878
Restricted	0	0	1,308,856
Assigned	0	0	5,765
Unassigned	(157,368)	(193,130)	(350,498)
<i>Total Fund Balances</i>	<u>(157,368)</u>	<u>(193,130)</u>	<u>966,001</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$121,302</u></u>	<u><u>\$121,006</u></u>	<u><u>\$1,933,885</u></u>

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City of Chillicothe, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011

	State Highway	Parks & Recreation	HUD	Grants
Revenues:				
Property Taxes	\$0	\$0	\$0	\$0
Income Taxes	0	509,905	0	0
Charges for Services	0	31,092	0	0
Fines, Licenses, and Permits	0	19,760	0	0
Intergovernmental	76,003	0	1,338,482	608,860
Interest	0	0	1	0
Other	0	8,807	0	0
<i>Total Revenues</i>	<u>76,003</u>	<u>569,564</u>	<u>1,338,483</u>	<u>608,860</u>
Expenditures:				
<i>Current:</i>				
<i>Security of Persons and Property:</i>				
Police	0	0	0	0
Fire	0	0	0	0
Transportation	0	0	0	0
Leisure Time Services	0	645,848	0	0
Community Environment	0	0	1,038,147	77,608
<i>Debt Service:</i>				
Principal Retirements	0	798	0	0
Interest and Fiscal Charges	0	518	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>647,164</u>	<u>1,038,147</u>	<u>77,608</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>76,003</u>	<u>(77,600)</u>	<u>300,336</u>	<u>531,252</u>
Other Financing Sources and Uses				
Inception of Capital Lease	0	6,069	0	0
Transfers In	0	9,800	0	0
Transfers Out	0	(388)	0	(419,752)
<i>Total Other Financing Sources and Uses</i>	<u>0</u>	<u>15,481</u>	<u>0</u>	<u>(419,752)</u>
<i>Net Change in Fund Balance</i>	<u>76,003</u>	<u>(62,119)</u>	<u>300,336</u>	<u>111,500</u>
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>37,214</u>	<u>256,618</u>	<u>55,748</u>	<u>111,757</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u><u>\$113,217</u></u>	<u><u>\$194,499</u></u>	<u><u>\$356,084</u></u>	<u><u>\$223,257</u></u>

continued

Cablevision	Law Enforcement	Indigent Driver's Alcohol Treatment	OMVI Enforcement & Education	Mandatory Drug Fines	Parking
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	10,831
0	21,995	24,997	1,848	3,562	125
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	25,214
0	21,995	24,997	1,848	3,562	36,170
0	35,779	45,119	0	9,934	0
0	0	0	0	0	0
0	0	0	0	0	90,658
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	35,779	45,119	0	9,934	90,658
0	(13,784)	(20,122)	1,848	(6,372)	(54,488)
0	0	0	0	0	0
0	0	0	0	0	80,000
0	0	0	0	0	0
0	0	0	0	0	80,000
0	(13,784)	(20,122)	1,848	(6,372)	25,512
5,765	71,922	276,694	2,405	38,541	47,033
\$5,765	\$58,138	\$256,572	\$4,253	\$32,169	\$72,545

continued

City of Chillicothe, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011

	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
Revenues:			
Property Taxes	\$109,662	\$109,662	\$219,324
Income Taxes	0	0	509,905
Charges for Services	0	0	41,923
Fines, Licenses, and Permits	0	0	72,287
Intergovernmental	36,416	36,416	2,096,177
Interest	0	0	1
Other	0	0	34,021
<i>Total Revenues</i>	<u>146,078</u>	<u>146,078</u>	<u>2,973,638</u>
Expenditures:			
<i>Current:</i>			
<i>Security of Persons and Property:</i>			
Police	532,844	0	623,676
Fire	0	669,592	669,592
Transportation	0	0	90,658
Leisure Time Services	0	0	645,848
Community and Economic Development	0	0	1,115,755
<i>Debt Service:</i>			
Principal Retirements	4,000	16,000	20,798
Interest and Fiscal Charges	4,948	17,016	22,482
<i>Total Expenditures</i>	<u>541,792</u>	<u>702,608</u>	<u>3,188,809</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(395,714)</u>	<u>(556,530)</u>	<u>(215,171)</u>
Other Financing Sources and Uses			
Inception of Capital Lease	0	0	6,069
Transfers In	357,000	516,000	962,800
Transfers Out	0	0	(420,140)
<i>Total Other Financing Sources and Uses</i>	<u>357,000</u>	<u>516,000</u>	<u>548,729</u>
<i>Net Change in Fund Balance</i>	<u>(38,714)</u>	<u>(40,530)</u>	<u>333,558</u>
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>(118,654)</u>	<u>(152,600)</u>	<u>632,443</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u><u>(\$157,368)</u></u>	<u><u>(\$193,130)</u></u>	<u><u>\$966,001</u></u>

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City of Chillicothe, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2011

	Capital Improvement	Parks & Recreation Capital	Total Nonmajor Capital Projects Funds
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$32,000	\$291,153	\$323,153
Income Taxes Receivable	<u>0</u>	<u>28,210</u>	<u>28,210</u>
<i>Total Assets</i>	<u><u>\$32,000</u></u>	<u><u>\$319,363</u></u>	<u><u>\$351,363</u></u>
Liabilities:			
Accounts Payable	\$0	\$821	\$821
Interfund Payable	<u>0</u>	<u>19,375</u>	<u>19,375</u>
<i>Total Liabilities</i>	<u>0</u>	<u>20,196</u>	<u>20,196</u>
Fund Balances:			
Restricted	<u>32,000</u>	<u>299,167</u>	<u>331,167</u>
<i>Total Fund Balances</i>	<u>32,000</u>	<u>299,167</u>	<u>331,167</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$32,000</u></u>	<u><u>\$319,363</u></u>	<u><u>\$351,363</u></u>

City of Chillicothe, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2011

	Capital Improvement	Parks & Recreation Capital	Total Nonmajor Capital Projects Funds
Revenues:			
Income Taxes	\$0	\$169,952	\$169,952
Other	0	4,780	4,780
<i>Total Revenues</i>	0	174,732	174,732
Expenditures:			
Capital Outlay	0	34,704	34,704
<i>Total Expenditures</i>	0	34,704	34,704
<i>Excess of Revenues Over (Under) Expenditures</i>	0	140,028	140,028
Other Financing Sources and Uses:			
Transfers Out	0	(18,055)	(18,055)
<i>Total Other Financing Sources and Uses</i>	0	(18,055)	(18,055)
<i>Net Change in Fund Balance</i>	0	121,973	121,973
<i>Fund Balance (Deficit) at Beginning of Year</i>	32,000	177,194	209,194
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$32,000</u>	<u>\$299,167</u>	<u>\$331,167</u>

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Local Taxes	\$10,060,658	\$10,060,658	\$9,909,158	(\$151,500)
Charges for Services	2,749,990	2,791,190	2,884,542	93,352
Fines, Licenses and Permits	1,536,810	1,536,810	1,507,184	(29,626)
Intergovernmental	1,334,784	2,068,258	2,239,839	171,581
Special Assessments	50,000	50,000	34,087	(15,913)
Investment Earnings	75,000	75,000	51,835	(23,165)
Miscellaneous	339,430	362,421	292,818	(69,603)
Total Revenue	16,146,672	16,944,337	16,919,463	(24,874)
Expenditures				
<i>Current:</i>				
General Government				
Mayor				
Personal Services	191,326	223,267	222,366	901
Fringe Benefits	139,086	145,545	139,941	5,604
Travel Transportation	2,000	2,000	99	1,901
Materials and Supplies	50,050	55,008	40,643	14,365
Contractual Services	4,600	4,375	2,629	1,746
Other	7,060	7,285	5,243	2,042
Total Mayor	394,122	437,480	410,921	26,559
City Council				
Personal Services	60,069	60,069	60,069	0
Fringe Benefits	112,859	101,673	97,213	4,460
Travel Transportation	20	20	0	20
Materials and Supplies	230	230	140	90
Total City Council	173,178	161,992	157,422	4,570
Treasurer				
Personal Services	40,091	42,046	41,559	487
Fringe Benefits	59,311	57,357	55,463	1,894
Materials and Supplies	1,600	1,462	1,005	457
Contractual Services	1,295	1,423	1,416	7
Other	280	290	50	240
Total Treasurer	102,577	102,578	99,493	3,085

continued

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Income Tax Department				
Personal Services	129,311	136,451	133,782	2,669
Fringe Benefits	100,788	96,448	95,550	898
Materials and Supplies	5,200	5,200	3,828	1,372
Contractual Services	4,335	4,335	4,335	0
Other	50	50	25	25
Total Income Tax Department	239,684	242,484	237,520	4,964
Land and Buildings				
Materials and Supplies	187,150	204,854	190,853	14,001
Contractual Services	41,000	27,508	26,096	1,412
Capital Outlay	20,000	26,000	17,101	8,899
Other	500	1,288	1,210	78
Total Land and Buildings	248,650	259,650	235,260	24,390
Law Director				
Personal Services	424,050	424,050	412,805	11,245
Fringe Benefits	222,642	210,971	206,546	4,425
Travel Transportation	0	1,000	0	1,000
Materials and Supplies	39,475	40,630	30,022	10,608
Contractual Services	3,500	1,950	1,748	202
Capital Outlay	0	14,511	12,035	2,476
Other	7,000	11,934	10,781	1,153
Total Law Director	696,667	705,046	673,937	31,109
Auditor				
Personal Services	240,350	252,384	247,501	4,883
Fringe Benefits	142,760	140,760	134,337	6,423
Travel Transportation	610	1,026	1,024	2
Materials and Supplies	4,225	3,764	3,565	199
Contractual Services	100	0	0	0
Other	300	445	372	73
Total Auditor	388,345	398,379	386,799	11,580

continued

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Municipal Court				
Personal Services	1,035,429	1,051,176	1,021,185	29,991
Fringe Benefits	557,678	522,180	502,802	19,378
Travel Transportation	3,684	3,684	2,839	845
Materials and Supplies	68,750	106,631	85,551	21,080
Contractual Services	918,000	911,935	9,104	902,831
Capital Outlay	112,462	108,670	24,088	84,582
Other	38,900	41,031	28,998	12,033
Total Municipal Court	2,734,903	2,745,307	1,674,567	1,070,740
Civil Service				
Personal Services	40,004	41,712	39,941	1,771
Fringe Benefits	24,044	24,088	23,785	303
Materials and Supplies	16,300	26,400	17,355	9,045
Contractual Services	6,500	8,250	7,954	296
Other	2,000	2,150	1,995	155
Total Civil Service	88,848	102,600	91,030	11,570
Service Department				
Personal Services	95,808	59,222	55,623	3,599
Fringe Benefits	53,871	52,457	38,536	13,921
Travel Transportation	200	100	0	100
Materials and Supplies	6,950	7,050	4,126	2,924
Contractual Services	2,500	2,500	2,368	132
Other	400	400	45	355
Total Service Department	159,729	121,729	100,698	21,031
Engineering				
Personal Services	230,864	240,514	235,734	4,780
Fringe Benefits	139,333	153,855	149,723	4,132
Travel Transportation	14,275	14,475	1,386	13,089
Materials and Supplies	11,830	21,047	17,861	3,186
Contractual Services	19,652	19,653	16,092	3,561
Capital Outlay	0	4,598	4,598	0
Other	4,725	4,426	4,310	116
Total Engineering	420,679	458,568	429,704	28,864

continued

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Postage and Stores				
Materials and Supplies	43,455	73,455	60,000	13,455
Total Postage and Stores	43,455	73,455	60,000	13,455
Miscellaneous				
Fringe Benefits	20,000	20,000	19,262	738
Materials and Supplies	506,500	503,640	418,530	85,110
Contractual Services	214,300	234,497	221,496	13,001
Other	47,500	49,486	42,903	6,583
Total Miscellaneous	788,300	807,623	702,191	105,432
Total General Government	6,479,137	6,616,891	5,259,542	1,357,349
Security of Persons and Property				
Police Department				
Personal Services	2,935,970	3,181,634	3,173,076	8,558
Fringe Benefits	1,171,651	1,224,434	1,179,634	44,800
Travel Transportation	500	1,475	1,380	95
Materials and Supplies	212,474	256,798	251,012	5,786
Contractual Services	87,150	87,292	85,141	2,151
Other	40,650	56,728	46,910	9,818
Total Police Department	4,448,395	4,808,361	4,737,153	71,208
Fire Department				
Personal Services	2,665,058	3,119,979	3,112,458	7,521
Fringe Benefits	1,037,312	1,084,165	1,080,959	3,206
Travel Transportation	300	300	261	39
Materials and Supplies	225,640	254,365	235,338	19,027
Contractual Services	23,000	23,190	21,646	1,544
Capital Outlay	0	4,544	4,544	0
Other	32,350	37,685	36,314	1,371
Total Fire Department	3,983,660	4,524,228	4,491,520	32,708
Civil Defense				
Other	6,350	6,350	6,350	0
Total Civil Defense	6,350	6,350	6,350	0

continued

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Humane Officer				
Contractual Services	0	4,000	4,000	0
Total Humane Officer	0	4,000	4,000	0
Total Security of Persons and Property	8,438,405	9,342,939	9,239,023	103,916
Transportation				
Streets and Sidewalks				
Materials and Supplies	235,000	265,000	262,999	2,001
Total Streets and Sidewalks	235,000	265,000	262,999	2,001
Total Transportation	235,000	265,000	262,999	2,001
Community Environment				
Planning Commission				
Materials and Supplies	75	98	75	23
Total Planning Commission	75	98	75	23
Design and Review				
Materials and Supplies	300	300	0	300
Other	100	100	0	100
Total Design and Review	400	400	0	400
Total Community Environment	475	498	75	423
Basic Utility Services				
Refuse Department				
Personal Services	207,004	208,524	202,390	6,134
Fringe Benefits	162,227	166,707	161,456	5,251
Materials and Supplies	62,275	64,228	51,228	13,000
Contractual Services	310,000	310,000	252,461	57,539
Other	16,200	14,247	13,760	487
Total Refuse Department	757,706	763,706	681,295	82,411
Total Basic Utility Services	757,706	763,706	681,295	82,411

continued

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Leisure Time Activities				
Swimming Pool				
Personal Services	0	54,076	54,076	0
Fringe Benefits	0	8,433	8,243	190
Materials and Supplies	0	60,984	40,606	20,378
Other	0	1,008	1,008	0
Total Swimming Pool	0	124,501	103,933	20,568
Total Leisure Time Activities	0	124,501	103,933	20,568
Debt Service:				
Principal Retirements	100,000	2,100,000	2,100,000	0
Interest and Fiscal Charges	42,000	42,000	36,750	5,250
Total Debt Service	142,000	2,142,000	2,136,750	5,250
Total Expenditures	16,052,723	19,255,535	17,683,617	1,571,918
Excess of Revenues Over (Under) Expenditures	93,949	(2,311,198)	(764,154)	1,547,044
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	5,000	5,000	0	(5,000)
Issuance of Notes	0	2,000,000	2,000,000	0
Transfers-In	836,763	972,745	880,357	(92,388)
Transfers-Out	(2,217,038)	(2,074,268)	(1,966,406)	107,862
Total Other Sources (Uses)	(1,375,275)	903,477	913,951	10,474
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,281,326)	(1,407,721)	149,797	1,557,518
Fund Balances at Beginning of Year	2,568,635	2,568,635	2,568,635	0
Prior Year Encumbrances Appropriated	32,505	32,505	32,505	0
Fund Balances at End of Year	<u>\$1,319,814</u>	<u>\$1,193,419</u>	<u>\$2,750,937</u>	<u>\$1,557,518</u>

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Bus Transit Fund
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Local Taxes	\$681,250	\$681,250	\$676,534	(\$4,716)
Charges for Services	847,000	1,028,000	1,048,443	20,443
Intergovernmental	1,776,080	1,536,010	1,745,464	209,454
Other	59,955	64,955	58,768	(6,187)
Total Revenue	3,364,285	3,310,215	3,529,209	218,994
Expenditures				
<i>Current:</i>				
Transportation				
Bus Transit System				
Personal Services	1,094,873	1,093,396	1,076,952	16,444
Fringe Benefits	521,422	522,899	483,344	39,555
Travel Transportation	900	190	186	4
Materials and Supplies	376,800	418,879	383,494	35,385
Contractual Services	604,400	756,507	744,166	12,341
Capital Outlay	163,759	245,152	245,142	10
Other	188,139	184,479	183,471	1,008
Debt Service	225,900	1,426,224	1,426,188	36
Total Transportation	3,176,193	4,647,726	4,542,943	104,783
Total Expenditures	3,176,193	4,647,726	4,542,943	104,783
Excess of Revenues (Under) Expenditures	188,092	(1,337,511)	(1,013,734)	323,777
Other Financing Sources (Uses)				
Issuance of Notes	0	1,200,000	1,200,000	0
Transfers-Out	(18,355)	(18,355)	(18,228)	127
Total Other Sources (Uses)	(18,355)	1,181,645	1,181,772	127
Excess of Revenues and Other Sources (Under) Expenditures and Other Uses	169,737	(155,866)	168,038	323,904
Fund Balances at Beginning of Year	60,342	60,342	60,342	0
Prior Year Encumbrances Appropriated	115,532	115,532	115,532	0
Fund Balances at End of Year	\$345,611	\$20,008	\$343,912	\$323,904

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Street Construction Maintenance & Repair Fund
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$935,000	\$935,000	\$939,483	\$4,483
Miscellaneous	14,235	14,235	12,686	(1,549)
Total Revenue	949,235	949,235	952,169	2,934
Expenditures				
<i>Current:</i>				
Transportation				
Street Maintenance & Repair				
Personal Services	600,512	634,958	623,611	11,347
Fringe Benefits	333,370	298,924	288,189	10,735
Materials and Supplies	253,900	260,491	210,826	49,665
Contractual Services	15,200	34,688	33,087	1,601
Capital Outlay	0	75,000	75,000	0
Other	350	3,623	3,357	266
Debt Service	128,633	928,633	928,633	0
Total Transportation	1,331,965	2,236,317	2,162,703	73,614
Total Expenditures	1,331,965	2,236,317	2,162,703	73,614
Excess of Revenues (Under) Expenditures	(382,730)	(1,287,082)	(1,210,534)	76,548
Other Financing Sources				
Issuance of Notes	0	800,000	800,000	0
Transfers-In	410,000	410,000	382,500	(27,500)
Total Other Sources	410,000	1,210,000	1,182,500	(27,500)
Excess of Revenues and Other Sources (Under) Expenditures	27,270	(77,082)	(28,034)	49,048
Fund Balances at Beginning of Year	137,779	137,779	137,779	0
Prior Year Encumbrances Appropriated	664	664	664	0
Fund Balances at End of Year	\$165,713	\$61,361	\$110,409	\$49,048

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Safety Levy Capital Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$681,250	\$681,250	\$676,534	(\$4,716)
Intergovernmental	0	0	8,585	8,585
Miscellaneous	0	5,200	10,268	5,068
Total Revenue	681,250	686,450	695,387	8,937
Expenditures				
Capital Outlay				
Contractual Services	0	30,028	29,981	47
Capital Outlay	217,236	1,355,725	1,316,682	39,043
Other	46,166	16,138	0	16,138
Total Capital Outlay	263,402	1,401,891	1,346,663	55,228
Total Expenditures	263,402	1,401,891	1,346,663	55,228
Excess of Revenues Over (Under) Expenditures	417,848	(715,441)	(651,276)	64,165
Other Financing Sources (Uses)				
Issuance of Notes	0	1,100,000	1,100,000	0
Transfers-Out	(461,655)	(461,655)	(461,655)	0
Total Other Sources (Uses)	(461,655)	638,345	638,345	0
Excess of Revenues and Other Sources (Under) Expenditures and Other Uses	(43,807)	(77,096)	(12,931)	64,165
Fund Balances at Beginning of Year	113,778	113,778	113,778	0
Prior Year Encumbrances Appropriated	5,534	5,534	5,534	0
Fund Balances at End of Year	\$75,505	\$42,216	\$106,381	\$64,165

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
State Highway Fund
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$78,000	\$78,000	\$76,569	(\$1,431)
Total Revenue	78,000	78,000	76,569	(1,431)
Expenditures				
Total Expenditures	0	0	0	0
Excess of Revenues Over (Under) Expenditures	78,000	78,000	76,569	(1,431)
Fund Balances at Beginning of Year	24,583	24,583	24,583	0
Fund Balances at End of Year	<u>\$102,583</u>	<u>\$102,583</u>	<u>\$101,152</u>	<u>(\$1,431)</u>

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Parks and Recreation Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$511,210	\$511,210	\$507,672	(\$3,538)
Charges for Services	28,500	28,500	31,092	2,592
Fines, Licenses and Permits	25,000	25,000	19,760	(5,240)
Other	9,335	9,335	8,807	(528)
Total Revenue	574,045	574,045	567,331	(6,714)
Expenditures				
<i>Current:</i>				
Leisure Time Activities				
Parks and Recreation				
Personal Services	301,679	334,260	331,942	2,318
Fringe Benefits	207,661	227,080	210,658	16,422
Travel Transportation	700	8	8	0
Materials and Supplies	118,575	123,266	93,593	29,673
Contractual Services	5,363	6,126	4,587	1,539
Other	6,430	8,695	7,012	1,683
Total Leisure Time Activities	640,408	699,435	647,800	51,635
Total Expenditures	640,408	699,435	647,800	51,635
Excess of Revenues (Under) Expenditures	(66,363)	(125,390)	(80,469)	44,921
Other Financing Sources (Uses)				
Transfers-In	9,800	9,800	9,800	0
Transfers-Out	(800)	(800)	(388)	412
Total Other Sources (Uses)	9,000	9,000	9,412	412
Excess of Revenues and Other Sources (Under) Expenditures and Other Uses	(57,363)	(116,390)	(71,057)	45,333
Fund Balances at Beginning of Year	238,062	238,062	238,062	0
Fund Balances at End of Year	\$180,699	\$121,672	\$167,005	\$45,333

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
HUD Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$1,438,607	\$1,644,999	\$1,203,011	(\$441,988)
Investment Earnings	0	0	1	1
Total Revenue	1,438,607	1,644,999	1,203,012	(441,987)
Expenditures				
<i>Current:</i>				
Community Environment				
Rehabilitation & Development				
Materials and Supplies	290,179	816,270	639,950	176,320
Contractual Services	624,353	739,353	550,906	188,447
Total Community Environment	914,532	1,555,623	1,190,856	364,767
Total Expenditures	914,532	1,555,623	1,190,856	364,767
Excess of Revenues (Under) Expenditures	524,075	89,376	12,156	(77,220)
Fund Balances at Beginning of Year	17,044	17,044	17,044	0
Prior Year Encumbrances Appropriated	34,676	34,676	34,676	0
Fund Balances at End of Year	\$575,795	\$141,096	\$63,876	(\$77,220)

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Grants Fund
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$350,652	\$591,911	\$483,571	(\$108,340)
Total Revenue	350,652	591,911	483,571	(108,340)
Expenditures				
<i>Current:</i>				
Community Environment				
State Grants				
Travel	0	1,866	1,866	0
Materials and Supplies	0	422	422	0
Contractual Services	0	500	221	279
Capital Outlay	0	91,613	74,999	16,614
Other	0	100	100	0
Total Community Environment	0	94,501	77,608	16,893
Total Expenditures	0	94,501	77,608	16,893
Excess of Revenues Over Expenditures	350,652	497,410	405,963	(91,447)
Other Financing (Uses)				
Transfers-Out	(28,805)	(525,681)	(419,752)	105,929
Total Other (Uses)	(28,805)	(525,681)	(419,752)	105,929
Excess of Revenues Over Expenditures and Other Uses	321,847	(28,271)	(13,789)	14,482
Fund Balances at Beginning of Year	75,463	75,463	75,463	0
Fund Balances at End of Year	\$397,310	\$47,192	\$61,674	\$14,482

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Cablevision Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Total Revenue	\$0	\$0	\$0	\$0
Expenditures				
Total Expenditures	0	0	0	0
Excess of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balances at Beginning of Year	5,765	5,765	5,765	0
Fund Balances at End of Year	<u>\$5,765</u>	<u>\$5,765</u>	<u>\$5,765</u>	<u>\$0</u>

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Law Enforcement Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses and Permits	\$22,000	\$22,000	\$21,995	(\$5)
Total Revenue	22,000	22,000	21,995	(5)
Expenditures				
<i>Current:</i>				
Security of Persons and Property				
Enforcement & Education				
Other	20,000	37,320	36,334	986
Total Security of Persons and Property	20,000	37,320	36,334	986
Total Expenditures	20,000	37,320	36,334	986
Excess of Revenues Over (Under) Expenditures	2,000	(15,320)	(14,339)	981
Fund Balances at Beginning of Year	71,922	71,922	71,922	0
Fund Balances at End of Year	\$73,922	\$56,602	\$57,583	\$981

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Indigent Driver's Alcohol Treatment Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses and Permits	\$30,000	\$30,000	\$30,090	\$90
Total Revenue	30,000	30,000	30,090	90
Expenditures				
<i>Current:</i>				
Security of Persons and Property				
Alcohol Treatment				
Contractual Services	20,000	60,000	45,119	14,881
Total Security of Persons and Property	20,000	60,000	45,119	14,881
Total Expenditures	20,000	60,000	45,119	14,881
Excess of Revenues Over Expenditures	10,000	(30,000)	(15,029)	14,971
Fund Balances at Beginning of Year	270,450	270,450	270,450	0
Fund Balances at End of Year	\$280,450	\$240,450	\$255,421	\$14,971

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
OMVI Enforcement and Education Fund
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Fines, Licenses and Permits	\$2,200	\$2,200	\$1,976	(\$224)
Total Revenue	2,200	2,200	1,976	(224)
Expenditures				
Total Expenditures	0	0	0	0
Excess of Revenues (Under) Expenditures	2,200	2,200	1,976	(224)
Fund Balances at Beginning of Year	2,217	2,217	2,217	0
Fund Balances at End of Year	<u>\$4,417</u>	<u>\$4,417</u>	<u>\$4,193</u>	<u>(\$224)</u>

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Mandatory Drug Fines Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses and Permits	\$3,500	\$3,500	\$3,446	(\$54)
Total Revenue	3,500	3,500	3,446	(54)
Expenditures				
<i>Current:</i>				
Security of Persons and Property				
Enforcement & Education				
Other	10,000	25,000	23,934	1,066
Total Security of Persons and Property	10,000	25,000	23,934	1,066
Total Expenditures	10,000	25,000	23,934	1,066
Excess of Revenues Over (Under) Expenditures	(6,500)	(21,500)	(20,488)	1,012
Fund Balances at Beginning of Year	38,278	38,278	38,278	0
Fund Balances at End of Year	\$31,778	\$16,778	\$17,790	\$1,012

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Parking Fund
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	\$20,000	\$11,500	\$10,831	(\$669)
Fines, Licenses and Permits	12,000	500	125	(375)
Miscellaneous	15,780	15,780	25,214	9,434
Total Revenue	47,780	27,780	36,170	8,390
Expenditures				
<i>Current:</i>				
Transportation				
Traffic Control & Parking Facility				
Personal Services	48,484	51,607	49,379	2,228
Fringe Benefits	20,054	23,931	23,867	64
Materials and Supplies	18,250	21,850	17,220	4,630
Contractual Services	200	0	0	0
Capital Outlay	3,000	3,000	0	3,000
Total Transportation	89,988	100,388	90,466	9,922
Total Expenditures	89,988	100,388	90,466	9,922
Excess of Revenues (Under) Expenditures	(42,208)	(72,608)	(54,296)	18,312
Other Financing Sources (Uses)				
Transfers-In	80,000	80,000	80,000	0
Total Other Sources (Uses)	80,000	80,000	80,000	0
Excess of Revenues and Other Sources (Under) Expenditures and Other Uses	37,792	7,392	25,704	18,312
Fund Balances at Beginning of Year	50,922	50,922	50,922	0
Fund Balances at End of Year	\$88,714	\$58,314	\$76,626	\$18,312

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Police Pension Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$123,238	\$123,238	\$109,662	(\$13,576)
Intergovernmental	25,737	5,737	36,416	30,679
Total Revenue	148,975	128,975	146,078	17,103
Expenditures				
<i>Current:</i>				
Security of Persons and Property				
Police Pension & Disability				
Fringe Benefits	503,941	503,941	500,546	3,395
Other	3,000	3,000	2,976	24
Debt Service	8,947	8,948	8,948	0
Total Security of Persons & Property	515,888	515,889	512,470	3,419
Total Expenditures	515,888	515,889	512,470	3,419
Excess of Revenues (Under) Expenditures	(366,913)	(386,914)	(366,392)	20,522
Other Financing Sources				
Transfers-In	503,941	373,941	357,000	(16,941)
Total Other Sources	503,941	373,941	357,000	(16,941)
Excess of Revenues and Other Sources Over Expenditures	137,028	(12,973)	(9,392)	3,581
Fund Balances at Beginning of Year	13,045	13,045	13,045	0
Fund Balances at End of Year	\$150,073	\$72	\$3,653	\$3,581

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Fire Pension Fund
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Local Taxes	\$123,238	\$123,238	\$109,662	(\$13,576)
Intergovernmental	25,737	5,737	36,416	30,679
Total Revenue	148,975	128,975	146,078	17,103
Expenditures				
<i>Current:</i>				
Security of Persons and Property				
Fire Pension & Disability				
Fringe Benefits	588,722	628,722	625,697	3,025
Other	3,000	3,000	2,976	24
Debt Service	33,016	33,016	33,016	0
Total Security of Persons & Property	624,738	664,738	661,689	3,049
Total Expenditures	624,738	664,738	661,689	3,049
Excess of Revenues (Under) Expenditures	(475,763)	(535,763)	(515,611)	20,152
Other Financing Sources				
Transfers-In	588,722	538,722	516,000	(22,722)
Total Other Sources	588,722	538,722	516,000	(22,722)
Excess of Revenues and Other Sources Over (Under) Expenditures	112,959	2,959	389	(2,570)
Fund Balances at Beginning of Year	2,967	2,967	2,967	0
Fund Balances at End of Year	\$115,926	\$5,926	\$3,356	(\$2,570)

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Bond Retirement Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Total Revenue	\$0	\$0	\$0	\$0
Expenditures				
<i>Debt Service:</i>				
Principal Retirement	190,000	190,000	190,000	0
Interest and Fiscal Charges	8,025	8,025	8,025	0
Total Debt Service	198,025	198,025	198,025	0
Total Expenditures	198,025	198,025	198,025	0
Excess of Revenues (Under) Expenditures	(198,025)	(198,025)	(198,025)	0
Other Financing Sources				
Transfers-In	198,025	198,025	198,025	0
Total Other Sources	198,025	198,025	198,025	0
Excess of Revenues and Other Sources Over Expenditures	0	0	0	0
Fund Balances at Beginning of Year	16,647	16,647	16,647	0
Fund Balances at End of Year	\$16,647	\$16,647	\$16,647	\$0

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Capital Improvement Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Total Revenue	\$0	\$0	\$0	\$0
Expenditures				
Total Expenditures	0	0	0	0
Excess of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balances at Beginning of Year	32,000	32,000	32,000	0
Fund Balances at End of Year	<u>\$32,000</u>	<u>\$32,000</u>	<u>\$32,000</u>	<u>\$0</u>

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Parks and Recreation Capital Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$170,040	\$170,040	\$168,863	(\$1,177)
Miscellaneous	3,000	3,000	4,780	1,780
Total Revenue	173,040	173,040	173,643	603
Expenditures				
Capital Outlay				
Capital Outlay	60,817	77,617	32,563	45,054
Other	0	1,000	0	1,000
Total Capital Outlay	60,817	78,617	32,563	46,054
Total Expenditures	60,817	78,617	32,563	46,054
Excess of Revenues (Under) Expenditures	112,223	94,423	141,080	46,657
Other Financing Sources (Uses)				
Transfers-Out	(18,055)	(18,055)	(18,055)	0
Total Other Sources (Uses)	(18,055)	(18,055)	(18,055)	0
Excess of Revenues and Other Sources (Under) Expenditures and Other Uses	94,168	76,368	123,025	46,657
Fund Balances at Beginning of Year	164,181	164,181	164,181	0
Prior Year Encumbrances Appropriated	3,750	3,750	3,750	0
Fund Balances at End of Year	\$262,099	\$244,299	\$290,956	\$46,657

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Carlisle Hill Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment Earnings	\$20	\$20	\$28	\$8
Total Revenue	20	20	28	8
Expenditures				
Total Expenditures	0	0	0	0
Excess of Revenues Over (Under) Expenditures	20	20	28	8
Fund Balances at Beginning of Year	3,207	3,207	3,207	0
Fund Balances at End of Year	<u>\$3,227</u>	<u>\$3,227</u>	<u>\$3,235</u>	<u>\$8</u>

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Floodwall Fund
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Total Revenue	\$0	\$0	\$0	\$0
Expenditures				
<i>Current:</i>				
Community Environment				
Floodwall Maintenance				
Materials and Supplies	42,500	42,500	38,526	3,974
Capital Outlay	25,000	26,950	8,733	18,217
Other	300	300	180	120
Total Community Environment	67,800	69,750	47,439	22,311
Total Expenditures	67,800	69,750	47,439	22,311
Excess of Revenues (Under) Expenditures	(67,800)	(69,750)	(47,439)	22,311
Other Financing Sources				
Transfers-In	80,000	80,000	80,000	0
Transfers-Out	(9,800)	(9,800)	(9,800)	0
Total Other Sources	70,200	70,200	70,200	0
Excess of Revenues and Other Sources Over Expenditures	2,400	450	22,761	22,311
Fund Balances at Beginning of Year	55,676	55,676	55,676	0
Prior Year Encumbrances Appropriated	1,950	1,950	1,950	0
Fund Balances at End of Year	\$60,026	\$58,076	\$80,387	\$22,311

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Income Tax Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Total Revenue	\$0	\$0	\$0	\$0
Expenditures				
<i>Current:</i>				
General Government				
Unallocated & Refunded Income Tax				
Other	310,000	360,000	323,186	36,814
Total General Government	310,000	360,000	323,186	36,814
Total Expenditures	310,000	360,000	323,186	36,814
Excess of Revenues Over (Under) Expenditures	(310,000)	(360,000)	(323,186)	36,814
Other Financing Sources (Uses)				
Transfers-In	310,000	310,000	310,000	0
Total Other Sources (Uses)	310,000	310,000	310,000	0
Excess of Revenues and Other Sources (Under) Expenditures and Other Uses	0	(50,000)	(13,186)	36,814
Fund Balances at Beginning of Year	86,034	86,034	86,034	0
Fund Balances at End of Year	\$86,034	\$36,034	\$72,848	\$36,814

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Landfill Closure Fund
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Total Revenue	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay				
Capital Outlay	53,000	53,000	52,380	620
Total Capital Outlay	53,000	53,000	52,380	620
Total Expenditures	53,000	53,000	52,380	620
Excess of Revenues (Under) Expenditures	(53,000)	(53,000)	(52,380)	620
Other Financing Sources				
Transfers-In	55,000	55,000	55,000	0
Total Other Sources	55,000	55,000	55,000	0
Excess of Revenues and Other Sources (Under) Expenditures	2,000	2,000	2,620	620
Fund Balances at Beginning of Year	43,644	43,644	43,644	0
Fund Balances at End of Year	\$45,644	\$45,644	\$46,264	\$620

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Streetscape Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Total Revenue	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay				
Capital Outlay	15,000	15,000	8,311	6,689
Total Capital Outlay	15,000	15,000	8,311	6,689
Total Expenditures	15,000	15,000	8,311	6,689
Excess of Revenues (Under) Expenditures	(15,000)	(15,000)	(8,311)	6,689
Other Financing Sources				
Transfers-In	15,000	15,000	11,250	(3,750)
Total Other Sources	15,000	15,000	11,250	(3,750)
Excess of Revenues and Other Sources (Under) Expenditures	0	0	2,939	2,939
Fund Balances at Beginning of Year	3,494	3,494	3,494	0
Fund Balances at End of Year	<u>\$3,494</u>	<u>\$3,494</u>	<u>\$6,433</u>	<u>\$2,939</u>

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Unclaimed Monies Fund
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Miscellaneous	\$17,000	\$17,000	\$7,881	(\$9,119)
Total Revenue	17,000	17,000	7,881	(9,119)
Expenditures				
<i>Current:</i>				
General Government				
Unclaimed Monies				
Other	1,500	1,500	195	1,305
Total General Government	1,500	1,500	195	1,305
Total Expenditures	1,500	1,500	195	1,305
Excess of Revenues Over Expenditures	15,500	15,500	7,686	(7,814)
Fund Balances at Beginning of Year	48,891	48,891	48,891	0
Fund Balances at End of Year	\$64,391	\$64,391	\$56,577	(\$7,814)

CITY OF CHILLICOTHE, OHIO
ENTERPRISE FUNDS

Enterprise funds are used to account for operations of the City that provide goods and services to the general public in a manner similar to private business enterprises. The cost of providing these goods or services is financed through user charges.

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Equity - Budget and Actual (Budget Basis)
Water Fund
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	\$4,717,000	\$4,217,000	\$4,296,587	\$79,587
Other Operating Revenue	76,298	76,298	83,931	7,633
Total Revenue	4,793,298	4,293,298	4,380,518	87,220
Expenses				
<i>Current:</i>				
Personal Services	1,134,717	1,271,734	1,262,481	9,253
Fringe Benefits	727,246	691,804	682,872	8,932
Travel Transportation	600	500	55	445
Contractual Services	196,850	479,345	381,480	97,865
Materials and Supplies	925,250	991,143	753,356	237,787
Other Operating Expenses	356,031	444,169	343,245	100,924
Capital Outlay	476,148	2,641,492	1,185,685	1,455,807
<i>Debt Service:</i>				
Principal Retirement	1,095,000	1,095,000	1,095,000	0
Interest and Fiscal Charges	184,418	184,418	184,418	0
Total Expenditures	5,096,260	7,799,605	5,888,592	1,911,013
Excess of Revenues (Under) Expenditures	(302,962)	(3,506,307)	(1,508,074)	1,998,233
Other Financing Sources (Uses)				
Investment Earnings	0	0	2,846	2,846
Issuance of Notes	0	2,441,000	2,441,000	0
Transfers-Out	(6,755)	(8,010)	(7,757)	253
Total Other Sources (Uses)	(6,755)	2,432,990	2,436,089	3,099
Excess of Revenues and Other Sources (Under) Expenditures and Other Uses	(309,717)	(1,073,317)	928,015	2,001,332
Fund Equity at Beginning of Year	4,618,698	4,618,698	4,618,698	0
Prior Year Encumbrances Appropriated	22,097	22,097	22,097	0
Fund Equity at End of Year	\$4,331,078	\$3,567,478	\$5,568,810	\$2,001,332

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Equity - Budget and Actual (Budget Basis)
Sewer Fund
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	\$3,235,000	\$2,835,000	\$3,066,899	\$231,899
Other Operating Revenues	29,863	29,863	34,611	4,748
Total Revenue	3,264,863	2,864,863	3,101,510	236,647
Expenses				
<i>Current:</i>				
Personal Services	1,016,548	1,199,833	1,186,181	13,652
Fringe Benefits	596,890	585,180	583,883	1,297
Travel Transportation	500	400	0	400
Contractual Services	113,150	250,025	94,230	155,795
Materials and Supplies	408,950	434,295	361,442	72,853
Other Operating Expenses	243,199	383,773	232,964	150,809
Capital Outlay	465,677	1,951,545	325,357	1,626,188
<i>Debt Service:</i>				
Principal Retirement	95,000	95,000	95,000	0
Interest and Fiscal Charges	55,810	55,810	55,810	0
Total Expenses	2,995,724	4,955,861	2,934,867	2,020,994
Excess of Revenues Over (Under) Expenditures	269,139	(2,090,998)	166,643	2,257,641
Other Financing Sources (Uses)				
Issuance of Notes	0	800,000	800,000	0
Transfers-In	30,000	30,000	30,000	0
Transfers-Out	(6,800)	(8,055)	(7,891)	164
Total Other Sources (Uses)	23,200	821,945	822,109	164
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	292,339	(1,269,053)	988,752	2,257,805
Fund Equity at Beginning of Year	3,483,731	3,483,731	3,483,731	0
Prior Year Encumbrances Appropriated	38,490	38,490	38,490	0
Fund Equity at End of Year	\$3,814,560	\$2,253,168	\$4,510,973	\$2,257,805

**CITY OF CHILLICOTHE, OHIO
FIDUCIARY FUNDS**

AGENCY FUNDS

The agency funds are used to account for assets held by the City in a purely custodial capacity. The following is a description of the City's agency funds:

Court Agency Fund

To account for the collection and distribution of court fines and forfeitures through the Municipal Court.

Deposits Agency Fund

To account for various deposits held by the City until the disposition of the deposit is determined.

City of Chillicothe, Ohio
Statement of Changes in Assets & Liabilities
Agency Funds
For the Year Ended December 31, 2011

	Balance 1/1/2011	Additions	Reductions	Balance 12/31/2011
Deposits Agency				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$30,413	\$2,831	\$2,877	\$30,367
<i>Total Assets</i>	<u>\$30,413</u>	<u>\$2,831</u>	<u>\$2,877</u>	<u>\$30,367</u>
Liabilities				
Deposits Held and Due to Others	\$30,413	\$2,831	\$2,877	\$30,367
<i>Total Liabilities</i>	<u>\$30,413</u>	<u>\$2,831</u>	<u>\$2,877</u>	<u>\$30,367</u>
Municipal Court Agency				
Assets				
Cash and Cash Equivalents in Segregated Accounts	\$197,582	\$1,802,185	\$1,828,453	\$171,314
<i>Total Assets</i>	<u>\$197,582</u>	<u>\$1,802,185</u>	<u>\$1,828,453</u>	<u>\$171,314</u>
Liabilities				
Intergovernmental Payable	\$54,047	\$709,625	\$704,483	\$59,189
Undistributed Monies	143,535	372,563	403,973	112,125
Deposits Held and Due to Others	0	719,997	719,997	0
<i>Total Liabilities</i>	<u>\$197,582</u>	<u>\$1,802,185</u>	<u>\$1,828,453</u>	<u>\$171,314</u>
Total Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$30,413	\$2,831	\$2,877	\$30,367
Cash and Cash Equivalents in Segregated Accounts	197,582	1,802,185	1,828,453	171,314
<i>Total Assets</i>	<u>\$227,995</u>	<u>\$1,805,016</u>	<u>\$1,831,330</u>	<u>\$201,681</u>
Liabilities				
Intergovernmental Payable	\$54,047	\$709,625	\$704,483	\$59,189
Undistributed Monies	143,535	372,563	403,973	112,125
Deposits Held and Due to Others	30,413	722,828	722,874	30,367
<i>Total Liabilities</i>	<u>\$227,995</u>	<u>\$1,805,016</u>	<u>\$1,831,330</u>	<u>\$201,681</u>

Statistical Section

This part of the City's Comprehensive Annual Financial Report represents 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

Page(s)

Financial Trends

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

117-122

Revenue Capacity

These schedules contain information to help the reader understand and access the factors affecting the City's ability to generate its most significant local revenue source, the property tax.

123-127

Debt Capacity

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.

128-133

Economic and Demographic Information

This schedule offers 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.

134-135

Operating Information

These schedules contain service 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.

136-140

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

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CITY OF CHILLICOTHE, OHIO
NET ASSETS BY COMPONENT
LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2002	2003	2004	2005	2006	2007	2008	2009	2010*	2011
<i>Governmental Activities</i>										
Invested in Capital Assets, Net of Related Debt	\$48,771,086	\$47,457,882	\$44,886,857	\$43,667,909	\$42,148,445	\$39,625,809	\$39,182,366	\$39,109,104	\$40,021,089	\$36,905,390
<i>Restricted:</i>										
Debt Service	104,236	62,044	0	0	0	0	0	13,507	14,099	14,670
Capital Projects	769,089	697,867	781,247	852,087	860,236	749,643	1,007,274	321,193	1,488,796	2,419,328
<i>Permanent Fund:</i>										
Expendable	1,927	1,967	1,987	2,027	2,067	2,107	2,147	2,187	2,207	2,235
Nonexpendable	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Street Construction, Maintenance and Repair	0	0	0	0	241,458	500,525	402,192	321,959	326,271	377,749
Bus Transit	0	0	0	398,195	537,217	210,363	319,668	2,465,846	205,481	3,164
Housing and Urban Development Program	0	0	0	353,292	564,022	355,957	602,453	1,234,949	418,947	655,388
Other Purposes	2,405,852	2,586,624	3,613,428	1,025,505	1,194,703	1,896,031	1,801,592	1,216,833	998,585	943,547
Unrestricted	163,231	(924,831)	241,677	1,001,156	1,666,778	1,050,438	1,105,720	686,586	(1,172,862)	(407,581)
<i>Total Governmental Activities Net Assets</i>	<u>\$52,216,421</u>	<u>\$49,882,553</u>	<u>\$49,526,196</u>	<u>\$47,301,171</u>	<u>\$47,215,926</u>	<u>\$44,391,873</u>	<u>\$44,424,412</u>	<u>\$45,373,164</u>	<u>\$42,303,613</u>	<u>\$40,914,890</u>
<i>Business Type - Activities</i>										
Invested in Capital Assets, Net of Related Debt	\$25,822,287	\$25,500,895	\$28,017,313	\$28,629,701	\$29,514,918	\$30,375,860	\$31,628,281	\$32,021,986	\$32,510,938	\$29,750,744
<i>Restricted:</i>										
Debt Service	1,818,776	1,655,677	1,949,546	2,008,181	1,784,142	1,902,831	1,652,563	1,694,714	1,627,337	1,283,936
Capital Projects	3,603,889	3,138,244	3,089,391	1,817,822	1,712,772	1,818,467	1,818,467	1,818,467	1,818,467	1,818,467
Unrestricted	5,490,947	6,026,541	4,775,818	5,867,063	5,964,273	6,045,463	5,481,570	5,094,530	4,830,440	7,450,049
<i>Total Business-Type Activities Net Assets</i>	<u>\$36,735,899</u>	<u>\$36,321,357</u>	<u>\$37,832,068</u>	<u>\$38,322,767</u>	<u>\$38,976,105</u>	<u>\$40,142,621</u>	<u>\$40,580,881</u>	<u>\$40,629,697</u>	<u>\$40,787,182</u>	<u>\$40,303,196</u>
<i>Primary Government</i>										
Invested in Capital Assets, Net of Related Debt	\$74,593,373	\$72,958,777	\$72,904,170	\$72,297,610	\$71,663,363	\$70,001,669	\$70,810,647	\$71,131,090	\$72,532,027	\$66,656,134
Restricted	8,704,769	8,143,423	9,436,599	6,458,109	6,897,617	7,436,924	7,607,356	9,090,655	6,901,190	7,519,484
Unrestricted	5,654,178	5,101,710	5,017,495	6,868,219	7,631,051	7,095,901	6,587,290	5,781,116	3,657,578	7,042,468
<i>Total Primary Government Net Assets</i>	<u>\$88,952,320</u>	<u>\$86,203,910</u>	<u>\$87,358,264</u>	<u>\$85,623,938</u>	<u>\$86,192,031</u>	<u>\$84,534,494</u>	<u>\$85,005,293</u>	<u>\$86,002,861</u>	<u>\$83,090,795</u>	<u>\$81,218,086</u>

*Restated

CITY OF CHILLICOTHE, OHIO
CHANGES IN NET ASSETS
LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Program Revenues										
Governmental Activities										
<i>Charges for Services:</i>										
General Government	\$5,388,871	\$4,015,529	\$4,057,530	\$2,531,302	\$1,314,164	\$1,503,926	\$1,682,510	\$2,155,542	\$2,619,886	\$2,248,670
Security of Persons and Property:										
Police	43,522	48,889	78,159	46,768	59,875	54,079	356,516	96,135	57,760	52,402
Fire	1,947	476,130	694,253	702,281	923,551	936,958	960,872	1,112,873	1,138,072	1,227,034
Transportation	149,833	173,248	168,624	153,898	132,002	212,326	123,925	192,654	848,534	1,059,399
Basic Utility Services	991,314	1,028,969	977,912	984,951	1,002,555	1,135,399	989,259	1,004,003	989,639	942,951
Leisure Time Activities	92,938	71,030	64,266	65,876	75,608	100,105	136,601	103,915	90,134	107,531
Subtotal - Charges for Services	<u>6,668,425</u>	<u>5,813,795</u>	<u>6,040,744</u>	<u>4,485,076</u>	<u>3,507,755</u>	<u>3,942,793</u>	<u>4,249,683</u>	<u>4,665,122</u>	<u>5,744,025</u>	<u>5,637,987</u>
<i>Operating Grants and Contributions:</i>										
General Government	170,988	191,123	201,611	157,944	24,617	24,039	25,746	24,324	207,793	250,860
Security of Persons and Property:										
Police	13,252	13,327	2,195	0	0	0	0	0	151,421	0
Fire	13,252	13,327	2,195	0	0	0	0	0	146,250	0
Transportation	1,581,417	1,780,686	2,336,828	1,843,493	3,217,282	2,722,949	2,391,097	3,387,055	1,555,346	2,125,408
Community Environment	492,323	878,746	676,010	156,795	719,748	629,112	583,111	1,971,841	131,711	1,866,383
Basic Utility Services	0	0	6,507	0	0	0	0	0	0	0
Leisure Time Activities	3,570	3,600	0	93,209	45,214	4,657	5,633	5,973	6,407	17,046
Subtotal - Operating Grants and Contributions	<u>2,274,802</u>	<u>2,880,809</u>	<u>3,225,346</u>	<u>2,251,441</u>	<u>4,006,861</u>	<u>3,380,757</u>	<u>3,005,587</u>	<u>5,389,193</u>	<u>2,198,928</u>	<u>4,259,697</u>
<i>Capital Grants and Contributions:</i>										
Police	0	0	0	0	0	0	6,297	0	0	0
Transportation	0	0	203,095	0	390,873	200,230	0	3,691,384	794,490	336,199
Community Environment	0	7,052	6,617	0	0	0	0	0	0	0
Basis Utility Services	0	0	350,000	0	0	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0	0	104,747	87,321	136,400	0
Subtotal - Capital Grants and Contributions	<u>0</u>	<u>7,052</u>	<u>559,712</u>	<u>0</u>	<u>390,873</u>	<u>200,230</u>	<u>111,044</u>	<u>3,778,705</u>	<u>930,890</u>	<u>336,199</u>
Total Governmental Activities Program Revenues	<u>8,943,227</u>	<u>8,701,656</u>	<u>9,825,802</u>	<u>6,736,517</u>	<u>7,905,489</u>	<u>7,523,780</u>	<u>7,366,314</u>	<u>13,833,020</u>	<u>8,873,843</u>	<u>10,233,883</u>
Business-Type Activities										
<i>Charges for Services</i>										
Water	4,159,217	4,196,209	4,388,054	4,489,093	4,327,931	4,476,992	4,366,400	4,401,964	4,439,150	4,515,934
Sewer	2,878,379	2,869,864	3,015,484	3,072,422	3,133,368	3,467,668	3,227,754	3,155,672	3,086,853	3,188,581
<i>Capital Grants and Contributions:</i>										
Sewer	<u>766,789</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Business-Type Activities Program Revenues	<u>7,804,385</u>	<u>7,066,073</u>	<u>7,403,538</u>	<u>7,561,515</u>	<u>7,461,299</u>	<u>7,944,660</u>	<u>7,594,154</u>	<u>7,557,636</u>	<u>7,526,003</u>	<u>7,704,515</u>
Total Primary Government Program Revenues	<u>\$16,747,612</u>	<u>\$15,767,729</u>	<u>\$17,229,340</u>	<u>\$14,298,032</u>	<u>\$15,366,788</u>	<u>\$15,468,440</u>	<u>\$14,960,468</u>	<u>\$21,390,656</u>	<u>\$16,399,846</u>	<u>\$17,938,398</u>

continued

CITY OF CHILLICOTHE, OHIO
CHANGES IN NET ASSETS
LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
<i>Governmental Activities</i>										
General Government	\$9,713,452	\$8,395,001	\$7,145,676	\$5,207,638	\$4,021,651	\$5,063,213	\$5,269,764	\$5,856,422	\$5,972,704	\$5,714,391
Security of Persons and Property:										
Police	4,729,681	5,373,841	5,229,724	4,576,143	4,895,745	5,693,551	5,406,935	5,616,398	5,921,752	5,347,177
Fire	4,284,912	3,847,891	3,679,628	4,233,574	4,751,817	4,567,222	5,206,800	5,370,049	5,427,992	5,486,905
Transportation	3,328,993	3,439,976	5,459,822	5,814,354	6,446,996	6,730,013	6,191,675	7,341,642	5,650,615	6,504,578
Community Environment	828,369	1,024,969	631,235	1,113,876	698,547	772,615	677,158	1,685,430	969,074	1,432,828
Basic Utility Services	880,834	936,233	939,088	792,471	1,006,902	1,064,347	934,806	874,302	1,172,801	673,426
Leisure Time Activities	1,020,679	1,039,855	1,008,825	1,070,174	1,040,184	1,089,656	927,550	520,058	856,056	863,046
Interest and Fiscal Charges	180,222	270,135	88,230	100,026	101,033	91,207	124,333	136,428	132,305	116,032
<i>Total Governmental Activities Expenses</i>	24,967,142	24,327,901	24,182,228	22,908,256	22,962,875	25,071,824	24,739,021	27,400,729	26,103,299	26,138,383
<i>Business-Type Activities</i>										
Water	3,890,453	4,464,827	3,523,388	3,952,924	3,722,375	4,134,872	4,169,380	4,400,088	3,900,284	4,995,184
Sewer	2,743,233	3,113,639	3,197,431	3,240,301	3,012,331	3,022,759	3,148,719	3,248,239	3,887,721	3,328,562
<i>Total Business-Type Activities Expenses</i>	6,633,686	7,578,466	6,720,819	7,193,225	6,734,706	7,157,631	7,318,099	7,648,327	7,788,005	8,323,746
<i>Total Primary Government Program Expenses</i>	31,600,828	31,906,367	30,903,047	30,101,481	29,697,581	32,229,455	32,057,120	35,049,056	33,891,304	34,462,129
Net (Expense)/Revenue										
Governmental Activities	(16,023,915)	(15,626,245)	(14,356,426)	(16,171,739)	(15,057,386)	(17,548,044)	(17,372,707)	(13,567,709)	(17,229,456)	(15,904,500)
Business-Type Activities	1,170,699	(512,393)	682,719	368,290	726,593	787,029	276,055	(90,691)	(262,002)	(619,231)
<i>Total Primary Government Net Expense</i>	(14,853,216)	(16,138,638)	(13,673,707)	(15,803,449)	(14,330,793)	(16,761,015)	(17,096,652)	(13,658,400)	(17,491,458)	(16,523,731)

continued

CITY OF CHILLICOTHE, OHIO
CHANGES IN NET ASSETS
LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets										
Governmental Activities										
<i>Taxes:</i>										
<i>Property and Other Local Taxes Levied for:</i>										
General Purposes	1,360,426	1,403,955	1,408,866	1,466,655	1,425,510	1,071,126	986,223	935,673	941,165	899,306
Police and Fire	0	0	0	0	0	255,262	236,293	221,814	226,362	216,144
<i>Municipal Income Taxes Levied for:</i>										
General Purposes	8,829,586	8,737,740	9,242,017	9,601,686	9,452,405	9,594,677	9,211,925	9,186,508	9,109,304	9,348,023
Transportation	0	0	0	0	0	0	669,926	668,288	662,443	679,854
Capital Outlay	731,201	677,601	778,748	687,951	691,474	810,292	836,963	836,331	827,341	849,806
Other Taxes	167,670	171,124	175,024	85,188	420,586	249,109	190,237	133,653	230,591	207,975
Grants and Entitlements not Restricted to										
Specific Programs	1,714,276	1,787,884	1,552,464	1,661,266	1,775,562	1,685,694	3,738,582	2,098,454	1,820,969	1,937,176
Investment Income	266,635	144,920	146,091	302,373	544,065	656,517	358,230	151,647	55,348	50,035
Miscellaneous	307,455	517,748	782,694	399,199	679,206	419,520	622,353	323,883	456,890	341,810
Gain on Sale of Capital Assets	0	0	0	0	0	0	0	0	387	0
Special Assessments	5,709	0	0	0	0	0	0	0	0	0
<i>Total Governmental Activities</i>	<u>13,382,958</u>	<u>13,440,972</u>	<u>14,085,904</u>	<u>14,204,318</u>	<u>14,988,808</u>	<u>14,742,197</u>	<u>16,850,732</u>	<u>14,556,251</u>	<u>14,330,800</u>	<u>14,530,129</u>
Business-Type Activities										
Investment Income	10,721	44,224	19,397	61,635	127,267	112,221	36,975	16	0	2,846
Miscellaneous	119,847	2,474	307,333	38,714	73,434	249,060	105,659	99,701	403,064	118,047
<i>Total Business-Type Activities</i>	<u>130,568</u>	<u>46,698</u>	<u>326,730</u>	<u>100,349</u>	<u>200,701</u>	<u>361,281</u>	<u>142,634</u>	<u>99,717</u>	<u>403,064</u>	<u>120,893</u>
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	<u>13,513,526</u>	<u>13,487,670</u>	<u>14,412,634</u>	<u>14,304,667</u>	<u>15,189,509</u>	<u>15,103,478</u>	<u>16,993,366</u>	<u>14,655,968</u>	<u>14,733,864</u>	<u>14,651,022</u>
Transfers										
Governmental Activities	(22,677)	(148,595)	(22,029)	(22,060)	(16,667)	(18,206)	(19,571)	(39,790)	(16,423)	(14,352)
Business-Type Activities	22,677	148,595	22,029	22,060	16,667	18,206	19,571	39,790	16,423	14,352
Change in Net Assets										
Governmental Activities	(2,663,634)	(2,333,868)	(292,551)	(1,989,481)	(85,245)	(2,824,053)	(541,546)	948,752	(2,915,079)	(1,388,723)
Business-Type Activities	1,323,944	(317,100)	1,031,478	490,699	943,961	1,166,516	438,260	48,816	157,485	(483,986)
<i>Total Primary Government Change in Net Assets</i>	<u>(\$1,339,690)</u>	<u>(\$2,650,968)</u>	<u>\$738,927</u>	<u>(\$1,498,782)</u>	<u>\$858,716</u>	<u>(\$1,657,537)</u>	<u>(\$103,286)</u>	<u>\$997,568</u>	<u>(\$2,757,594)</u>	<u>(\$1,872,709)</u>

CITY OF CHILLICOTHE, OHIO
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2002	2003	2004	2005	2006	2007	2008	2009	2010*	2011
General Fund										
Reserved	\$55,586	\$11,247	\$20,601	\$234,274	\$200,693	\$217,361	\$112,003	\$141,640	\$0	\$0
Unreserved	3,471,774	2,816,514	3,056,578	3,460,144	3,801,025	3,274,545	4,463,107	2,232,978	0	0
Nonspendable	0	0	0	0	0	0	0	0	220,157	252,251
Committed	0	0	0	0	0	0	0	0	197,064	159,667
Assigned	0	0	0	0	0	0	0	0	32,505	46,264
Unassigned	0	0	0	0	0	0	0	0	1,133,784	1,619,127
Total General Fund	3,527,360	2,827,761	3,077,179	3,694,418	4,001,718	3,491,906	4,575,110	2,374,618	1,583,510	2,077,309
All Other Governmental Funds										
Reserved	190,008	401,296	499,208	696,053	768,321	243,570	1,595,859	443,926	0	0
<i>Unreserved, Undesignated, Reported in:</i>										
Special Revenue Funds	2,371,259	1,863,049	1,059,228	971,065	1,701,632	2,138,285	581,784	865,429	0	0
Debt Service Funds	104,236	66,044	12,150	12,669	13,085	15,950	16,325	16,591	0	0
Capital Projects Funds	751,585	466,840	752,059	484,927	810,503	528,189	572,514	97,329	0	0
Permanent Funds	2,927	1,967	1,987	2,027	2,067	2,107	2,147	2,187	0	0
Nonspendable	0	0	0	0	0	0	0	0	19,740	44,927
Restricted	0	0	0	0	0	0	0	0	1,134,928	1,658,904
Assigned	0	0	0	0	0	0	0	0	5,765	5,765
Unassigned	0	0	0	0	0	0	0	0	(1,942,241)	(2,172,956)
Total All Other Governmental Funds	3,420,015	2,799,196	2,324,632	2,166,741	3,295,608	2,928,101	2,768,629	1,425,462	(781,808)	(463,360)
Total Governmental Funds	\$6,947,375	\$5,626,957	\$5,401,811	\$5,861,159	\$7,297,326	\$6,420,007	\$7,343,739	\$3,800,080	\$801,702	\$1,613,949

*Restated

Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54 were adopted in calendar year 2011. The standard replaces the previous reserved and unreserved fund balance categories with the following five fund balance classifications: nonspendable, restricted, committed, assigned, and unassigned fund balance.

CITY OF CHILLICOTHE, OHIO
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Property Taxes	\$1,338,358	\$1,398,276	\$1,403,530	\$1,471,716	\$1,430,536	\$1,326,120	\$1,215,794	\$1,153,839	\$1,162,849	\$1,132,782
Municipal Income Taxes	9,560,787	9,415,341	10,020,765	10,209,835	10,075,395	10,473,453	10,718,814	10,691,127	10,599,088	10,877,683
Other Taxes	167,670	171,124	175,024	164,990	420,586	249,109	190,237	133,653	230,591	207,975
Charges for Services	2,211,337	2,732,346	2,878,583	2,928,451	2,135,699	2,386,542	2,212,147	2,415,065	4,081,250	3,957,405
Fines, Licenses and Permits	4,451,859	3,077,953	3,153,361	3,313,382	1,372,056	1,556,251	2,003,958	2,232,953	1,597,242	1,658,779
Intergovernmental	4,357,747	4,210,207	5,332,461	4,279,833	5,685,333	5,439,441	6,625,215	9,847,621	6,506,226	6,682,596
Special Assessments	3,689	3,430	5,222	7,871	5,017	19,934	21,631	17,104	50,186	34,087
Investment Earnings	266,635	144,920	146,091	302,373	544,065	656,517	358,230	151,647	55,348	50,035
Miscellaneous	308,983	564,002	837,783	526,713	733,004	431,371	653,732	354,180	502,048	437,117
Total Revenues	22,667,065	21,717,599	23,952,820	23,205,164	22,401,691	22,538,738	23,999,758	26,997,189	24,784,828	25,038,459
Expenditures										
<i>Current:</i>										
General Government	8,253,668	7,393,976	7,151,308	7,225,043	4,629,603	5,005,119	5,149,587	6,715,055	5,856,255	5,604,348
<i>Security of Persons and Property:</i>										
Police	4,466,763	4,521,095	4,702,257	4,159,841	4,535,032	5,013,183	5,198,129	5,724,315	5,617,250	5,332,157
Fire	4,009,416	4,190,877	4,291,686	4,134,698	4,182,352	4,563,369	4,687,957	4,880,108	5,051,759	5,091,470
Transportation	3,336,160	3,439,101	4,324,254	3,759,348	4,306,075	4,643,236	4,688,758	8,567,602	6,090,170	4,838,279
Community Environment	533,551	701,489	388,920	791,855	382,103	489,853	352,345	1,370,904	859,783	1,163,349
Basic Utilities Services	893,911	890,736	916,882	806,492	1,009,378	1,069,275	946,803	880,792	843,424	685,053
Leisure Time Activities	771,929	822,761	830,216	776,363	788,703	900,563	866,912	936,905	783,079	746,962
Capital Outlay	616,504	525,325	1,210,634	646,646	1,156,485	1,599,605	356,415	1,715,632	1,277,088	576,632
<i>Debt Service:</i>										
Principal Retirement	371,064	2,331,034	294,295	306,305	321,075	721,505	726,220	327,983	1,164,204	264,081
Interest and Fiscal Charges	181,762	270,936	96,666	102,493	103,578	93,755	126,952	139,122	134,923	118,684
Total Expenditures	23,434,728	25,087,330	24,207,118	22,709,084	21,414,384	24,099,463	23,100,078	31,258,418	27,677,935	24,421,015
<i>Excess of Revenues Over (Under) Expenditures</i>	(767,663)	(3,369,731)	(254,298)	496,080	987,307	(1,560,725)	899,680	(4,261,229)	(2,893,107)	617,444
Other Financing Sources (Uses)										
Sale of Capital Assets	2,260	40,038	0	0	4,492	29,727	0	11,101	23,339	0
General Obligation Bonds Issues	0	2,125,000	0	0	0	0	0	0	0	0
Premium on General Obligation Bonds	0	16,642	0	0	0	0	0	0	0	0
Issuance of Notes	0	0	0	0	400,000	600,000	200,000	900,000	0	0
Insurance Recoveries	0	0	0	0	0	0	17,892	0	0	0
Proceeds from Loan	0	0	0	126,126	0	0	0	0	0	0
Inception of Capital Lease	2,000	12,228	55,181	69,106	61,035	71,885	25,731	46,259	42,285	209,155
Payment for Refunded Note	0	0	0	0	0	0	0	(200,000)	0	0
Transfers In	2,776,849	2,702,138	2,144,023	2,459,970	2,750,793	2,239,304	2,820,011	3,420,697	2,884,584	2,503,682
Transfers Out	(2,782,255)	(2,850,733)	(2,166,052)	(2,482,030)	(2,767,460)	(2,257,510)	(2,839,582)	(3,460,487)	(2,901,007)	(2,518,034)
Total Other Financing Sources (Uses)	(1,146)	2,045,313	33,152	173,172	448,860	683,406	224,052	717,570	49,201	194,803
Net Change in Fund Balances	(\$768,809)	(\$1,324,418)	(\$221,146)	\$669,252	\$1,436,167	(\$877,319)	\$1,123,732	(\$3,543,659)	(\$2,843,906)	\$812,247
Debt Service as a Percentage of Noncapital Expenditures	2.4%	10.6%	1.7%	1.9%	2.1%	3.6%	4.0%	1.9%	5.3%	1.6%

Note: The change in Total Revenues for 2006 is due to Municipal Court Agency Fund being moved out of General Governmental Funds

CITY OF CHILLICOTHE, OHIO
 ASSESSED VALUATION AND ESTIMATED ACTUAL VALUES OF TAXABLE PROPERTY
 LAST TEN YEARS

Collection Year	Real Property		Tangible Personal Property		Tangible Personal Property					
	Assessed Value		Public Utility		General Business		Total		Ratio	Direct Rate
	Residential/Agricultural/ Commercial/Industrial	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2002	\$317,916,300	\$908,332,286	\$22,138,160	\$25,157,000	\$126,066,490	\$504,265,960	\$466,120,950	\$1,437,755,246	32.42%	3.20
2003	320,113,840	914,610,971	25,010,810	28,421,375	136,569,160	546,276,640	481,693,810	1,489,308,986	32.34%	3.20
2004	325,706,610	930,590,314	21,397,510	24,315,352	99,150,970	396,603,880	446,255,090	1,351,509,547	33.02%	3.20
2005	356,696,600	1,019,133,143	21,343,390	24,253,852	88,563,590	354,254,360	466,603,580	1,397,641,355	33.39%	3.20
2006	359,476,340	1,027,075,257	19,197,300	21,815,114	60,785,720	324,190,507	439,459,360	1,373,080,878	32.01%	3.20
2007	361,865,550	1,033,901,571	18,246,050	20,734,148	38,150,840	305,206,720	418,262,440	1,359,842,439	30.76%	3.20
2008	398,492,350	1,138,549,571	14,169,310	16,101,489	15,581,790	249,308,640	428,243,450	1,403,959,700	30.50%	3.20
2009	396,324,680	1,132,256,229	15,266,240	17,348,000	2,605,380	20,843,040	414,196,300	1,170,447,269	35.39%	3.20
2010	397,696,220	1,136,274,914	17,742,500	20,161,932	1,250,990	20,015,840	416,689,710	1,176,452,686	35.42%	3.20
2011	390,798,540	1,116,567,257	18,993,540	21,583,568	0	0	409,792,080	1,138,150,825	36.01%	3.20

Source: Ross County Auditor

Notes: Real property is reappraised every six years with a State mandated update of the current market value in the third year following each appraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. For collection year 2006, both types of general business tangible personal property were assessed at 18.75 percent. The percentage was 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009. In 2009, tangible personal property consisted only of telephone/telecommunications property. This property was assessed at 12.50 percent for 2009, 6.25 percent for 2010, and zero for 2011.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.

CITY OF CHILlicoTHE, OHIO
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATION)
LAST TEN YEARS

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
City of Chillicothe Millage										
Operating	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20
<i>Total City Millage</i>	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20
Ross County Millage										
Operating	9.40	9.40	9.80	10.40	10.40	10.40	10.60	11.70	11.70	12.50
<i>Total County Millage</i>	9.40	9.40	9.80	10.40	10.40	10.40	10.60	11.70	11.70	12.50
Chillicothe City School District Millage										
Operating	37.70	37.70	37.70	40.20	46.20	46.20	46.20	46.20	46.20	46.20
Debt Service	0.00	0.00	0.00	4.47	4.47	4.47	4.47	4.47	4.47	4.80
<i>Total School Millage</i>	37.70	37.70	37.70	44.67	50.67	50.67	50.67	50.67	50.67	51.00
Other Millage										
Operating	3.80	3.80	3.80	3.80	3.80	4.80	4.80	4.80	4.80	5.80
<i>Total Other Millage</i>	3.80	3.80	3.80	3.80	3.80	4.80	4.80	4.80	4.80	5.80
<i>Total Millage</i>	<u>54.10</u>	<u>54.10</u>	<u>54.50</u>	<u>62.07</u>	<u>68.07</u>	<u>69.07</u>	<u>69.27</u>	<u>70.37</u>	<u>70.37</u>	<u>72.50</u>

Overlapping Rates by Taxing District

Source: Ross County Auditor

Notes: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year. The City's basic property tax rate may be increased only by a majority vote of the City's residents.

Overlapping rates are those of local and county governments that apply to property owners within the City.

City of Chillicothe, Ohio
Property Tax Levies And Collections
Last Ten Years

Year	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy	Total Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
2002	\$1,469,163	\$1,429,337	97.29%	\$27,771	\$1,457,108	99.18%	\$42,707	2.91%
2003	1,518,557	1,486,333	97.88%	32,415	1,518,748	100.01%	48,375	3.19%
2004	1,403,152	1,362,926	97.13%	36,425	1,399,351	99.73%	51,693	3.68%
2005	1,462,582	1,427,113	97.57%	35,811	1,462,924	100.02%	46,670	3.19%
2006	1,372,991	1,339,805	97.58%	38,675	1,378,480	100.40%	52,481	3.82%
2007	1,308,996	1,282,064	97.94%	40,662	1,322,726	101.05%	59,173	4.52%
2008	1,328,749	1,289,316	97.03%	56,208	1,345,524	101.26%	55,618	4.19%
2009	1,286,895	1,245,462	96.78%	41,434	1,286,896	100.00%	60,422	4.70%
2010	1,294,281	1,256,523	97.08%	37,818	1,294,341	100.00%	64,742	5.00%
2011	1,272,921	1,210,720	95.11%	51,912	1,262,632	99.19%	41,513	3.26%

Source: Ross County Auditor

(1) Total tax collections include current levied taxes and delinquent taxes from prior years' taxes levied; therefore, the total percent collected may exceed 100% of the current taxes levied.

City of Chillicothe, Ohio
Principal Taxpayers - Real Estate and PU-PP Tax
2011 and 2002

2011		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
P.H. Glatfelter	\$18,159,650	4.43%
Columbus Southern Power	17,109,340	4.18%
Chillicothe Mall Inc.	4,220,620	1.03%
DDR Chillicothe LLC	4,053,210	0.99%
Central Center LTD	3,111,480	0.76%
Sam's Real Estate Business	2,629,020	0.64%
Zane Plaza LLC	2,434,090	0.59%
Chillicothe Telephone	2,320,830	0.57%
K-Mart Corporation	2,311,240	0.56%
Pittsburgh Glass Works LLC	2,100,000	0.51%
Total	\$58,449,480	14.26%
Total Assessed Valuation	\$409,792,080	
2002		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Mead Corporation	\$26,496,780	5.68%
American Electric Power	10,358,940	2.22%
Chillicothe Telephone	7,385,000	1.58%
Horizon Personal Communication	4,272,460	0.92%
DDR Ohio Opportunity LLC	3,389,440	0.73%
Chillicothe Mall Inc.	3,312,040	0.71%
PPG Industries Inc.	2,810,420	0.60%
Central Center LTD	2,668,370	0.57%
Columbia Gas of Ohio	2,500,490	0.54%
Real Estate Finance Trust	2,259,030	0.48%
Total	\$65,452,970	14.04%
Total Assessed Valuation	\$466,120,950	

Source: Ross County Auditor

(1) The amounts presented represent the assessed values upon which 2011 and 2002 collections were based.

CITY OF CHILLICOTHE, OHIO
INCOME TAX REVENUE BASE AND COLLECTIONS
LAST TEN YEARS

TAX YEAR	TAX RATE	TOTAL TAX COLLECTED	TAXES FROM WITHHOLDING	PERCENTAGE OF TAXES FROM WITHHOLDING	TAXES FROM NET PROFITS	PERCENTAGE OF TAXES FROM NET PROFITS	TAXES FROM INDIVIDUALS	PERCENTAGE OF TAXES FROM INDIVIDUALS
2002	1.60%	\$9,584,702	\$8,310,970	86.71%	\$906,618	9.46%	\$367,113	3.83%
2003	1.60%	9,372,330	8,159,960	87.06%	804,672	8.59%	407,698	4.35%
2004	1.60%	9,819,398	8,203,049	83.54%	859,852	8.76%	756,497	7.70%
2005	1.60%	10,172,778	8,521,259	83.77%	910,361	8.95%	741,158	7.29%
2006	1.60%	10,138,072	8,461,085	83.46%	968,369	9.55%	708,618	6.99%
2007	1.60%	10,594,908	8,682,707	81.95%	1,122,212	10.59%	789,989	7.46%
2008	1.60%	10,746,951	8,666,403	80.64%	1,252,889	11.66%	827,659	7.70%
2009	1.60%	10,498,943	8,433,031	80.32%	1,236,915	11.78%	828,997	7.90%
2010	1.60%	10,669,085	8,626,375	80.85%	1,301,488	12.20%	741,222	6.95%
2011	1.60%	10,824,547	8,718,614	80.54%	1,347,319	12.45%	758,613	7.01%

Source: City Income Tax Department

Note: The City is prohibited by statute from presenting information regarding individual taxpayers

CITY OF CHILLICOTHE
RATIO OF OUTSTANDING DEBT TO
TOTAL PERSONAL INCOME AND DEBT PER-CAPITA
LAST TEN YEARS

YEAR	Governmental Activities			Business-Type Activities			TOTAL DEBT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	OPWC LOANS	CAPITAL LEASES	GENERAL OBLIGATION BONDS	MORTGAGE REVENUE BONDS	OWDA LOANS			
2002	\$2,570,000	\$0	\$127,621	\$0	\$13,490,000	\$44,242	\$16,231,863	3.73%	\$712
2003	2,405,000	0	98,815	2,095,000	12,560,000	0	17,158,815	4.12%	787
2004	2,160,000	0	137,758	2,020,000	11,490,000	0	15,807,758	3.80%	725
2005	1,915,000	113,513	154,650	1,935,000	10,330,000	0	14,448,163	2.87%	663
2006	1,660,000	100,900	162,223	1,855,000	9,145,000	0	12,923,123	2.56%	593
2007	1,405,000	88,287	141,498	1,770,000	7,925,000	0	11,329,785	2.72%	520
2008	1,140,000	75,675	117,598	1,685,000	6,675,000	0	9,693,273	2.33%	445
2009	870,000	63,063	114,276	1,595,000	5,665,000	0	8,307,339	1.68%	373
2010	660,000	50,450	107,864	1,510,000	4,615,000	0	6,943,314	1.48%	317
2011	450,000	37,838	270,679	1,415,000	3,520,000	0	5,693,517	1.22%	260

Source: City Auditor's Office

CITY OF CHILLICOTHE, OHIO
 RATIO OF GENERAL OBLIGATION BONDED DEBT TO ASSESSED
 VALUE AND BONDED DEBT PER CAPITA
 LAST TEN YEARS

YEAR	POPULATION (1)	ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (2)	GROSS BONDED DEBT (3)	RATIO OF NET BONDED DEBT TO ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY	NET BONDED DEBT PER CAPITA
2002	21,796	\$1,458,766,328	\$16,060,000	1.10%	\$737
2003	21,796	1,536,811,302	17,060,000	1.11%	783
2004	21,796	1,385,996,840	15,670,000	1.13%	719
2005	21,796	1,428,446,081	14,180,000	0.99%	651
2006	21,796	1,373,080,878	12,660,000	0.92%	581
2007	21,796	1,359,842,439	11,100,000	0.82%	509
2008	21,796	1,403,959,700	9,500,000	0.68%	436
2009	22,296	1,170,447,269	8,130,000	0.69%	365
2010	21,901	1,176,452,686	6,785,000	0.58%	310
2011	21,901	1,138,150,825	5,385,000	0.47%	246

Sources:

(1) 2010 Census

(2) Ross County Auditor

(3) Includes all general obligation bonded debt with the exception
 of Special Assessment debt.

CITY OF CHILLICOTHE, OHIO
COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
DECEMBER 31, 2011

JURISDICTION	GOVERNMENTAL ACTIVITIES DEBT OUTSTANDING	PERCENTAGE APPLICABLE TO CITY (1)	AMOUNT APPLICABLE TO CITY
DIRECT - CITY OF CHILLICOTHE			
GENERAL OBLIGATION BONDS	\$75,000	100.00%	\$75,000
OPWC LOANS	37,838	100.00%	37,838
CAPITAL LEASES	270,679	100.00%	270,679
POLICE AND FIRE PENSION BONDS	375,000	100.00%	375,000
GENERAL OBLIGATION NOTES	5,100,000	100.00%	5,100,000
TOTAL DIRECT DEBT	5,858,517		5,858,517
OVERLAPPING			
ROSS COUNTY	\$8,832,205	35.44%	3,130,133
CHILLICOTHE CITY SCHOOLS	29,699,949	92.35%	27,427,903
UNION-SCIOTO LOCAL SCHOOLS	2,687,052	18.05%	485,013
SOUTHEASTERN LOCAL SCHOOLS	2,519,303	2.51%	63,235
ZANE TRACE LOCAL SCHOOLS	2,186,941	1.08%	23,619
TOTAL OVERLAPPING DEBT	45,925,450		31,129,903
TOTAL	\$51,783,967		\$36,988,420

Sources: Chillicothe City Auditor and Ross County Auditor

(1) Percentages of overlapping were determined by dividing each overlapping subdivision's assessed valuation located within the City by its total assessed valuation.

CITY OF CHILLICOTHE, OHIO
LEGAL DEBT MARGIN
LAST TEN YEARS

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Assessed Property Value	\$466,120,950	\$481,693,810	\$446,255,090	\$466,603,580	\$439,459,360	\$418,262,440	\$428,243,450	\$414,196,300	\$416,689,710	\$409,792,080
Overall Legal Debt Limit (10 1/2% of Assessed Valuation)	48,942,700	50,577,850	46,856,784	48,993,376	46,143,233	43,917,556	44,965,562	43,490,612	43,752,420	43,028,168
Debt Outstanding:										
General Obligation Bonds	2,570,000	2,405,000	2,160,000	1,915,000	1,660,000	1,405,000	1,140,000	870,000	660,000	450,000
General Obligation Bonds - Enterprise	13,490,000	2,095,000	2,020,000	1,935,000	1,855,000	1,770,000	1,685,000	1,595,000	1,510,000	1,415,000
General Obligation Revenue Bonds	0	12,560,000	11,490,000	10,330,000	9,145,000	7,925,000	6,675,000	5,665,000	4,615,000	3,520,000
OWDA Loans	44,242	0	0	0	0	0	0	0	0	0
OPWC Loans	0	0	0	113,513	100,900	88,287	75,675	63,063	50,450	37,838
Special Assessment Bonds	0	0	0	0	0	0	0	0	0	0
Notes Payable	3,500,000	2,000,000	2,200,000	1,700,000	1,200,000	1,300,000	3,000,000	4,800,000	4,400,000	8,341,000
Total Gross Indebtedness	19,604,242	19,060,000	17,870,000	15,993,513	13,960,900	12,488,287	12,575,675	12,993,063	11,235,450	13,763,838
Less:										
Notes Payable from Governmental Fund Revenues	0	0	1,000,000	800,000	600,000	400,000	2,800,000	4,800,000	4,400,000	5,100,000
Notes Payable from Enterprise Fund Revenues	0	0	0	0	0	0	0	0	0	3,241,000
Revenue Bonds Payable from Enterprise Fund Revenues	13,490,000	12,560,000	11,490,000	10,330,000	9,145,000	7,925,000	6,675,000	5,665,000	4,615,000	3,520,000
G.O. Bonds Payable from Enterprise Fund Revenues	3,500,000	2,095,000	2,020,000	1,935,000	1,855,000	1,770,000	1,685,000	1,595,000	1,510,000	1,415,000
Notes Payable from Enterprise Fund Revenues	44,242	2,000,000	1,200,000	900,000	600,000	300,000	0	0	0	0
OPWC Loan Payable from Governmental Fund Revenues	0	0	0	113,513	100,900	88,287	75,675	63,063	50,450	37,838
Special Assessment Bonds	0	0	0	0	0	0	0	0	0	0
Bond Retirement Fund Balance	104,236	62,044	12,150	12,669	13,086	15,950	16,326	16,591	16,646	16,646
Total Net Debt Applicable to Debt Limit	2,465,764	2,342,956	2,147,850	1,902,331	1,646,914	1,989,050	1,323,674	853,409	643,354	433,354
Legal Debt Margin Within 10 1/2% Limitations	\$46,476,936	\$48,234,894	\$44,708,934	\$47,091,045	\$44,496,319	\$41,928,506	\$43,641,888	\$42,637,203	\$43,109,066	\$42,594,814
Legal Debt Margin as a Percentage of the Debt Limit	94.96%	95.37%	95.42%	96.12%	96.43%	95.47%	97.06%	98.04%	98.53%	98.99%
Unvoted Debt Limitation (5 1/2% of Assessed Valuation)	\$25,636,652	\$26,493,160	\$24,544,030	\$25,663,197	\$24,170,265	\$23,004,434	\$23,553,390	\$22,780,797	\$22,917,934	\$22,538,564
Total Gross Indebtedness	19,604,242	19,060,000	17,870,000	15,993,513	13,960,900	12,488,287	12,575,675	12,993,063	11,235,450	13,763,838
Less:										
Notes Payable from Governmental Fund Revenues	0	0	1,000,000	800,000	600,000	400,000	2,800,000	4,800,000	4,400,000	5,100,000
Notes Payable from Enterprise Fund Revenues	0	0	0	0	0	0	0	0	0	3,241,000
Revenue Bonds Payable from Enterprise Fund Revenues	13,490,000	12,560,000	11,490,000	10,330,000	9,145,000	7,925,000	6,675,000	5,665,000	4,615,000	3,520,000
G.O. Bonds Payable from Enterprise Fund Revenues	3,500,000	2,095,000	2,020,000	1,935,000	1,855,000	1,770,000	1,685,000	1,595,000	1,510,000	1,415,000
Notes Payable from Enterprise Fund Revenues	44,242	2,000,000	1,200,000	900,000	600,000	300,000	0	0	0	0
OPWC Loan Payable from Governmental Fund Revenues	0	0	0	113,513	100,900	88,287	75,675	63,063	50,450	37,838
Special Assessment Bonds	0	0	0	0	0	0	0	0	0	0
Bond Retirement Fund Balance	104,236	62,044	12,150	12,669	13,086	15,950	16,326	16,591	16,646	16,646
Net Debt Within 5 1/2% Limitations	2,465,764	2,342,956	2,147,850	1,902,331	1,646,914	1,989,050	1,323,674	853,409	643,354	433,354
Unvoted Legal Debt Margin Within 5 1/2% Limitations	\$23,170,888	\$24,150,204	\$22,396,180	\$23,760,866	\$22,523,351	\$21,015,384	\$22,229,716	\$21,927,388	\$22,274,580	\$22,105,210
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	90.38%	91.16%	91.25%	92.59%	93.19%	91.35%	94.38%	96.25%	97.19%	98.08%

Source: City Financial Records

CITY OF CHILLICOTHE, OHIO
 PLEDGED REVENUE COVERAGE
 WATER SYSTEM MORTGAGE REVENUE BONDS
 LAST TEN YEARS

YEAR	WATER SERVICE CHARGES AND INTEREST	DIRECT OPERATING EXPENSES (1)	NET AVAILABLE REVENUES	DEBT SERVICE		COVERAGE
				PRINCIPAL	INTEREST	
2002	\$4,261,581	\$2,580,987	\$1,680,594	\$715,000	\$676,520	1.21
2003	4,237,212	3,003,396	1,233,816	750,000	642,200	0.89
2004	4,681,173	2,395,727	2,285,446	850,000	426,668	1.79
2005	4,569,734	2,806,797	1,762,937	930,000	348,715	1.38
2006	4,476,401	2,532,230	1,944,171	945,000	330,115	1.52
2007	4,736,631	3,085,979	1,650,652	965,000	301,505	1.30
2008	4,367,330	2,893,049	1,474,281	985,000	290,950	1.16
2009	4,401,980	3,310,974	1,091,006	1,010,000	266,817	0.85
2010	4,439,150	2,863,090	1,576,060	1,050,000	226,417	1.23
2011	4,518,780	3,919,286	599,494	1,095,000	184,418	0.47

Source: City Auditor's Office

(1) Direct operating expenses do not include depreciation and amortization expense.

CITY OF CHILLICOTHE, OHIO
 PLEDGED REVENUE COVERAGE
 SEWER SYSTEM MORTGAGE REVENUE BONDS
 LAST TEN YEARS

YEAR	SEWER SERVICE CHARGES AND INTEREST	DIRECT OPERATING EXPENSES (1)	NET AVAILABLE REVENUES	DEBT SERVICE		COVERAGE
				PRINCIPAL	INTEREST	
2002	\$2,906,583	\$2,039,687	\$866,896	\$205,000	\$77,323	3.07
2003	2,875,559	2,406,215	469,344	210,000	68,405	1.69
2004	3,049,095	2,444,535	604,560	220,000	58,955	2.17
2005	3,092,130	2,551,986	540,144	230,000	48,835	1.94
2006	3,185,599	2,293,202	892,397	240,000	38,025	3.21
2007	3,569,310	2,304,866	1,264,444	255,000	26,265	4.50
2008	3,233,799	2,419,443	814,356	265,000	13,515	2.92
2009	3,155,672	2,522,863	632,809	0	0	0
2010	3,086,853	3,165,581	(78,728)	0	0	0
2011	3,188,581	2,590,976	597,605	0	0	0

Source: City Auditor's Office

(1) Direct operating expenses do not include depreciation and amortization expense.

CITY OF CHILLICOTHE, OHIO
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Age (1)	School Enrollment (2)	Unemployment Rate (3)	Total Assessed Property Value (4)
2002	21,796	\$435,426,396	\$19,101	40.0	3,841	6.2%	\$466,120,950
2003	21,796	416,325,396	19,101	40.0	3,743	7.1%	481,693,810
2004	21,796	416,325,396	19,101	40.0	3,733	9.1%	446,255,090
2005	21,796	503,988,908	23,123	40.0	3,350	7.3%	466,603,580
2006	21,796	503,988,908	23,123	40.0	3,145	6.2%	439,459,360
2007	21,796	498,387,336	22,866	40.0	3,171	8.0%	418,262,440
2008	21,796	416,325,396	19,101	40.0	3,137	8.0%	428,243,450
2009	22,296	494,525,280	22,180	40.0	3,122	12.5%	414,196,300
2010	21,901	468,528,093	21,393	40.0	3,118	10.8%	416,689,710
2011	21,901	468,528,093	21,393	40.0	2,905	8.7%	409,792,080

Sources:

(1) 2010 Census

(2) Chillicothe Board of Education/Bishop Flaget Parochial School Office/Ross County Christian Academy

(3) U.S. Bureau of Labor Statistics. Information prior to 2008 is for Ross County because City data was unavailable.

(4) Ross County Auditor

(5) Computation of per capita personal income multiplied by population

CITY OF CHILLICOTHE, OHIO
PRINCIPAL EMPLOYERS
CURRENT YEAR AND FIVE YEARS AGO

2011			
Employer	Nature of Business	Employees	Percentage of Total City Employment
Glatfelter Paper Company	Paper Industry	1,369	4.55%
Wal-Mart	Retail	846	2.81%
Chillicothe City Schools	Education	732	2.43%
Ross County	County Govt	698	2.32%
Ohio University-Chillicothe	College Campus	575	1.91%
City of Chillicothe	City Govt	385	1.28%
Horizon Family of Companies	Communications	210	0.70%
Lowe's	Retail	202	0.67%
Time Warner	Cable TV/Internet	106	0.35%
American Electric Power	Utility Center	15	0.05%
Total		5,138	17.07%
Total Employment Within the City		30,100	100.00%

2006			
Employer	Nature of Business	Employees	Percentage of Total City Employment
Glatfelter Paper Company	Paper Industry	1,610	4.72%
Wal-Mart	Retail	211	0.62%
Chillicothe City Schools	Education	350	1.03%
Ross County	County Govt	597	1.75%
Ohio University-Chillicothe	College Campus	170	0.50%
City of Chillicothe	City Govt	287	0.84%
Horizon Family of Companies	Communications	205	0.60%
Lowe's	Retail	105	0.31%
Time Warner	Cable TV/Internet	150	0.44%
American Electric Power	Utility Center	127	0.37%
Total		3,812	11.18%
Total Employment Within the City		34,100	100.00%

Source: City Income Tax Department (number of employees obtained from W2's)

(1) Information prior to 2006 is not available.

CITY OF CHILLICOTHE, OHIO
CAPITAL ASSETS STATISTICS BY FUNCTION PROGRAM
LAST SIX YEARS

Function/Program	2006	2007	2008	2009	2010	2011
General Government						
Square Footage Occupied	39,577	39,577	39,577	39,577	39,577	39,577
Administrative Vehicles	0	0	0	0	0	0
Engineering Vehicles	3	10	10	9	9	9
Municipal Court Vehicles	1	2	2	2	2	2
Service Department Vehicles	26	33	34	34	34	34
Police						
Stations	1	1	1	1	1	2
Square Footage of Building	29,090	29,090	29,090	29,090	29,090	29,090
Vehicles	26	21	23	22	26	33
Fire						
Stations	3	3	3	3	3	3
Square Footage of Building	23,476	23,476	23,476	23,476	23,476	23,476
Vehicles	21	28	30	27	27	27
Recreation						
Number of Parks	12	12	12	12	13	13
Number of Pools	1	1	1	1	1	1
Number of Tennis Courts	4	4	4	4	4	4
Number of Baseball Diamonds	13	13	13	13	13	13
Number of Tot Lots	4	4	4	4	4	4
Number of Soccer Fields	8	8	8	8	8	8
Vehicles	9	22	22	21	21	21
Floodwall						
Miles	5.0	5.0	5.0	5.0	5.0	5.0
Transportation						
Square Footage of Building	26,157	26,157	26,157	26,157	18,855	18,855
Vehicles	17	20	21	24	21	23
Water Department						
Water Lines (miles)	100	133	133	133	133	136
Vehicles	14	17	20	20	21	21
Sewer Department						
Sewer Lines/Storm Sewer (miles)	101	103	103	103	103	105
Vehicles	14	25	26	26	28	29

Sources: Chillicothe City Auditor and Chillicothe City Engineer

(1) Information prior to 2006 is not available.

CITY OF CHILLICOTHE, OHIO
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION PROGRAM
LAST TEN YEARS

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Council	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Auditor	7.5	7.5	6.5	6.5	6.5	6.5	6.5	6.5	5.5	4.5
Income Tax	4	4	3	3	3	3	3	3	3	3
Treasurer	1	1	1	1	1	1	1	1	1	1
Mayor	9	7	7	6	5.5	5.5	6.5	5.5	4.5	4.5
Law Director	5.5	5.5	5	5	5.5	6	7	7	6.5	5.5
Engineering	13	13	9	8	11	7	7	6	7	6
Civil Service	1	1	1	1	1	1	1	2.5	2.5	2.5
Municipal Court	26	26	24	24.5	24	25	24.5	23.5	23.5	23
Security of Persons and Property										
Police	56	55	49	49	50	52	53.5	54.5	50	51
Fire	49	48	41	43	45	45	47	47	42	47
School Crossing Guards	10.5	8.5	7.5	7	7.5	7.5	7.5	7.5	0	0
Traffic Control-Meters	1	1	1	1	1	1	1	1	0	0
Leisure Time Activities										
Parks	3	6	6	2	5	5	5	5	4	4
Recreation	9.5	5.5	5	7.5	4	6	5	4	3	3
Transportation										
Service	31	28	29	28.5	25.5	25.5	25.5	27	22	20
Transit	17.5	20	21	22	22	24	24	24	23	23
Basic Utility Services										
Water	26	17	26	19	26	28	28	29	25.5	28.5
Sewer	18.5	25.5	19	22.5	17.5	17.5	18.5	17.5	16.5	17
Totals:	<u>294.5</u>	<u>285</u>	<u>266.5</u>	<u>262</u>	<u>266.5</u>	<u>272</u>	<u>277</u>	<u>277</u>	<u>245</u>	<u>249</u>

Source: City Payroll Department W2 Audit Listing

Method: Using 1.0 for each full-time employee and 0.50
for each part-time and seasonal employee at
year end.

CITY OF CHILLICOTHE, OHIO
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST SIX YEARS

Function/Program	2006	2007	2008	2009	2010	2011
General Government						
<i>Council and Clerk</i>						
Number of Ordinances Passed	153	156	166	158	103	125
Number of Resolutions Passed	40	21	25	26	19	20
Number of Planning Commission Docket Items	12	16	11	6	10	10
Zoning Board of Appeals Docket Items	39	31	35	23	32	20
Design & Review Board Docket Items	40	35	32	55	27	32
<i>Finance Department</i>						
Number of Checks/Vouchers Issued	5,647	5,928	5,646	6,290	5,185	5,197
Amount of Checks Written	\$27,646,498	\$34,031,388	\$33,538,991	\$42,906,483	\$34,508,413	\$38,000,816
Interest Earnings for fiscal year (cash basis)	\$543,654	\$767,972	\$335,401	\$203,115	\$59,358	\$54,710
Number of Receipts Issued	882	2,297	2,036	2,340	2,491	2,194
Agency Ratings - Moody's Financial Services	A2	A2	A2	A2	A2	A2
General Fund Receipts (cash basis)	\$16,807,568	\$17,002,025	\$16,144,252	\$19,634,492	\$16,075,288	\$18,270,177
General Fund Expenditures (cash basis)	\$16,589,421	\$17,221,144	\$16,590,076	\$19,145,869	\$17,039,755	\$18,494,994
General Fund Cash Balances	\$2,538,822	\$2,483,975	\$2,678,364	\$3,520,378	\$2,587,572	\$2,772,711
<i>Income Tax Department</i>						
Number of Individual Returns	7,468	7,753	7,864	8,176	6,715	12,665
Amount of Business Returns	2,186	2,170	2,239	2,359	2,141	2,888
Number of Business Withholding Accounts	1,731	1,878	1,960	1,952	1,862	1,968
Amount of Penalties and Interest Collected	\$60,750	\$47,954	\$54,444	\$107,958	\$63,209	\$49,456
Annual Number of Corporate Withholding Forms Processed	10,320	11,088	10,864	11,365	11,530	11,835
Annual Number of Balance Due Statements Forms Processed	1,686	723	1,908	1,948	1,985	1,683
Annual Number of Estimated Payment Forms Processed	2,325	1,717	2,440	2,414	1,892	2,053
Annual Number of Reconciliations of Withholding Processed	1,291	1,505	1,677	1,714	1,347	1,526
<i>Engineering Department</i>						
Dollar Amount of Construction Overseen by Engineer	\$60,750	\$250,000	\$1,200,000	\$1,000,000	\$700,000	\$700,000
<i>Municipal Court</i>						
Number of Civil Cases	1,820	2,139	2,027	1,895	1,568	1,634
Amount of Criminal Cases	4,645	4,708	4,720	4,122	3,684	4,110
Amount of Traffic Cases	9,226	8,767	10,327	10,121	8,663	9,023
Amount of Small Claims Cases	560	716	435	229	163	146

Source: Departments of the City of Chillicothe

(1) Information prior to 2006 is not available.

continued

CITY OF CHILLICOTHE, OHIO
OPERATING INDICATORS BY FUNCTION /PROGRAM
LAST SIX YEARS

Function/Program	2006	2007	2008	2009	2010	2011
<i>Civil Service</i>						
Number of Police Entry Tests Administered	1	0	0	108	52	0
Number of Fire Entry Tests Administered	0	1	0	57	0	66
Number of Police Promotional Tests Administered	0	1	0	14	0	5
Number of Fire Promotional Tests Administered	0	0	6	0	1	16
Number of Hires of Police Officers from Certified Lists	5	3	0	5	0	4
Number of Hires of Fire/Medics Officers from Certified Lists	0	0	0	0	0	8
Number of Promotions from Police Certified Lists	0	1	0	2	0	1
Number of Promotions from Fire Certified Lists	0	0	0	0	0	6
<i>Building Department Indicators</i>						
Construction Permits Issued	25	31	13	11	10	8
Estimated Value of Construction	\$21,179,322	\$47,408,815	\$16,967,414	\$17,823,496	\$18,217,008	\$12,635,438
Number of Permits Issued	887	890	849	947	901	867
Amount of Revenue Generated from Permits	\$97,684	\$101,433	\$127,646	\$79,438	\$79,257	\$117,985
Number of Contractor Registrations Issued	436	380	344	377	344	374
Revenue Generated from Above 1	\$21,800	\$18,950	\$3,306	\$3,413	\$2,764	\$1,970
<i>Police Department</i>						
Total Calls for Service	27,642	26,259	25,610	25,984	24,162	24,429
Number of Traffic Citations Issued	3,600	2,942	3,008	1,995	2,165	3,144
Number of Parking Citations Issued (2)	4,209	3,840	3,400	2,229	1,134	N/A
Number of Criminal Arrests	2,916	5,113	5,010	3,790	2,462	2,808
Number of Accident Reports Completed	1,035	1,147	1,121	1,033	1,251	916
DUI Arrests	225	171	187	176	100	101
Prisoner costs for room and board	\$298,437	\$310,516	\$375,252	\$372,985	\$369,559	\$0
Motor Vehicle Accidents	639	820	771	724	902	710
Property Damage Accidents	396	327	350	309	349	366
Fatalities from Motor Vehicle Accidents	0	0	0	1	0	1
Gasoline Costs of Fleet	\$72,276	\$81,763	\$75,859	\$63,199	\$87,492	\$115,574
DARE Program hours	1,440	1,440	1,440	1,600	1,600	1,680
<i>Fire Department</i>						
EMS Calls	4,857	4,846	4,911	5,134	5,045	5,407
Ambulance Billing Collections (net)	\$923,551	\$936,958	\$893,804	\$1,030,299	\$1,128,158	\$1,224,578
Fire Calls	639	771	795	681	777	823
Fires with Loss	48	58	52	35	40	54
Fires with Losses Exceeding \$10K	5	7	4	7	10	16
Fire Losses \$	\$1,665,125	\$241,035	\$931,810	\$255,490	\$2,062,830	\$628,110
Fire Safety Inspections	100 plus	100 plus	100 plus	100 plus	75	75
Number of Times Mutual Aid Given to Fire	11	0	7	0	0	0
Number of Times Mutual Aid Received for Fire	2	0	0	7	2	0
Number of Injuries Requiring Medical Attention	4	6	4	3	19	7
Fatalities Due to Fire	1	0	1	2	2	0

Source: Departments of the City of Chillicothe

(1) Information prior to 2006 is not available.

(2) Parking citation data ends in July of 2010 because of the layoff of the City's parking enforcer

continued

CITY OF CHILLICOTHE, OHIO
OPERATING INDICATORS BY FUNCTION /PROGRAM
LAST SIX YEARS

Function/Program	2006	2007	2008	2009	2010	2011
Leisure Time Activities						
<i>Recreation Department</i>						
Recreation Swimming Pool Receipts	\$37,144	\$60,956	\$92,861	\$48,588	\$49,537	\$62,176
Recreation Mens, Women & Chillicothe Leagues Receipts	\$23,127	\$21,395	\$25,315	\$25,790	\$22,572	\$24,775
Number of Tree License Issues	23	53	19	19	20	17
Amount of Revenue from Tree License	\$575	\$1,325	\$475	\$475	\$500	\$425
Total Acreage all Parks	225	225	225	876	876	876
Transportation						
<i>Street Construction & State Highway</i>						
Street Sweeper (hours)	1,200	1,400	1,100	1,000	950	900
Cold Patch (hours)	1,400	1,600	1,600	1,500	1,700	2,000
Snow and Ice Removal (regular hours)	200	180	200	300	400	150
Snow and Ice Removal (overtime hours)	150	200	200	449	452	332
Leaf Collection (hours)	2,880	2,800	3,000	3,000	2,000	2,000
Downtown Square Repair after Events (hours)	104	50	75	75	50	50
Tons of Snow Melting Salt Purchased (Nov-Mar)	416	578	151	810	692	791
Cost of Salt Purchased	\$16,648	\$23,120	\$6,054	\$48,096	\$43,973	\$50,201
Basic Utility Services						
<i>Refuse Department</i>						
Refuse Disposal per year (in tons) August through July	8,356	8,252	8,124	7,566	8,261	7,599
Refuse Disposal cost per year August through July	\$342,175	\$312,107	\$286,340	\$290,408	\$290,000	\$252,335
<i>Water Department (2)</i>						
Water Rates per 1st 300 Cu ft of Water Used (Inside City) bimonthly	14.18	14.18	14.48	14.48	14.48	11.68
Water Rates per 1st 300 Cu ft of Water Used (Outside City) bimonthly	21.28	21.28	21.71	21.71	21.71	17.54
Total Water Collections Annually (including P&I)	\$4,301,855	\$4,607,872	\$4,242,825	\$4,233,031	\$4,370,433	\$3,835,549
Number of Active Customers	9,312	9,207	9,153	9,167	9,151	9,196
<i>WasteWater Department (3)</i>						
Sewer Rates per 1st 300 Cu ft of Water Used (Inside City) bimonthly	11.51	11.51	11.74	11.74	11.74	8.58
Sewer Rates per 1st 300 Cu ft of Water Used (Outside City) bimonthly	17.26	17.26	17.61	17.61	17.61	12.84
Total Flow of Wastewater Treatment Plant (Millions of Gallons)	789.495	797.027	1009.626	934.845	901.546	1015.795
Tons of Dry Sludge Removed	334.672	324.410	313.360	341.000	481.480	291.220
Wastewater Calls for Service	210	220	250	19	250	200
After Hours Wastewater Calls for Service (hours)	721	176	596	76	300	250
Sewer Jet, Vac-all, other services (hours)	1,144	800	953	1,000	1,500	1,500

Source: Departments of the City of Chillicothe

(1) Information prior to 2006 is not available.

(2) In 2010, the City began billing monthly and modified the Water rates to 7.24 per 1st 200 Cu ft (Inside City) and 10.86 per 1st 200 Cu ft (Outside City).

(3) In 2010, the City began billing monthly and modified the Sewer rates to 5.87 per 1st 200 Cu ft (Inside City) and 8.81 per 1st 200 Cu ft (Outside City).