

City of Chillicothe, Ohio Comprehensive Annual Financial Report

For the Year Ended December 31, 2013



Luke Feeney

Chillicothe City Auditor

CITY OF CHILLICOTHE, OHIO
 Comprehensive Annual Financial Report
 For the Year Ended December 31, 2013

TABLE OF CONTENTS **Page**

INTRODUCTORY SECTION

Transmittal Letter	1
GFOA Certificate of Achievement	7
Listing of Elected Officials.....	8
Listing of Appointed Officials.....	9
Organizational Chart.....	10
2013 City Auditor's Staff.....	11

FINANCIAL SECTION

Independent Auditors' Report

Management's Discussion and Analysis	12
--	----

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position	21
Statement of Activities.....	22

Fund Financial Statements:

Balance Sheet - Governmental Funds	24
Reconciliation of Total Governmental Fund Balances To Net Position of Governmental Activities	25
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	26
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Statement of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual (Budget Basis) General Fund	28
Bus Transit Fund	29
Statement of Fund Net Position - Proprietary Funds	30
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	31
Statement of Cash Flows - Proprietary Funds.....	32
Statement of Fiduciary Net Position - Fiduciary Funds	34
Notes to the Basic Financial Statements.....	35

TABLE OF CONTENTS - Continued

Page

FINANCIAL SECTION - Continued

Combining Statements and Individual Fund Schedules:

Combining Statements - Nonmajor Funds:

Description of Funds.....	68
Combining Balance Sheet - Nonmajor Governmental Funds	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	73
Combining Balance Sheet - Nonmajor Special Revenue Funds	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	77
Combining Balance Sheet - Nonmajor Capital Projects Funds.....	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds	81

Individual Fund Schedules of Revenues, Expenditures/Expenses and

Changes in Fund Balances/Equity - Budget and Actual (Budget Basis):

General Fund.....	82
Bus Transit Fund.....	88
Street Construction Maintenance & Repair Fund	89
State Highway Fund.....	90
Parks and Recreation Fund	91
HUD Fund.....	92
Grants Fund.....	93
Cablevision Fund	94
Law Enforcement Fund.....	95
Indigent Driver's Alcohol Treatment Fund.....	96
OMVI Enforcement and Education Fund	97
Mandatory Drug Fines Fund	98
Parking Fund.....	99
Police Pension Fund.....	100
Fire Pension Fund	101
Bond Retirement Fund	102
Capital Improvement Fund	103
Issue II Fund	104
Safety Levy Capital Fund	105
Parks and Recreation Capital Fund	106
Carlisle Hill Fund.....	107
Floodwall Fund	108
Income Tax Fund	109
Landfill Closure Fund	110
Streetscape Fund	111
Unclaimed Monies Fund.....	112

Description of Enterprise Funds..... 113

Water Fund.....	114
Sewer Fund	115

Description of Agency Funds..... 116

Statement of Changes in Assets and Liabilities - Agency Funds	117
---	-----

TABLE OF CONTENTS - Continued

Page

STATISTICAL SECTION

Statistical Table Description	118
Net Position by Component, Last Ten Years, (Accrual Basis of Accounting).....	119
Changes in Net Position, Last Ten Years (Accrual Basis of Accounting)	120
Fund Balances, Governmental Funds, Last Ten Years (Modified Accrual Basis of Accounting)	123
Changes in Fund Balances, Governmental Funds, Last Ten Years (Modified Accrual Basis of Accounting)	124
Assessed Valuation and Estimated Actual Values of Taxable Property, Last Ten Years	125
Property Tax Rates - Direct and Overlapping Governments, Last Ten Years	126
Property Tax Levies and Collections, Last Ten Years	127
Principal Taxpayers - Real Estate and PU-PP Tax, 2013 and 2004	128
Income Tax Revenue Base and Collections, Last Ten Years	129
Ratio of Outstanding Debt to Total Personal Income and Debt Per Capita, Last Ten Years	130
Ratio of General Obligation Bonded Debt to Assessed Value and Bonded Debt Per Capita, Last Ten Years.....	131
Computation of Direct and Overlapping Governmental Activities Debt	132
Legal Debt Margin, Last Ten Years	133
Pledged Revenue Coverage, Water System Mortgage Revenue Bonds, Last Ten Years	134
Pledged Revenue Coverage, Sewer System Mortgage Revenue Bonds, Last Ten Years	135
Demographic and Economic Statistics, Last Ten Years.....	136
Principal Employers, Current Year and Seven Years Ago	137
Capital Assets Statistics by Function Program, Last Eight Years	138
Full-Time Equivalent City Government Employees by Function Program, Last Ten Years	139
Operating Indicators by Function Program, Last Eight Years.....	140



CHILICOTHE
OHIO'S FIRST CAPITAL

LUKE M. FEENEY
CITY AUDITOR

June 20, 2014

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

FROM: City Auditor Luke Feeney and Staff

The Auditor's office is pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Chillicothe for the year ended December 31, 2013. This report, prepared by the City Auditor's Office, contains a comprehensive analysis of the City's financial position and activities for the year 2013. 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, and should be read in conjunction with, MD&A. The City of Chillicothe's MD&A can be found immediately following the Independent Auditor's opinion letter.

Audit

The 2013 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 as amended by GASB Statements No. 39 and 61, 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, the 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 and department heads, along with an organizational chart is included at the end of this section.

The City employs approximately 242 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

Situated along the Scioto River and at the crossroads of U.S. Route 23 and U.S. Route 35, Chillicothe has a strong history as a regional commerce center and trade route. The area's economy is supported by paper and truck manufacturing, healthcare, education and retail. The geographic location and easy highway access makes Chillicothe an ideal place for residents from neighboring communities to shop and dine. The same convenience also makes Chillicothe the perfect place for manufacturers because of the ease of access to interstate highways.

The strength of area manufacturing, health care, education and retail has played a significant factor in Chillicothe's emergence from the lingering effects of the nationwide recession. In addition to providing a significant number of jobs to residents, area employers are vested in the community. One such example is the AdenaHealth System has commitment to anchoring a building in Chillicothe's Historic Downtown district, at its main intersection. The Carlisle building has been uninhabitable since a fire in 2003, but the renovated building will house medical residents, provide an economic boost to the district, and be a catalyst for more development and business downtown.

Chillicothe's geographic location makes it a natural retail center for the surrounding counties of Pike, Fayette, Vinton, and Pickaway. Bridge Street, which is also the U.S. 23 business route, is home to the vast majority of Chillicothe's retail and dining options. In 2013 a developer acquired an option to purchase 13 of the remaining 19 acres of undeveloped farmland along Bridge Street. The former dairy farm is now surrounded by major retailers including Sam's Club, K Mart, JC Penney and Menards, as well as restaurants such as Chipotle, Olive Garden, and Long Horn Steakhouse. In the spring of 2014 the Board of Zoning appeals variances were granted for the development.

Other developments of note:

- After being granted a zoning variance in 2013, Pilot Flying J will begin construction of Travel Center on East Main Street in 2014 to serve professional drivers that travel along U.S. Routes 23, 50 and 35.
- In the fall of 2014 Wabuck Development Company will begin the \$5 million Quinton Court project, a new 32 unit walk-up apartment affordable housing development for the elderly.
- The Downtown Development Commission was established for the stated purpose of the development and enhancement of the historic downtown district. The original commission members consist of local business owners and community members with a vested interest in the prosperity of historic downtown Chillicothe.
- The sewer project in one of Chillicothe's newer neighborhoods, Neenah Gardens, has been completed. The continued need for new water and sewer infrastructure is a positive sign of Chillicothe's growth and residential development potential.
- In late 2013 St. Mary's Catholic Church on South Paint Street began a \$3.3 Million capital restoration project. The project includes significant work on several buildings on the church's campus.
- A significant stretch of Main Street was repaved as a part of a project funded 90% by ODOT and 10% by the City.
- Construction of the new Chillicothe Municipal Court building was completed as the building was opened 2013.

Long-Term Financial Planning

Significant work was done in 2013 to restructure the City's debt obligations. On January 1, 2013 the City had six separate one year note obligations, exposing it to potential interest rate volatility. During 2013 the City issued bonds, locking in historically low interest rates. Five of the six outstanding notes were included in the bond issuance. The City now has a long-term, structured plan to tackle its current debt. The bond issuance included the refunding of two outstanding bond issues and as well as a sewer system project, safety vehicles, the new Municipal Court building, and the transit facility and street improvements. No new money was issued as no new projects were undertaken.

The City is still working through cuts to the Local Government Fund and will face in 2014 for the first time, the effects of the elimination of the estate tax in Ohio. This is a common fate in Ohio and Chillicothe is focused on the growth of business to recover from what was taken away by the state legislature. A focus on infrastructure and accommodating industry that is naturally attracted to the Chillicothe area will aid in the City's growth. Income tax revenues saw slight increase driven by business tax which was up 17% from 2012.

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, 2012. 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, 2012. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgement

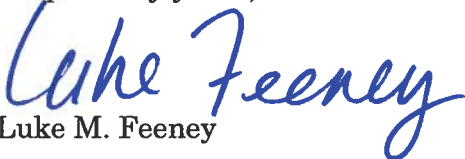
This Comprehensive Annual Financial Report for the City of Chillicothe is the 23rd for our City and represents not only a tremendous effort on the part of the Auditor's staff but is indicative of the professionalism of all the people involved. With this report our taxpayers may now better understand 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,



Luke M. Feeney

Chillicothe City Auditor



Government Finance Officers Association

**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, 2012

Executive Director/CEO

THIS PAGE LEFT BLANK INTENTIONALLY

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

MAYOR

Jack A. Everson
Term Expires 12-31-15

CITY COUNCIL

Eric Rinehart II
President
Term Expires 12-31-15

Thomas Trutschel
1st Ward Council
Term Expires 12-31-15

Alicia Gray
3rd Ward Council
Term Expires 12-31-15

William Showman
5th Ward Council
Term Expires 12-31-15

Dustin Proehl
Council At Large
Term Expires 12-31-15

Bill Bonner
Council At Large
Term Expires 12-31-15

Nancy Ames
2nd Ward Council
Term Expires 12-31-15

Dave Tatman
4th Ward Council
Term Expires 12-31-15

Patricia Patrick
6th Ward Council
Term Expires 12-31-15

Beth Neal
Council At Large
Term Expires 12-31-15

CITY AUDITOR

Luke M. Feeney
Term Expires 12-31-17

CITY TREASURER

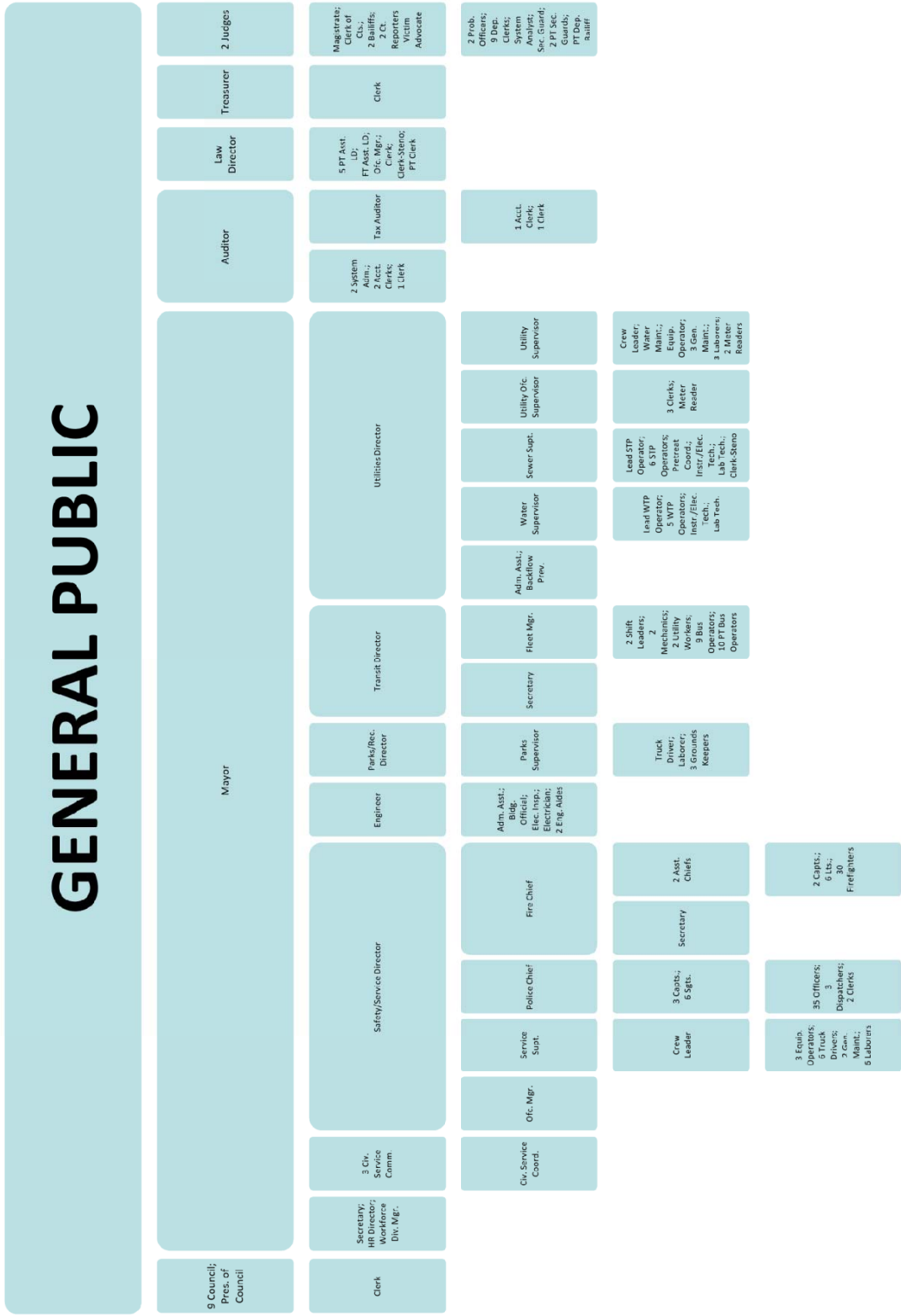
Jeremy Siberell
Term Expires 12-31-17

DIRECTOR OF LAW

Sherri Rutherford
Term Expires 12-31-15

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

CITY ENGINEER	Thomas Day
UTILITIES DIRECTOR	Richard Johnson
SAFETY/SERVICE DIRECTOR	Mike Green
PARKS/RECREATION DIRECTOR	Dave Tener
HUMAN RESOURCES DIRECTOR	Tammy Bochard
TRANSIT DIRECTOR	Melissa Givens
CLERK OF COUNCIL	John Fosson
ASSISTANT LAW DIRECTOR	Ben Sigall
ASSISTANT LAW DIRECTOR	Michele Rout
ASSISTANT LAW DIRECTOR	Carrie Rowland
ASSISTANT LAW DIRECTOR	Pamela Wells



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

CITY AUDITOR

Luke M. Feeney

TAX AUDITOR

Julie A. Parker

SYSTEM ADMINISTRATOR

Heidi Leasure

SYSTEM ADMINISTRATOR

Kathy L. Knece

ACCOUNTING CLERK

Holly Cousins

ACCOUNTING CLERK

Amy Wagner

AUDITOR'S CLERK

Katherine Flechtner

AUDITOR'S CLERK

Aubrey Cameron

THIS PAGE LEFT BLANK INTENTIONALLY

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
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, 2013. 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 position increased \$305,257; net position of the governmental activities decreased \$163,497; and net position of the business-type activities increased \$468,754.
2. The General Fund balance of \$2,076,555 increased \$2,210,559 or 1649.62%, from the previous year's balance of (\$134,004). This was primarily due to a decrease in capital outlay expenditures and an increase in charges for services from the prior year and the issuance of refunding bonds during 2013.

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 position* presents information on all of the City of Chillicothe's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position 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.

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

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, 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 position* and the *statement of activities*) and governmental funds in a reconciliation which follows the fund financial statements.

The City of Chillicothe maintains 26 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 and Bus Transit Fund, which are considered to be major funds. Data from the other 24 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 position* 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 position* 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.

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

The City of Chillicothe as a Whole

The following two statements reflect the net position of the City of Chillicothe as a whole and are divided into the following categories: Assets, Liabilities, Net Position (assets and deferred outflows minus liabilities and deferred inflows), Revenues, Expenses and Increase (Decrease) in net position.

Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Assets:						
Current and Other Assets	\$8,890,391	\$8,494,944	\$9,121,345	\$9,166,088	\$18,011,736	\$17,661,032
Capital Assets, Net	<u>40,771,757</u>	<u>42,112,442</u>	<u>38,172,152</u>	<u>39,208,109</u>	<u>78,943,909</u>	<u>81,320,551</u>
<i>Total Assets</i>	<u>49,662,148</u>	<u>50,607,386</u>	<u>47,293,497</u>	<u>48,374,197</u>	<u>96,955,645</u>	<u>98,981,583</u>
Deferred Outflows of Resources	<u>0</u>	<u>0</u>	<u>25,000</u>	<u>0</u>	<u>25,000</u>	<u>0</u>
Liabilities:						
Current and Other Liabilities	1,672,111	6,899,270	253,085	961,601	1,925,196	7,860,871
Long-Term Liabilities:						
Due Within One Year	1,354,096	985,349	2,043,894	1,582,692	3,397,990	2,568,041
Due in More Than One Year	<u>6,102,722</u>	<u>1,937,154</u>	<u>4,090,860</u>	<u>5,368,000</u>	<u>10,193,582</u>	<u>7,305,154</u>
<i>Total Liabilities</i>	<u>9,128,929</u>	<u>9,821,773</u>	<u>6,387,839</u>	<u>7,912,293</u>	<u>15,516,768</u>	<u>17,734,066</u>
Deferred Inflows of Resources	<u>1,033,647</u>	<u>1,122,544</u>	<u>0</u>	<u>0</u>	<u>1,033,647</u>	<u>1,122,544</u>
Net Position:						
Net Investments in						
Capital Assets	36,003,964	37,188,766	32,846,152	32,431,229	68,850,116	69,619,995
Restricted For:						
Debt Service	1,940	14,956	1,351,634	1,283,936	1,353,574	1,298,892
Capital Projects	753,555	587,122	1,818,467	1,818,467	2,572,022	2,405,589
Other Purposes	2,161,125	2,142,557	0	0	2,161,125	2,142,557
Permanent Fund Purpose:						
Expendable	2,265	2,250	0	0	2,265	2,250
Nonexpendable	1,000	1,000	0	0	1,000	1,000
Unrestricted (Deficit)	<u>575,723</u>	<u>(273,582)</u>	<u>4,914,405</u>	<u>4,928,272</u>	<u>5,490,128</u>	<u>4,654,690</u>
Total Net Position	<u>\$39,499,572</u>	<u>\$39,663,069</u>	<u>\$40,930,658</u>	<u>\$40,461,904</u>	<u>\$80,430,230</u>	<u>\$80,124,973</u>

Current and other assets of governmental activities increased by \$395,447 or 4.66% due to an increase in equity in pooled cash and cash equivalents. Capital assets of the governmental activities decreased \$1,340,685 or 3.18% due to depreciation expense exceeding acquisitions. Total liabilities of the governmental activities decreased by \$692,844 or 7.05% due to a decrease in intergovernmental payable and scheduled debt payments being made by the City.

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Current and other assets of business-type activities decreased by \$44,743 or 0.49% as a net result of a decrease in equity in pooled cash and cash equivalents and an increase in accounts receivable. Capital assets decreased by \$1,035,957 or 2.64% due to depreciation for the year. Total liabilities of business-type activities decreased by \$1,524,454 or 19.27% due to scheduled debt payments being made by the City.

The City of Chillicothe's total net position increased from \$80,124,973 at the beginning of 2013 to \$80,430,230 at the end of the year, a change of \$305,257 or 0.38%. This increase is the result of a decrease in the net position of the governmental activities of \$163,497 or 0.41% and an increase in the net position of the business-type activities of \$468,754 or 1.16%.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for years 2013 and 2012.

Changes in Net Position

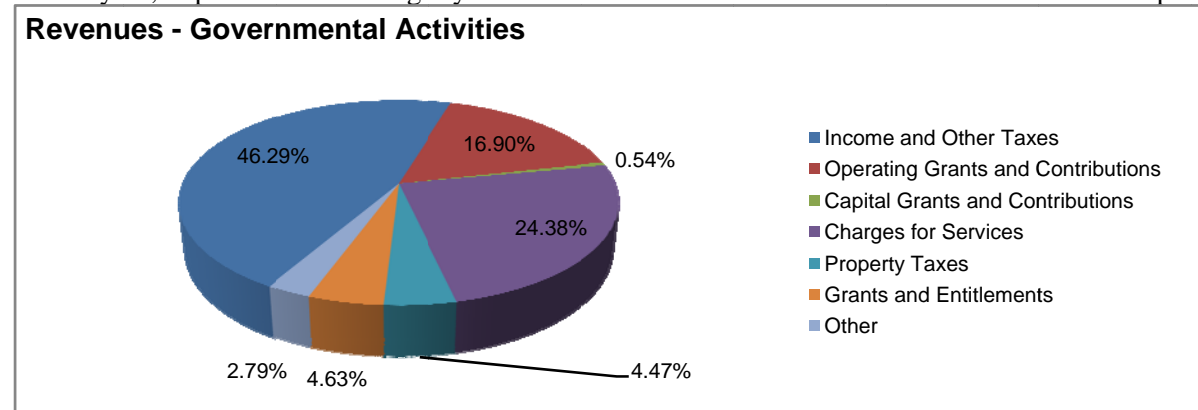
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues						
Program Revenues:						
Charges for Services	\$6,050,350	\$5,655,165	\$7,656,598	\$6,405,813	\$13,706,948	\$12,060,978
Operating Grants and Contributions	4,192,610	3,898,720	0	0	4,192,610	3,898,720
Capital Grants and General Revenues:	133,605	464,966	0	0	133,605	464,966
Property Taxes	1,109,904	1,092,594	0	0	1,109,904	1,092,594
Income and Other Taxes	11,486,742	11,397,227	0	0	11,486,742	11,397,227
Grants and Entitlements	1,148,330	979,018	0	0	1,148,330	979,018
Other	691,476	581,419	181,705	123,752	873,181	705,171
<i>Total Revenues</i>	<u>24,813,017</u>	<u>24,069,109</u>	<u>7,838,303</u>	<u>6,529,565</u>	<u>32,651,320</u>	<u>30,598,674</u>
Program Expenses						
General Government	5,333,744	5,699,394	0	0	5,333,744	5,699,394
<i>Security of Persons and Property:</i>						
Police	5,414,997	5,537,262	0	0	5,414,997	5,537,262
Fire	5,586,698	5,692,471	0	0	5,586,698	5,692,471
Transportation	6,134,684	6,321,374	0	0	6,134,684	6,321,374
Leisure Time Activities	617,180	933,458	0	0	617,180	933,458
Community Environment	833,234	930,752	0	0	833,234	930,752
Basic Utility Services	752,633	920,910	0	0	752,633	920,910
Interest and Fiscal Charges	125,816	115,936	0	0	125,816	115,936
Issuance Costs	156,699	0	0	0	156,699	0
Water and Sewer	0	0	7,390,378	7,193,050	7,390,378	7,193,050
<i>Total Expenses</i>	<u>24,955,685</u>	<u>26,151,557</u>	<u>7,390,378</u>	<u>7,193,050</u>	<u>32,346,063</u>	<u>33,344,607</u>

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

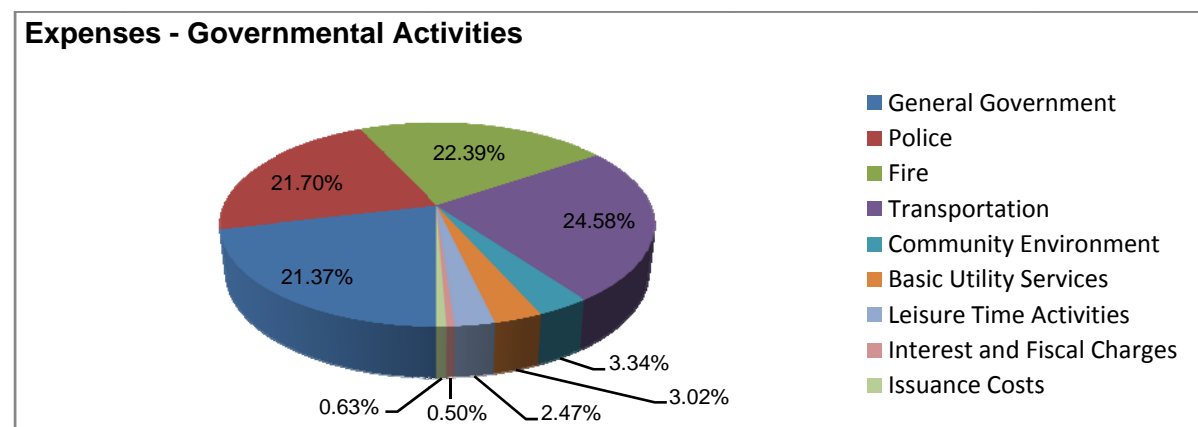
Increase (Decrease) in Net Position Before Transfers	(142,668)	(2,082,448)	447,925	(663,485)	305,257	(2,745,933)
Net Transfers In (Out)	(20,829)	(14,189)	20,829	14,189	0	0
Increase (Decrease) in Net Position After Transfers	(163,497)	(2,096,637)	468,754	(649,296)	305,257	(2,745,933)
Net position at Beginning of Year	39,663,069	41,759,706	40,461,904	41,111,200	80,124,973	82,870,906
Net position at End of Year	<u>\$39,499,572</u>	<u>\$39,663,069</u>	<u>\$40,930,658</u>	<u>\$40,461,904</u>	<u>\$80,430,230</u>	<u>\$80,124,973</u>

Governmental Activities

Governmental activities decreased the City of Chillicothe's net position by \$163,497, which is an increase from the previous year's decrease of \$2,096,637. While revenues increased and expenditures decreased for the year, expenditures still slightly exceeded revenues which resulted in the decrease to net position.



Of the \$24,813,017 in total revenues, income and other taxes account for 46.29%; charges for services of \$6,050,350 account for 24.38%; operating grants and contributions account for 16.90%; capital grants and contributions account for 0.54%; and unrestricted grants and entitlements, property taxes, and other revenue make up the remaining 11.89%. The income and other tax revenue for 2013 was \$11,486,742, which was an increase of \$89,515 or 0.79%.



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

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Business-Type Activities

The business-type activities of the City of Chillicothe, which include its water and sewer operations, increased the net position by \$468,754. The majority of the increase in net position is due to an increase in charges for services which is the result of an increase in accounts receivable.

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 2013, the total fund balance for the General Fund was \$2,076,555 of which \$1,703,062 was unassigned.

During the current year, the fund balance of the General Fund increased by \$2,210,559. The increase in the General Fund balance was the net result of a significant decrease in expenditures for Capital Outlay, an increase in charges for services, and the issuance of bonds which were used to retire notes payable.

At the end of 2013, the Bus Transit Fund had a fund balance of \$495,289, which is an increase of \$1,426,002. This was a result of the issuance of bonds which were used to retire notes payable.

Proprietary Funds

During the current year, the net position of the City of Chillicothe's Water Fund increased by \$692,474 or 3.15%. The increase in the Water Fund net position is due mostly to an increase in charges for services.

During the current year, the net position of the Sewer Fund decreased by \$223,720 or 1.21%. The decrease in the Sewer Fund net position is the net result of an increase in charges for services and an increase in expenses.

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 2013, 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 \$16,568,966 and the final budgeted revenue amount was \$16,632,864.

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

The largest difference between the General Fund's original budget and final budget was in Intergovernmental, which was \$330,000 or 36.16%. This was due to an increase in the estimated receipts for inheritance tax.

The differences between the General Fund's original budget and final amended budget of expenditures amounted to a \$590,223 increase, which included \$276,361 additional appropriation in General Government.

The difference between the General Fund's final budget and actual for the General Government expenditures was \$354,137 or 6.38%. This decrease in actual expenditures was primarily the result of decreases in materials and supplies in several departments.

Capital Assets and Debt Administration

CAPITAL ASSETS AT DECEMBER 31
(NET OF DEPRECIATION)

	Governmental Activities		Business-Type Activities	
	2013	2012	2013	2012
Land	\$6,864,490	\$6,864,490	\$1,889,017	\$1,889,017
Construction in Progress	0	1,185,816	0	1,105,320
Land Improvements	32,362	42,159	4,680	0
Buildings, Structures and Improvements	11,681,394	10,399,317	2,767,583	1,705,323
Plant and Facilities	0	0	14,129,608	14,598,587
Furniture, Fixtures, & Equipment	2,919,276	3,294,847	308,393	379,373
Infrastructure	19,274,235	20,325,813	19,072,871	19,530,489
Total	<u>\$40,771,757</u>	<u>\$42,112,442</u>	<u>\$38,172,152</u>	<u>\$39,208,109</u>

Total capital assets for governmental activities of the City of Chillicothe for the year 2013 were \$40,771,757 or \$1,340,685 less than in 2012. This decrease was due to the current year depreciation exceeding the current year acquisitions.

The decrease in capital assets for business-type activities of \$1,035,957 was due primarily to the current year depreciation. Additional information concerning capital assets can be found in Note 9 of the notes to the basic financial statements.

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

As of December 31, 2013, the City of Chillicothe had \$10,188,613 in bonds, OPWC loan, and notes outstanding.

OUTSTANDING DEBT AT DECEMBER 31

	<u>2013</u>	<u>2012</u>
Governmental Activities		
General Obligation Bonds:		
Various Purpose	\$4,850,000	\$0
Police and Fire Pension	0	355,000
Street Improvement Note	0	800,000
Bus Garage Facility Note	0	1,100,000
Safety Vehicles Note	0	840,000
Municipal Court Building Note	0	1,900,000
OPWC Loan	<u>12,613</u>	<u>25,225</u>
 Total Governmental Activities	 4,862,613	 5,020,225
Business-Type Activities		
Water Revenue Bonds	1,215,000	2,390,000
Sewer General Obligation Bonds	1,670,000	1,320,000
ARMC Water Note	2,441,000	2,441,000
Neenah Gardens Sewer Note	<u>0</u>	<u>600,000</u>
 Total Business-Type Activities	 <u>5,326,000</u>	 <u>6,751,000</u>
 Total	 <u><u>\$10,188,613</u></u>	 <u><u>\$11,771,225</u></u>

The general obligation bonds issued for various purposes are comprised of (1) police and fire pension, (2) street improvements, (3) bus garage facility, (4) municipal court building improvements, and (5) safety vehicles. In 2013, the City of Chillicothe refunded the police and fire pension and sewer general obligation bonds and various notes.

There is \$1,215,000 in water revenue bonds.

The \$1,670,000 general obligation bonds are for wastewater treatment plant improvements and sewer improvements in the Neenah Gardens subdivision.

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

The \$12,613 OPWC loan was for street improvements.

Additional information concerning the City of Chillicothe's debt can be found in Note 10 and Note 11 of the notes to the basic financial statements.

**City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited**

Current Known Facts and Conditions

City income tax collections increased in 2013 on the strength of business profits and a successful tax amnesty program. Ground has broken on the new Pilot/Flying J expected to open in the fall of 2014 and the sale of the Carlisle building has closed, paving the way for the historic renovation of one of the cornerstones of downtown Chillicothe. The new construction will bring revenue via building permits, wages earned, and local dollars spent and will eventually lead to a permanent improvement to the downtown area of Chillicothe.

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.

City of Chillicothe, Ohio
Statement of Net Position
December 31, 2013

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$3,664,501	\$4,805,362	\$8,469,863
Cash and Cash Equivalents in Segregated Accounts	69,400	0	69,400
Investments	1,000	0	1,000
Materials and Supplies Inventory	93,151	48,853	142,004
Accounts Receivable	250,344	1,027,782	1,278,126
Intergovernmental Receivable	1,411,708	0	1,411,708
Prepaid Items	183,102	68,725	251,827
Income Taxes Receivable	1,980,966	0	1,980,966
Property Taxes Receivable	1,068,485	0	1,068,485
Other Taxes Receivable	134,708	0	134,708
Special Assessments Receivable	33,026	522	33,548
<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	1,351,634	1,351,634
Non-Depreciable Capital Assets	6,864,490	1,889,017	8,753,507
Depreciable Capital Assets, net	33,907,267	36,283,135	70,190,402
<i>Total Assets</i>	<u>49,662,148</u>	<u>47,293,497</u>	<u>96,955,645</u>
Deferred Outflows of Resources	<u>0</u>	<u>25,000</u>	<u>25,000</u>
Liabilities:			
Accounts Payable	495,153	29,600	524,753
Accrued Wages and Benefits	387,184	84,657	471,841
Contracts Payable	217,366	27,950	245,316
Intergovernmental Payable	557,702	89,235	646,937
Accrued Interest Payable	14,706	21,643	36,349
<i>Long-Term Liabilities:</i>			
Due Within One Year	1,354,096	2,043,894	3,397,990
Due in More Than One Year	6,102,722	4,090,860	10,193,582
<i>Total Liabilities</i>	<u>9,128,929</u>	<u>6,387,839</u>	<u>15,516,768</u>
Deferred Inflows of Resources	<u>1,033,647</u>	<u>0</u>	<u>1,033,647</u>
Net Position:			
Net Investments in Capital Assets	36,003,964	32,846,152	68,850,116
<i>Restricted for:</i>			
Debt Service	1,940	1,351,634	1,353,574
Capital Outlay	753,555	1,818,467	2,572,022
Street Maintenance and Repair	577,311	0	577,311
Bus Transit	454,151	0	454,151
Housing and Urban Development	211,626	0	211,626
Other Purposes	918,037	0	918,037
<i>Permanent Fund Purpose:</i>			
Expendable	2,265	0	2,265
Nonexpendable	1,000	0	1,000
Unrestricted	575,723	4,914,405	5,490,128
<i>Total Net Position</i>	<u>\$39,499,572</u>	<u>\$40,930,658</u>	<u>\$80,430,230</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Activities
For the Year Ended December 31, 2013

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$5,333,744	\$2,064,040	\$224,910	\$0
<i>Security of Persons and Property:</i>				
Police	5,414,997	43,245	132,204	0
Fire	5,586,698	1,090,048	254,413	0
Transportation	6,134,684	1,159,503	3,524,770	99,608
Leisure Time Services	617,180	72,920	5,938	33,997
Community Environment	833,234	0	50,375	0
Basic Utility Services	752,633	1,620,594	0	0
Interest and Fiscal Charges	125,816	0	0	0
Issuance Costs	156,699	0	0	0
<i>Total Governmental Activities</i>	<u>24,955,685</u>	<u>6,050,350</u>	<u>4,192,610</u>	<u>133,605</u>
Business-Type Activities:				
Sewer	3,494,256	3,189,215	0	0
Water	3,896,122	4,467,383	0	0
<i>Total Business-Type Activities</i>	<u>7,390,378</u>	<u>7,656,598</u>	<u>0</u>	<u>0</u>
<i>Totals</i>	<u><u>\$32,346,063</u></u>	<u><u>\$13,706,948</u></u>	<u><u>\$4,192,610</u></u>	<u><u>\$133,605</u></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 Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(3,044,794)	\$0	(\$3,044,794)
(5,239,548)	0	(5,239,548)
(4,242,237)	0	(4,242,237)
(1,350,803)	0	(1,350,803)
(504,325)	0	(504,325)
(782,859)	0	(782,859)
867,961	0	867,961
(125,816)	0	(125,816)
(156,699)	0	(156,699)
<u>(14,579,120)</u>	<u>0</u>	<u>(14,579,120)</u>
0	(305,041)	(305,041)
<u>0</u>	<u>571,261</u>	<u>571,261</u>
0	266,220	266,220
<u>(14,579,120)</u>	<u>266,220</u>	<u>(14,312,900)</u>
883,741	0	883,741
226,163	0	226,163
9,662,424	0	9,662,424
702,702	0	702,702
878,096	0	878,096
243,520	0	243,520
1,148,330	0	1,148,330
16,768	1,134	17,902
<u>674,708</u>	<u>180,571</u>	<u>855,279</u>
14,436,452	181,705	14,618,157
<u>(20,829)</u>	<u>20,829</u>	<u>0</u>
<u>14,415,623</u>	<u>202,534</u>	<u>14,618,157</u>
(163,497)	468,754	305,257
<u>39,663,069</u>	<u>40,461,904</u>	<u>80,124,973</u>
<u>\$39,499,572</u>	<u>\$40,930,658</u>	<u>\$80,430,230</u>

City of Chillicothe, Ohio
Balance Sheet
Governmental Funds
December 31, 2013

	General	Bus Transit	All Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$1,483,760	\$344,961	\$1,835,780	\$3,664,501
Cash and Cash Equivalents in Segregated Accounts	68,038	0	1,362	69,400
Investments in City Treasury	0	0	1,000	1,000
Accounts Receivable	238,096	0	12,248	250,344
Interfund Receivable	5,267	2,068	0	7,335
Intergovernmental Receivable	420,684	316,963	674,061	1,411,708
Income Taxes Receivable	1,609,534	123,811	247,621	1,980,966
Property Taxes Receivable	852,792	0	215,693	1,068,485
Other Taxes Receivable	134,708	0	0	134,708
Special Assessments Receivable	33,026	0	0	33,026
Materials and Supplies Inventory	60,593	26,098	6,460	93,151
Prepaid Items	126,256	40,570	16,276	183,102
<i>Total Assets</i>	<u>\$5,032,754</u>	<u>\$854,471</u>	<u>\$3,010,501</u>	<u>\$8,897,726</u>
Liabilities:				
Accounts Payable	\$398,245	\$44,503	\$52,405	\$495,153
Accrued Wages and Benefits	313,183	48,363	25,638	387,184
Contracts Payable	22,602	157,881	36,883	217,366
Intergovernmental Payable	338,968	50,625	168,109	557,702
Interfund Payable	2,068	1,800	3,467	7,335
<i>Total Liabilities</i>	<u>1,075,066</u>	<u>303,172</u>	<u>286,502</u>	<u>1,664,740</u>
Deferred Inflows of Resources	<u>1,881,133</u>	<u>56,010</u>	<u>829,719</u>	<u>2,766,862</u>
Fund Balances:				
Nonspendable	258,593	66,668	23,736	348,997
Restricted	0	428,621	1,980,766	2,409,387
Committed	114,900	0	0	114,900
Assigned	0	0	5,765	5,765
Unassigned (Deficit)	1,703,062	0	(115,987)	1,587,075
<i>Total Fund Balances</i>	<u>2,076,555</u>	<u>495,289</u>	<u>1,894,280</u>	<u>4,466,124</u>
<i>Total Liabilities, Deferred Inflows and Fund Balances</i>	<u>\$5,032,754</u>	<u>\$854,471</u>	<u>\$3,010,501</u>	<u>\$8,897,726</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
 Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2013

Total Governmental Fund Balances \$4,466,124

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

Capital assets used in governmental activities are not financial
 resources and therefore are not reported in the funds 40,771,757

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

Property and Other Taxes	38,357
Income Taxes	896,153
Intergovernmental	769,198
Special Assessments	29,507
	1,733,215

Total 1,733,215

Some interest is not due and payable in the current period and
 therefore is not reported in the funds. (14,706)

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:

Refunding Bonds	(4,850,000)
Premium on Bonds	(31,481)
OPWC Loan Payable	(12,613)
Capital Leases Payable	(223,699)
Landfill Postclosure Costs	(369,846)
Compensated Absences Payable	(1,969,179)
	(7,456,818)

Total (7,456,818)

Net Position of Governmental Activities \$39,499,572

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, 2013

	General	Bus Transit	All Other Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$887,731	\$0	\$227,291	\$1,115,022
Income Taxes	9,081,806	698,601	1,397,202	11,177,609
Other Local Taxes	243,520	0	0	243,520
Charges for Services	3,333,358	1,155,857	11,833	4,501,048
Fines, Licenses, and Permits	1,480,930	0	44,546	1,525,476
Intergovernmental	1,242,325	2,618,720	1,966,052	5,827,097
Special Assessments	13,150	0	0	13,150
Interest	16,753	0	15	16,768
Other	467,298	171,457	63,929	702,684
<i>Total Revenues</i>	<u>16,766,871</u>	<u>4,644,635</u>	<u>3,710,868</u>	<u>25,122,374</u>
Expenditures:				
<i>Current:</i>				
General Government	5,449,967	0	0	5,449,967
<i>Security of Persons and Property:</i>				
Police	4,394,382	0	588,628	4,983,010
Fire	4,379,895	0	716,824	5,096,719
Transportation	327,096	4,338,260	909,822	5,575,178
Leisure Time Services	87,312	0	404,812	492,124
Community Environment	55,810	0	469,526	525,336
Basic Utility Services	756,499	0	0	756,499
Capital Outlay	80,138	0	365,848	445,986
<i>Debt Service:</i>				
Principal Retirements	67,462	2,333	368,801	438,596
Interest and Fiscal Charges	46,938	22,012	43,850	112,800
Issuance Costs	65,000	40,000	51,699	156,699
<i>Total Expenditures</i>	<u>15,710,499</u>	<u>4,402,605</u>	<u>3,919,810</u>	<u>24,032,914</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,056,372</u>	<u>242,030</u>	<u>(208,942)</u>	<u>1,089,460</u>
Other Financing Sources and Uses:				
Proceeds from the Sale of Capital Assets	0	38,037	3,659	41,696
Refunding Bonds Issued	1,925,000	1,150,000	1,775,000	4,850,000
Inception of Capital Lease	25,041	17,027	0	42,068
Premium on Debt Issued	0	0	31,481	31,481
Transfers In	815,537	0	1,581,240	2,396,777
Transfers Out	(1,611,391)	(21,092)	(785,123)	(2,417,606)
<i>Total Other Financing Sources and Uses</i>	<u>1,154,187</u>	<u>1,183,972</u>	<u>2,606,257</u>	<u>4,944,416</u>
<i>Net Change in Fund Balance</i>	2,210,559	1,426,002	2,397,315	6,033,876
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>(134,004)</u>	<u>(930,713)</u>	<u>(503,035)</u>	<u>(1,567,752)</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$2,076,555</u>	<u>\$495,289</u>	<u>\$1,894,280</u>	<u>\$4,466,124</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, 2013

Net Change in Fund Balances - Total Governmental Funds \$6,033,876

**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	2,137,451	
Current Year Depreciation	<u>(3,278,537)</u>	
Total		(1,141,086)

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.

(199,599)

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

Delinquent Property Taxes	(5,118)	
Income Taxes	65,613	
Intergovernmental	(380,528)	
Delinquent Special Assessments	<u>10,676</u>	
Total		(309,357)

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 position.

Principal Retirement	438,596	
Capital Leases Traded-In	<u>5,836</u>	
Total		444,432

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

(13,016)

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

Proceeds from Sale of Bonds	(4,850,000)	
Premium on Bonds Issued	(31,481)	
Inception of Capital Leases	<u>(42,068)</u>	
Total		(4,923,549)

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.

45,225

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		<u>(100,423)</u>
----------------------	--	------------------

Change in Net Position - Governmental Activities (\$163,497)

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$10,274,155	\$10,198,155	\$10,258,580	\$60,425
Charges for Services	3,269,661	3,183,661	3,166,927	(16,734)
Fines, Licenses and Permits	1,688,980	1,493,580	1,464,428	(29,152)
Intergovernmental	912,670	1,242,670	1,256,595	13,925
Special Assessments	10,000	13,000	13,150	150
Investment Earnings	40,000	20,000	17,980	(2,020)
Miscellaneous	373,500	481,798	515,723	33,925
Total Revenue	16,568,966	16,632,864	16,693,383	60,519
Expenditures:				
<i>Current:</i>				
General Government	5,272,021	5,548,382	5,194,245	354,137
Security of Persons and Property				
Police	4,557,022	4,524,282	4,456,559	67,723
Fire	4,334,307	4,446,086	4,410,688	35,398
Transportation	243,800	327,300	327,096	204
Community Environment	369	369	69	300
Basic Utility Services	797,437	795,570	766,252	29,318
Leisure Time Activities	17,088	105,668	87,308	18,360
<i>Debt Service:</i>				
Principal Retirement	1,900,000	1,900,000	1,900,000	0
Interest and Fiscal Charges	38,000	37,610	28,421	9,189
Issuance Costs	0	65,000	65,000	0
Total Expenditures	17,160,044	17,750,267	17,235,638	514,629
<i>Excess of Revenues (Under) Expenditures</i>	<i>(591,078)</i>	<i>(1,117,403)</i>	<i>(542,255)</i>	<i>575,148</i>
Other Financing Sources and Uses:				
Proceeds from Sale of Capital Assets	25,000	0	0	0
Refunding Bonds Issued	1,700,000	1,925,000	1,925,000	0
Transfers In	1,083,397	1,083,397	964,781	(118,616)
Transfers Out	(2,057,788)	(2,239,991)	(2,231,635)	8,356
Total Other Financing Sources and Uses	750,609	768,406	658,146	(110,260)
<i>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</i>	<i>159,531</i>	<i>(348,997)</i>	<i>115,891</i>	<i>464,888</i>
<i>Fund Balances at Beginning of Year</i>	<i>902,662</i>	<i>902,662</i>	<i>902,662</i>	<i>0</i>
<i>Prior Year Encumbrances Appropriated</i>	<i>141,357</i>	<i>141,357</i>	<i>141,357</i>	<i>0</i>
Fund Balances at End of Year	\$1,203,550	\$695,022	\$1,159,910	\$464,888

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Local Taxes	\$702,500	\$702,500	\$701,888	(\$612)
Charges for Services	1,209,000	1,209,000	1,155,857	(53,143)
Intergovernmental	2,240,923	2,240,923	2,301,757	60,834
Other	72,000	72,000	169,547	97,547
<i>Total Revenues</i>	<u>4,224,423</u>	<u>4,224,423</u>	<u>4,329,049</u>	<u>104,626</u>
Expenditures:				
<i>Current:</i>				
Transportation	4,202,096	4,509,021	4,334,954	174,067
Debt Service	1,115,730	2,267,534	2,267,490	44
<i>Total Expenditures</i>	<u>5,317,826</u>	<u>6,776,555</u>	<u>6,602,444</u>	<u>174,111</u>
<i>Excess of Revenues (Under) Expenditures</i>	(1,093,403)	(2,552,132)	(2,273,395)	278,737
Other Financing Sources and Uses:				
Issuance of Notes	1,100,000	1,100,000	1,100,000	0
Refunding Bonds Issued	0	1,150,000	1,150,000	0
Proceeds from Sale of Capital Assets	0	0	38,037	38,037
Transfers-Out	(21,133)	(21,133)	(21,092)	41
<i>Total Other Financing Sources and Uses</i>	<u>1,078,867</u>	<u>2,228,867</u>	<u>2,266,945</u>	<u>38,078</u>
<i>Excess of Revenues and Other Sources (Under) Expenditures and Other Uses</i>	(14,536)	(323,265)	(6,450)	316,815
<i>Fund Balances at Beginning of Year</i>	201,757	201,757	201,757	0
<i>Prior Year Encumbrances Appropriated</i>	<u>138,360</u>	<u>138,360</u>	<u>138,360</u>	<u>0</u>
<i>Fund Balances at End of Year</i>	<u>\$325,581</u>	<u>\$16,852</u>	<u>\$333,667</u>	<u>\$316,815</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2013

	Enterprise Funds		Total
	Water	Sewer	
Assets:			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$1,376,044	\$3,429,318	\$4,805,362
Accounts Receivable	594,815	432,967	1,027,782
Special Assessments Receivable	522	0	522
Materials and Supplies Inventory	40,855	7,998	48,853
Prepaid Items	40,073	28,652	68,725
<i>Total Current Assets</i>	<u>2,052,309</u>	<u>3,898,935</u>	<u>5,951,244</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	1,351,634	0	1,351,634
Non-Depreciable Capital Assets	1,412,520	476,497	1,889,017
Depreciable Capital Assets, Net	20,841,347	15,441,788	36,283,135
<i>Total Noncurrent Assets</i>	<u>24,805,501</u>	<u>16,536,752</u>	<u>41,342,253</u>
<i>Total Assets</i>	<u>26,857,810</u>	<u>20,435,687</u>	<u>47,293,497</u>
Deferred Outflows of Resources	<u>0</u>	<u>25,000</u>	<u>25,000</u>
Liabilities:			
<i>Current:</i>			
Accounts Payable	20,874	8,726	29,600
Accrued Wages and Benefits	36,008	48,649	84,657
Contracts Payable	21,412	6,538	27,950
Intergovernmental Payable	45,777	43,458	89,235
Accrued Interest Payable	18,333	3,310	21,643
Compensated Absences Payable	136,621	169,200	305,821
General Obligation Bonds Payable	0	520,000	520,000
Capital Lease Payable	3,073	0	3,073
Revenue Bonds Payable	1,215,000	0	1,215,000
<i>Total Current Liabilities</i>	<u>1,497,098</u>	<u>799,881</u>	<u>2,296,979</u>
<i>Noncurrent Liabilities:</i>			
Compensated Absences Payable	201,205	261,894	463,099
General Obligation Bonds Payable	0	1,150,000	1,150,000
Notes Payable	2,441,000	0	2,441,000
Capital Leases Payable - net of current portion	11,938	0	11,938
Unamortized Premium on Bonds	0	24,823	24,823
<i>Total Noncurrent Liabilities</i>	<u>2,654,143</u>	<u>1,436,717</u>	<u>4,090,860</u>
<i>Total Liabilities</i>	<u>4,151,241</u>	<u>2,236,598</u>	<u>6,387,839</u>
Net Position:			
Net Investments in Capital Assets	18,597,867	14,248,285	32,846,152
Restricted for Debt Service	1,351,634	0	1,351,634
Restricted for Capital Outlay	1,200,000	618,467	1,818,467
Unrestricted	1,557,068	3,357,337	4,914,405
<i>Total Net Position</i>	<u>\$22,706,569</u>	<u>\$18,224,089</u>	<u>\$40,930,658</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Revenues, Expenses and
Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2013

	Enterprise Funds		Total
	Water	Sewer	
Operating Revenues:			
Charges for Services	\$4,467,383	\$3,189,215	\$7,656,598
Other	125,661	54,910	180,571
<i>Total Operating Revenues</i>	<u>4,593,044</u>	<u>3,244,125</u>	<u>7,837,169</u>
Operating Expenses:			
Personal Services	1,206,700	1,098,545	2,305,245
Fringe Benefits	689,651	596,176	1,285,827
Contractual Services	147,785	364,517	512,302
Materials and Supplies	614,024	506,871	1,120,895
Depreciation	796,928	615,233	1,412,161
Other	318,801	210,319	529,120
<i>Total Operating Expenses</i>	<u>3,773,889</u>	<u>3,391,661</u>	<u>7,165,550</u>
<i>Operating Income (Loss)</i>	<u>819,155</u>	<u>(147,536)</u>	<u>671,619</u>
Non-Operating Revenues (Expenses):			
Interest	0	1,134	1,134
Interest and Fiscal Charges	(93,535)	(31,624)	(125,159)
Loss on Disposal of Capital Assets	(28,698)	(22,907)	(51,605)
Bond Issuance Costs	0	(48,064)	(48,064)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(122,233)</u>	<u>(101,461)</u>	<u>(223,694)</u>
<i>Income (Loss) Before Contributions and Transfers</i>	<u>696,922</u>	<u>(248,997)</u>	<u>447,925</u>
Transfers In	151	30,000	30,151
Transfers Out	(4,599)	(4,723)	(9,322)
<i>Change in Net Position</i>	692,474	(223,720)	468,754
<i>Net Position at Beginning of Year</i>	<u>22,014,095</u>	<u>18,447,809</u>	<u>40,461,904</u>
<i>Net Position at End of Year</i>	<u>\$22,706,569</u>	<u>\$18,224,089</u>	<u>\$40,930,658</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, 2013

	Enterprise Funds		Total
	Water	Sewer	
Cash Flows from (Used by) Operating Activities:			
Cash Received from Customers	\$4,052,318	\$2,881,100	\$6,933,418
Cash Received from Other Receipts	129,103	54,910	184,013
Cash Payments to Employees	(1,926,650)	(1,695,668)	(3,622,318)
Cash Payments for Contractual Services	(133,299)	(375,862)	(509,161)
Cash Payments for Supplies and Materials	(635,261)	(529,861)	(1,165,122)
Cash Payments for Other Expenses	(337,412)	(243,250)	(580,662)
<i>Net Cash Provided by Operating Activities</i>	<u>1,148,799</u>	<u>91,369</u>	<u>1,240,168</u>
Cash Flows from (Used by) Non-Capital Financing Activities:			
Transfers In from Other Funds	151	30,000	30,151
Transfers Out to Other Funds	(4,599)	(4,723)	(9,322)
<i>Net Cash Provided (Used) by Non-Capital Financing Activities</i>	<u>(4,448)</u>	<u>25,277</u>	<u>20,829</u>
Cash Flows from (Used by) Capital and Related Financing Activities:			
Proceeds Received from Bonds and Notes	2,456,011	2,070,000	4,526,011
Premium Received from Issuance of Bonds	0	24,823	24,823
Principal Paid on Bonds and Capital Leases	(3,616,000)	(2,320,000)	(5,936,000)
Interest Paid on Bonds and Capital Leases	(135,241)	(58,832)	(194,073)
Issuance Costs on Bonds	0	(48,064)	(48,064)
Cash Paid to Acquire/Construct Capital Assets	(208,401)	(219,408)	(427,809)
<i>Net Cash (Used by) Capital and Related Financing</i>	<u>(1,503,631)</u>	<u>(551,481)</u>	<u>(2,055,112)</u>
Cash Flows from (Used by) Investing Activities:			
Interest Received on Investments	0	1,134	1,134
<i>Net Cash Provided by Investing Activities</i>	<u>0</u>	<u>1,134</u>	<u>1,134</u>
<i>Net Decrease In Cash and Cash Equivalents</i>	(359,280)	(433,701)	(792,981)
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>4,286,958</u>	<u>4,481,486</u>	<u>8,768,444</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$3,927,678</u>	<u>\$4,047,785</u>	<u>\$7,975,463</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, 2013

	Enterprise Funds		Total
	Water	Sewer	
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$819,155	(\$147,536)	\$671,619
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation Expense	796,928	615,233	1,412,161
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(411,879)	(308,115)	(719,994)
(Increase) Decrease in Special Assessments Receivable	256	0	256
(Increase) Decrease in Material & Supply Inventory	(6,226)	(2,928)	(9,154)
(Increase) Decrease in Prepaid Items	(10,911)	(8,435)	(19,346)
Increase (Decrease) in Accounts Payable	(18,568)	(57,857)	(76,425)
Increase (Decrease) in Contracts Payable	10,343	1,954	12,297
Increase (Decrease) in Accrued Wages Payable	(3,250)	3,034	(216)
Increase (Decrease) in Compensated Absences Payable	(10,450)	5,558	(4,892)
Increase (Decrease) in Intergovernmental Payable	(16,599)	(9,539)	(26,138)
Net Cash Provided by Operating Activities	<u>\$1,148,799</u>	<u>\$91,369</u>	<u>\$1,240,168</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2013

	Agency Funds
	<hr/>
Assets:	
<i>Current Assets:</i>	
Equity in Pooled Cash & Cash Equivalents	\$33,480
Cash and Cash Equivalents in Segregated Accounts	148,749
	<hr/>
<i>Total Assets</i>	182,229
	<hr/>
Liabilities:	
<i>Current Liabilities:</i>	
Intergovernmental Payable	63,358
Undistributed Monies	85,391
Deposits Held and Due to Others	33,480
	<hr/>
<i>Total Liabilities</i>	\$182,229
	<hr/> <hr/>

See accompanying notes to the basic financial statements

CITY OF CHILlicothe, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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 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 position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

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

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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 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 position 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.

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.

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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 position, 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 position and changes in net position. 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 position.

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.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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 position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. 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 inflows of resources, 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 16).

Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 15). Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

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.

Expenditures/Expenses

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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 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.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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 2013 amounted to \$16,753, which includes \$14,390 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 position 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 position 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.

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, 2013 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 position 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 position and in the respective funds.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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

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.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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.

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 ordinance 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, Mayor and Auditor have the authority to assign amounts to be used for specific purposes. Currently, the authorizing party must notify the City Auditor of the intent to make an assignment, by declaring the amount, the fund and the purpose for which the funds will be used. 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.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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 position

Net position represents the difference between assets and liabilities. Net investment in capital assets, 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 position is reported as restricted when there are limitations imposed on its 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 position is 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.

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.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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 2013.

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 and Bus Transit Fund on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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 restriction, commitment, or assignment of fund balance.

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund and Bus Transit Fund:

**Net Change in Fund Balance/Excess of Revenue and Other Sources
Over (Under) Expenditures and Other Uses**

	General Fund	Bus Transit Fund
GAAP Basis	\$2,210,559	\$1,426,002
Adjustments:		
Net Adjustment for Revenue Accruals	(65,076)	(315,586)
Net Adjustments for Expenditure Accruals	(1,966,799)	(2,188,545)
Encumbrances	(54,394)	(11,294)
Net Adjustment for Other Sources (Uses)	(25,041)	1,082,973

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

<i>Prospective Difference:</i>		
Activity of Funds Reclassified		
For GAAP Reporting Purposes	16,642	0
	<u> </u>	<u> </u>
Budget Basis	\$115,891	(\$6,450)
	<u> </u>	<u> </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>Nonmajor Funds</u>	<u>Deficit</u>
Police Pension	\$48,174
Fire Pension	67,813

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

For 2013, the City implemented Governmental Accounting Standard Board (GASB) Statement No. 61, “The Financial Reporting Entity: Omnibus – An amendment of GASB Statements No. 14 and No. 34” and GASB Statements No. 66, “Technical Corrections – 2012 – An Amendment of GASB Statement No. 10 and 62.”

Statement No. 61 is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

Statement No. 66 resolves conflicting guidance that resulted from the issuance of two pronouncements, statements No.54, *Fund Balance Reporting and Government Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provisions that limit fund-based reporting of an entity’s risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement No. 54 and Statement No. 34, *Basic Financial Statements- and Management’s Discussion and Analysis- for State and Local Governments*.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively.

The implementation of GASB Statements No. 61 and 66 had no effect on the financial statements.

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	\$10,321,810
-Segregated	218,149
-Fiscal Agents	1,351,634
Investment (Carrying Amount)	1,000
Reconciling items (net) to arrive at bank balances for deposits	<u>263,168</u>
Total available for deposit and investment	<u><u>\$12,155,761</u></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.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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.

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.

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, 2013, the carrying amount of all City deposits was \$10,539,959. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosures,” as of December 31, 2013, the City’s bank balance of \$10,803,127 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, 2013, 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	<u>1,351,634</u>	<u>1,351,634</u>
Totals:	<u><u>\$1,352,634</u></u>	<u><u>\$1,352,634</u></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 Federated Treasury Obligations 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.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 7 - RECEIVABLES

Receivables at December 31, 2013 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	\$361,797
State Property Tax Reimbursements	58,143
Estate Taxes and Other Revenues	744
	<hr/>

Total General Fund	420,684
--------------------	---------

Bus Transit Grants	316,963
--------------------	---------

Nonmajor Special Revenue Funds:

Street Construction Maintenance & Repair Distributions	437,454
State Highway Distributions	35,458
HUD Grants	155,201
State Grants	24,312
Law Enforcement Grants	7,730
Police & Fire Pension State Property Tax Reimbursements	13,906
	<hr/>

Total Nonmajor Special Revenue Funds	674,061
	<hr/>

Total Intergovernmental Receivables	\$1,411,708
	<hr/> <hr/>

NOTE 8 – DEFERRED INFLOW/OUTFLOW

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources include a deferral on refunding reported in the business-type activities and Sewer Fund. A deferral on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2013, but which were levied to finance year 2014 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements.

CITY OF CHILlicothe, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, intergovernmental grants and special assessments. These amounts are deferred and recognized as inflows of resources in the period the amounts become available.

	Governmental Type Funds			Totals
	General	Bus Transit	Other Governmental Funds	
Property Tax	\$852,792	\$0	\$215,693	\$1,068,485
Income Taxes	728,124	56,010	112,019	896,153
Grants and Entitlements	267,191	0	502,007	769,198
Special Assesment	33,026	0	0	33,026
Total Deferred Inflows of Resources	<u>\$1,881,133</u>	<u>\$56,010</u>	<u>\$829,719</u>	<u>\$2,766,862</u>

NOTE 9 - CAPITAL ASSETS

The following table provides a summary of the changes in capital assets during 2013 for the governmental activities:

	Balance 1/1/2013	Additions	Deletions	Balance 12/31/2013
Governmental Activities:				
Nondepreciable Capital Assets				
Land	\$6,864,490	\$0	\$0	\$6,864,490
Construction in Progress	<u>1,185,816</u>	<u>0</u>	<u>(1,185,816)</u>	<u>0</u>
Total Nondepreciable Capital Assets	<u>8,050,306</u>	<u>0</u>	<u>(1,185,816)</u>	<u>6,864,490</u>
Depreciable Capital Assets				
Land Improvements	4,827,698	20,647	0	4,848,345
Buildings, Structures, & Improvements	18,931,552	1,695,207	0	20,626,759
Furniture, Fixtures, Equipment, & Vehicles	12,685,798	823,908	(231,630)	13,278,076
Infrastructure	<u>58,087,192</u>	<u>783,505</u>	<u>0</u>	<u>58,870,697</u>
Total Depreciable Capital Assets	<u>94,532,240</u>	<u>3,323,267</u>	<u>(231,630)</u>	<u>97,623,877</u>

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

Less Accumulated Depreciation:				
Land Improvements	(4,785,539)	(30,444)	0	(4,815,983)
Buildings, Structures, & Improvements	(8,532,235)	(413,130)	0	(8,945,365)
Furniture, Fixtures, Equipment, & Vehicles	(9,390,951)	(999,880)	32,031	(10,358,800)
Infrastructure	(37,761,379)	(1,835,083)	0	(39,596,462)
Total Accumulated Depreciation	<u>(60,470,104)</u>	<u>(3,278,537)</u>	<u>32,031</u>	<u>(63,716,610)</u>
Total Capital Assets Being Depreciated, Net	<u>34,062,136</u>	<u>44,730</u>	<u>(199,599)</u>	<u>33,907,267</u>
Governmental Activities Capital Assets, Net	<u>\$42,112,442</u>	<u>\$44,730</u>	<u>(\$1,385,415)</u>	<u>\$40,771,757</u>

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

Governmental Activities	
General Government	\$141,801
<i>Security of Persons and Property:</i>	
Police	275,160
Fire	375,763
Transportation	2,055,610
Community Environment	307,898
Leisure Time Activities	<u>122,305</u>
Governmental Activities Depreciation Expense	<u><u>\$3,278,537</u></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 1/1/2013	Additions	Deletions	Balance 12/31/2013
Business-Type Activities:				
Nondepreciable Capital Assets				
Land	\$1,889,017	\$0	\$0	\$1,889,017
Construction in Progress	<u>1,105,320</u>	<u>0</u>	<u>(1,105,320)</u>	<u>0</u>
Total Nondepreciable Capital Assets	<u>2,994,337</u>	<u>0</u>	<u>(1,105,320)</u>	<u>1,889,017</u>
Depreciable Capital Assets				
Land Improvements	272,721	5,200	0	277,921
Buildings, Structures, & Improvements	3,859,275	1,201,290	0	5,060,565
Plant & Facilities	25,837,265	57,864	(42,522)	25,852,607
Furniture, Fixtures, Equipment, & Vehicles	2,900,043	91,317	(5,798)	2,985,562
Infrastructure	<u>30,465,993</u>	<u>177,458</u>	<u>(60,052)</u>	<u>30,583,399</u>
Total Depreciable Capital Assets	<u>63,335,297</u>	<u>1,533,129</u>	<u>(108,372)</u>	<u>64,760,054</u>

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

Less Accumulated Depreciation:

Land Improvements	(272,721)	(520)	0	(273,241)
Buildings, Structures, & Improvements	(2,153,952)	(139,030)	0	(2,292,982)
Plant & Facilities	(11,238,678)	(511,961)	27,640	(11,722,999)
Furniture, Fixtures, Equipment, & Vehicles	(2,520,670)	(162,297)	5,798	(2,677,169)
Infrastructure	(10,935,504)	(598,353)	23,329	(11,510,528)

Total Accumulated Depreciation (27,121,525) (1,412,161) 56,767 (28,476,919)

Total Capital Assets Being Depreciated, Net 36,213,772 120,968 (51,605) 36,283,135

Business-Type Activities Capital Assets, Net \$39,208,109 \$120,968 (\$1,156,925) \$38,172,152

NOTE 10 - NOTES PAYABLE

The City's note transactions for the year ended December 31, 2013, were as follows:

Purpose	Balance 1/1/2013	Additions	Deletions	Balance 12/31/2013
Governmental Activities:				
Bond Anticipation Notes Payable:				
Street Improvement, 1.25%	\$800,000	\$0	\$800,000	\$0
Street Improvement, 0.50%	0	700,000	700,000	0
Bus Garage Facility, 1.43%	1,100,000	0	1,100,000	0
Bus Garage Facility, 0.50%	0	1,100,000	1,100,000	0
Safety Vehicles, 1.25%	840,000	0	840,000	0
Municipal Court Building, 1.50%	1,900,000	0	1,900,000	0
Governmental Activities Notes Payable	<u>\$4,640,000</u>	<u>\$1,800,000</u>	<u>\$6,440,000</u>	<u>\$0</u>
Business-Type Activities:				
Bond Anticipation Notes Payable:				
Neenah Gardens Sewer, 0.74%	600,000	0	600,000	0
Neenah Gardens Sewer, 1.00%	0	400,000	400,000	0
Business-Type Activities Notes Payable	<u>\$600,000</u>	<u>\$400,000</u>	<u>\$1,000,000</u>	<u>\$0</u>

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 June, the City paid \$100,000 of the \$800,000 outstanding notes for street improvements and reissued \$700,000 in notes; in August, the City reissued \$1,100,000 in outstanding notes for the new Bus Garage Facility; in September, the City paid \$200,000 of the \$600,000 in outstanding notes for improvements to the sewer system in the Neenah Gardens subdivision and reissued \$400,000. In December, the City retired all outstanding notes with the proceeds from the issuance of refunding bonds. Therefore, the City had no bond anticipation notes outstanding at December 31, 2013.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 11 - LONG-TERM OBLIGATIONS

The City's long-term obligations activity for the year ended December 31, 2013 was as follows:

Governmental Activities General Obligation Bonds and Other Long-Term Obligations

Purpose				Amounts	
	Balance 1/1/2013	Additions	Deletions	Balance 12/31/2013	Due Within One Year
Governmental Activities:					
Police & Fire Pension Bonds, \$575,000, 3.75% - 5.625%, 1999-2024	\$355,000	\$0	(\$355,000)	\$0	\$0
General Obligation Refunding Bonds:					
\$4,850,000, 1.00% - 4.00%, 2013 - 2041					
Serial Bonds	0	2,520,000	0	2,520,000	300,000
Term Bonds	0	2,330,000	0	2,330,000	0
Issuance Premium on Bonds	0	31,481	0	31,481	0
OPWC Term Loan Payable \$126,126, 0.00%, 2005 - 2014	25,225	0	(12,612)	12,613	12,613
Other Long-Term Obligations:					
Compensated Absences	1,868,756	850,147	(749,724)	1,969,179	917,536
Capital Leases	258,451	42,068	(76,820)	223,699	72,651
Landfill Post-Closure Care	415,071	0	(45,225)	369,846	51,296
Governmental Activities Long-Term Obligations	<u>\$2,922,503</u>	<u>\$5,773,696</u>	<u>(\$1,239,381)</u>	<u>\$7,456,818</u>	<u>\$1,354,096</u>

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 & Recreation, Parking, and Bus Transit funds. Capital lease 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 10.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

Refunding General Obligation Bonds - During fiscal year 2013, the City issued \$4,850,000 of general obligation bonds for the refunding of \$335,000 of the 1999 series bonds and retirement of \$4,540,000 of bond anticipation notes. The \$31,481 premium on the issuance of the refunding bonds is netted against this debt and is being amortized over the life of this debt. The refunding was undertaken to reduce total future debt service payments by \$41,469 and to obtain an economic gain of \$24,886 for the \$335,000 of bonds refunded. The refunding bonds are retired through the Bond Retirement Fund using tax revenues.

The Various Purpose Bonds maturing December 1, 2026 shall be subject to mandatory sinking fund redemption in part on December 1, 2024 and December 1, 2025 at the redemption price of 100% of the principal amount thereof to be redeemed plus accrued interest to the respective redemption dates in the principal amount as follows:

Redemption Dates (December 1)	Principal Amount To Be Redeemed
2024	\$125,000
2025	90,000

Unless otherwise called for redemption, the remaining \$95,000 principal amount of such Various Purpose Bonds shall be payable at stated maturity (December 1, 2026).

The Various Purpose Bonds maturing December 1, 2029 shall be subject to mandatory sinking fund redemption in part on December 1, 2027 and December 1, 2028 at the redemption price of 100% of the principal amount thereof to be redeemed plus accrued interest to the respective redemption dates in the principal amount as follows:

Redemption Dates (December 1)	Principal Amount To Be Redeemed
2027	\$95,000
2028	105,000

Unless otherwise called for redemption, the remaining \$105,000 principal amount of such Various Purpose Bonds shall be payable at stated maturity (December 1, 2029).

The Various Purpose Bonds maturing December 1, 2032 shall be subject to mandatory sinking fund redemption in part on December 1, 2030 and December 1, 2031 at the redemption price of 100% of the principal amount thereof to be redeemed plus accrued interest to the respective redemption dates in the principal amount as follows:

Redemption Dates (December 1)	Principal Amount To Be Redeemed
2030	\$110,000
2031	120,000

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

Unless otherwise called for redemption, the remaining \$120,000 principal amount of such Various Purpose Bonds shall be payable at stated maturity (December 1, 2032).

The Various Purpose Bonds maturing December 1, 2037 shall be subject to mandatory sinking fund redemption in part on December 1, 2033, December 1, 2034, December 1, 2035 and December 1, 2036 at the redemption price of 100% of the principal amount thereof to be redeemed plus accrued interest to the respective redemption dates in the principal amount as follows:

Redemption Dates (December 1)	Principal Amount To Be Redeemed
2033	\$125,000
2034	130,000
2035	135,000
2036	145,000

Unless otherwise called for redemption, the remaining \$150,000 principal amount of such Various Purpose Bonds shall be payable at stated maturity (December 1, 2037).

The Various Purpose Bonds maturing December 1, 2041 shall be subject to mandatory sinking fund redemption in part on December 1, 2038, December 1, 2039 and December 1, 2040 at the redemption price of 100% of the principal amount thereof to be redeemed plus accrued interest to the respective redemption dates in the principal amount as follows:

Redemption Dates (December 1)	Principal Amount To Be Redeemed
2038	\$160,000
2039	165,000
2040	175,000

Unless otherwise called for redemption, the remaining \$180,000 principal amount of such Various Purpose Bonds shall be payable at stated maturity (December 1, 2041).

Business-Type Activities Bonds and Other Long-Term Obligations

Purpose	Balance 1/1/2013	Additions	Deletions	Balance 12/31/2013	Amounts Due Within One Year
Business-Type Activities:					
Revenue Bonds Payable:					
Municipal Water System Refunding					
\$11,350,000, 5.22%, 2003 - 2014	\$2,390,000	\$0	\$1,175,000	\$1,215,000	\$1,215,000
Issuance Premium on Bonds	25,880	0	25,880	0	0
General Obligation Bonds Payable:					
Municipal Sewer Bond					
\$2,095,000, 3.31%, 2003 - 2023	1,320,000	0	1,320,000	0	0

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

General Obligation Refunding Bonds Payable:

Municipal Sewer Bonds					
\$1,670,000, 1.00% - 4.00%, 2013 - 2023	0	1,670,000	0	1,670,000	520,000
Issuance Premium on Bonds	0	24,823	0	24,823	0

Bond Anticipation Notes Payable:

ARMC Water, 1.90%	2,441,000	0	2,441,000	0	0
ARMC Water, 0.72%	0	2,441,000	0	2,441,000	0

Other Long-Term Obligations:

Compensated Absences	773,812	267,555	272,447	768,920	305,821
Capital Leases	0	16,944	1,933	15,011	3,073

Business-Type Activities

Long-Term Obligations	<u>\$6,950,692</u>	<u>\$4,420,322</u>	<u>\$5,236,260</u>	<u>\$6,134,754</u>	<u>\$2,043,894</u>
-----------------------	--------------------	--------------------	--------------------	--------------------	--------------------

In March of 2013, the City issued \$2,441,000 in notes for improvements to the water system near the Adena Regional Medical Center (ARMC). These bond anticipation notes were issued to extend water lines and construct a water tower near the ARMC. These bond anticipation notes will be retired from the City's Water Fund or refinanced into general obligation bonds of the Water Fund.

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 \$1,275,750, payable through December 1, 2014. For the current year, total principal and interest paid was \$1,279,813 and pledged revenues, net of operation expenses, was \$1,490,422. General obligation bonds also require the City to generate revenues from the enterprise operations that are sufficient to meet debt service requirements.

Refunding General Obligation Bonds - During fiscal year 2013, the City issued \$1,670,000 of general obligation bonds for the refunding of \$1,220,000 of the 2003 series bonds and retirement of \$400,000 of bond anticipation notes. The \$24,823 premium on the issuance of the refunding bonds is netted against this debt and is being amortized over the life of this debt, which has the same remaining life of the refunded debt of 10 years with a final maturity of December 1, 2023. The refunding was undertaken to reduce total future debt service payments by \$28,915 and to obtain an economic gain of \$5,674 for the bonds refunded. The refunding bonds are retired through the Sewer Fund.

Enterprise fund assets, whose use is restricted under bond indentures, are presented as restricted assets on the statement of net position. Restricted assets relating to the revenue bonds at December 31, 2013 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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

Restricted Assets Held by the Trustee for:

Water Bond Debt Service 1,351,634

Business-Type Activities Restricted Assets \$3,170,101

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:

For year ended December 31	G.O. Refunding Bonds		OPWC Loan Payable
	Principal	Interest	Principal Only
2014	\$300,000	\$158,686	\$12,613
2015	315,000	153,512	0
2016	330,000	147,213	0
2017	330,000	140,612	0
2018	300,000	134,013	0
2019 – 2023	945,000	580,175	0
2024 – 2028	510,000	464,363	0
2029 – 2033	580,000	359,000	0
2034 – 2038	720,000	221,825	0
2039 – 2041	520,000	48,794	0
	<u>\$4,850,000</u>	<u>\$2,408,493</u>	<u>\$12,613</u>

For year ended December 31	Water Revenue Bonds		Sewer G.O. Refunding Bonds	
	Principal	Interest	Principal	Interest
2014	\$1,215,000	\$60,750	\$520,000	\$35,537
2015	0	0	115,000	29,850
2016	0	0	120,000	27,550
2017	0	0	120,000	25,150
2018	0	0	120,000	22,750
2019 – 2023	0	0	675,000	67,025
	<u>\$1,215,000</u>	<u>\$60,750</u>	<u>\$1,670,000</u>	<u>\$207,862</u>

NOTE 12 - 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.

CITY OF CHILlicothe, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

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 \$408,779 in the governmental funds, which represents the present value of the minimum lease payments at the time of acquisition. Principal payments in 2013 were \$70,984 in the governmental funds. The City also received credit on the trade-in of leased assets in the amount of \$5,836.

The City has also entered into a lease agreement in the Water Fund. The capital leased assets, consisting of equipment, has been capitalized in the amount of \$16,944 in the Water Fund and business-type activities. Principal payments in 2013 were \$1,933 in the Water Fund.

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, 2013 are as follows:

<u>Year Ended December 31,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2014	\$84,801	\$4,026
2015	76,198	4,026
2016	65,657	4,026
2017	16,433	4,026
2018	<u>5,534</u>	<u>1,342</u>
Total Future Minimum Lease Payments	248,623	17,446
Less: Amount Representing Interest	<u>(24,924)</u>	<u>(2,435)</u>
Present Value of Net Minimum Lease	<u>\$223,699</u>	<u>\$15,011</u>

NOTE 13 - 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, 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.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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 2013, 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 12.0% and 12.6%, respectively.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. The employer contribution rate for pension benefits for 2013 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, 2013, 2012, and 2011 were \$883,336, \$1,173,128, and \$1,017,529, respectively; 92.31% has been contributed for 2013, 100% for years 2012 and 2011. Of the 2013 amount, \$67,970 was unpaid at December 31, 2013 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, 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.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

In 2013, the portion of employer contributions allocated to health care for members in the Traditional and Combined Plans were 1.0 percent. Effective January 2014, the portion of employer contributions allocated to healthcare was raised to 2 percent for both plans, as recommended by the OPERS Actuary.

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 years 2013, 2012, and 2011 were \$60,806, \$281,172, and \$290,731, respectively; 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.

Changes to the Health Care preservation Plan (HCPP) were adopted by the OPERS Board of Trustees on September 9, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

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.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits 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. That report is also available on OP&F's website at www.op-f.org.

Funding Policy: From January 1, 2013 thru July 1, 2013, plan members were required to contribute 10.0% of their annual covered salary. From July 2, 2013 thru December 31, 2013, plan members were required to contribute 10.75% of their annual covered salary. Throughout 2013, Employers were 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, 2013, 2012 and 2011 were \$1,047,799, \$1,186,930, and \$1,196,485, respectively; 89.25% has been contributed for 2013 and 100% for years 2012 and 2011. Of the 2013 amount \$112,613 was unpaid at December 31, 2013 and is recorded as a fund liability in the basic financial statements.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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 meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45. 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 the employer contributions made by the City for the years 2013, 2012, and 2011, \$208,099, \$223,795, and \$357,813, respectively, were the amounts used to fund post-employment health care; 89.25% has been contributed for 2013 and 100% for 2012 and 2011.

The Ohio Revised Code provides 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. The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 Trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2013, the employer contribution allocated to the health care plan was 4.69 percent of covered payroll from January 1, 2013 thru May 31, 2013 and 2.85 percent of covered payroll from June 1, 2013 thru December 31, 2013. 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 Sections 115 and 401(h).

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

NOTE 14 - 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.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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 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 15 - PROPERTY TAXES

Property taxes include amounts levied against real and public utility property. The assessed value by property classification upon which the 2013 tax levy was based follows:

<u>Property Tax Classification</u>	<u>Assessed Value</u>
Real Property	\$382,797,100
Public Utility Property	<u>21,039,510</u>
Total	<u><u>\$403,836,610</u></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 2013, real property taxes were levied on January 1, 2013, on assessed values as of January 1, 2012, the lien date. Real estate taxes were due and payable on February 14 and July 1, 2013.

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, 2013.

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 deferred inflows of resources on the financial statements.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 16 - 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 2013, these municipal income taxes generated a combined total of \$11,243,222 in local tax revenue.

NOTE 17 - INTERFUND ACTIVITY

As of December 31, 2013, receivables and payables that resulted from various interfund transactions were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Activities		
General Fund	\$5,267	\$2,068
Bus Transit Fund	2,068	1,800
<i>Nonmajor Capital Projects Funds:</i>		
Safety Levy Capital		1,800
Parks and Recreation Capital	0	1,667
Total Nonmajor Capital Projects Fund	<u>0</u>	<u>3,467</u>
<i>Total</i>	<u><u>\$7,335</u></u>	<u><u>\$7,335</u></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, 2013

A summary of interfund transfers for 2013 are as follows:

Transfers Out	Transfers In				
	General	Nonmajor Special Revenue	Water	Sewer	Total
General	\$0	\$1,581,240	\$151	\$30,000	\$1,611,391
Bus Transit	21,092	0	0	0	21,092
Nonmajor Special Revenue Funds	443,456	0	0	0	443,456
Nonmajor Capital Projects Funds	341,667	0	0	0	341,667
Water	4,599	0	0	0	4,599
Sewer	4,723	0	0	0	4,723
	<u>\$815,537</u>	<u>\$1,581,240</u>	<u>\$151</u>	<u>\$30,000</u>	<u>\$2,426,928</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 2013, the City made transfers of \$1,581,240 from the General Fund to various Nonmajor Special Revenue Funds to subsidize the programs of those funds.

NOTE 18 - 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, 2013

- 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 19 - 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 2013, the City incurred \$60,533 in post closure care costs and decreased its postclosure care liability by \$45,225, which is a change in estimate. To this date, the City has incurred approximately \$2,363,818 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 \$369,846. The liability is based on an average of cumulative postclosure care costs to this date projected over the next seven years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Financial assurance to fund this liability is provided through the General Fund where transfers will be made over the next seven years.

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 20 – FUND CASH BALANCES

As of December 31, 2013 fund balances are composed of the following:

	General Fund	Bus Transit Fund	All Other Governmental Funds	Total Governmental Funds
<i>Nonspendable:</i>				
Prepaid Items	\$126,256	\$40,570	\$16,276	\$183,102
Materials/Supplies	60,593	26,098	6,460	93,151
Unclaimed Monies	71,744	0	0	71,744
Carlisle Hill Trust	0	0	1,000	1,000
<i>Total Nonspendable</i>	<u>258,593</u>	<u>66,668</u>	<u>23,736</u>	<u>348,997</u>
<i>Restricted:</i>				
Bus Transit	0	428,621	0	428,621
Street Construction	0	0	352,436	352,436
State Highway	0	0	229,534	229,534
Parks & Recreation	0	0	242,829	242,829
HUD	0	0	56,425	56,425
State Grants	0	0	80,401	80,401
Law Enforcement	0	0	64,293	64,293
Indigent Drivers	0	0	201,589	201,589
OMVI	0	0	9,105	9,105
Mandatory Drug Fines	0	0	23,136	23,136
Parking	0	0	26,853	26,853
Bond Retirement	0	0	16,646	16,646
Capital Improvement	0	0	32,000	32,000
Safety Levy Capital	0	0	137,391	137,391
Parks & Rec Capital	0	0	505,863	505,863
Carlisle Hill Trust	0	0	2,265	2,265
<i>Total Restricted</i>	<u>0</u>	<u>428,621</u>	<u>1,980,766</u>	<u>2,409,387</u>
<i>Committed:</i>				
Floodwall	93,823	0	0	93,823
Income Tax Refunds	3,029	0	0	3,029
Streetscape	18,048	0	0	18,048
<i>Total Committed</i>	<u>114,900</u>	<u>0</u>	<u>0</u>	<u>114,900</u>
<i>Assigned:</i>				
Cablevision	0	0	5,765	5,765
<i>Unassigned (Deficit)</i>	<u>1,703,062</u>	<u>0</u>	<u>(115,987)</u>	<u>1,587,075</u>
Total Balances	<u><u>\$2,076,555</u></u>	<u><u>\$495,289</u></u>	<u><u>\$1,894,280</u></u>	<u><u>\$4,466,124</u></u>

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 21 – ENCUMBRANCE COMMITMENTS

As of December 31, 2013, the City had encumbrance commitments in the Governmental Funds as follows:

<u>Major Funds</u>	
General	\$54,394
Bus Transit	11,294
	<u>65,688</u>
 <u>Nonmajor Funds</u>	
Street Construction Maintenance and Repair	48,263
State Highway	3,750
HUD	24,150
Safety Levy Capital	6,634
Streetscape	3,700
	<u>86,497</u>
 Total Nonmajor Funds	 <u>86,497</u>
 Total Encumbrances	 <u><u>\$152,185</u></u>

NOTE 22 – 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 \$65,860,795. Other property insurance includes \$111,400 unscheduled and \$2,124,895 scheduled for other equipment. Comprehensive boiler and machinery coverage is carried in the amount of \$65,860,795. 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 group with other Ohio cities through the Ohio Municipal League for a workers' compensation group rating program, which utilizes Comp Management as a third-party administrator.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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.

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 23 - 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 24 - SUBSEQUENT EVENTS

On March 7, 2014, 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%.

In March 2014, the City issued \$300,000 in general obligation bond anticipation notes for the acquisition of a garbage truck. The interest rate on the new notes is 1.25%.

NOTE 25 – FISCAL ANALYSIS

On October 23, 2012, the City was declared in Fiscal Caution by the Auditor of State. The City's management has prepared and submitted an acceptable plan to the Auditor of State and is working to implement changes as submitted.

THIS PAGE LEFT BLANK INTENTIONALLY

**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:

Street Construction Maintenance & Repair Fund

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

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 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.

**CITY OF CHILLICOTHE, OHIO
GOVERNMENTAL FUNDS**

NONMAJOR SPECIAL REVENUE FUNDS

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.

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.

Issue II Fund

To account for revenue from the state that is used for various road projects.

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.

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 (0.25%) 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 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, 2013

	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	\$1,153,841	\$16,646	\$663,028	\$2,265	\$1,835,780
Cash and Cash Equivalents in Segregated Accounts	1,362	0	0	0	1,362
Investments in City Treasury	0	0	0	1,000	1,000
Accounts Receivable	12,248	0	0	0	12,248
Intergovernmental Receivable	674,061	0	0	0	674,061
Income Taxes Receivable	92,907	0	154,714	0	247,621
Property Taxes Receivable	215,693	0	0	0	215,693
Material and Supplies Inventory	6,460	0	0	0	6,460
Prepaid Items	7,965	0	8,311	0	16,276
<i>Total Assets</i>	<u>\$2,164,537</u>	<u>\$16,646</u>	<u>\$826,053</u>	<u>\$3,265</u>	<u>\$3,010,501</u>
Liabilities:					
Accounts Payable	\$20,257	\$0	\$32,148	\$0	\$52,405
Accrued Wages and Benefits	25,638	0	0	0	25,638
Contracts Payable	0	0	36,883	0	36,883
Intergovernmental Payable	168,109	0	0	0	168,109
Interfund Payable	0	0	3,467	0	3,467
<i>Total Liabilities</i>	<u>214,004</u>	<u>0</u>	<u>72,498</u>	<u>0</u>	<u>286,502</u>
Deferred Inflows of Resources	<u>759,729</u>	<u>0</u>	<u>69,990</u>	<u>0</u>	<u>829,719</u>
Fund Balances:					
Nonspendable	14,425	0	8,311	1,000	23,736
Restricted	1,286,601	16,646	675,254	2,265	1,980,766
Assigned	5,765	0	0	0	5,765
Unassigned (Deficit)	(115,987)	0	0	0	(115,987)
<i>Total Fund Balances</i>	<u>1,190,804</u>	<u>16,646</u>	<u>683,565</u>	<u>3,265</u>	<u>1,894,280</u>
<i>Total Liabilities, Deferred Inflows and Fund Balances</i>	<u>\$2,164,537</u>	<u>\$16,646</u>	<u>\$826,053</u>	<u>\$3,265</u>	<u>\$3,010,501</u>

City of Chillicothe, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2013

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Property Taxes	\$227,291	\$0	\$0	\$0	\$227,291
Income Taxes	524,230	0	872,972	0	1,397,202
Charges for Services	11,833	0	0	0	11,833
Fines, Licenses, and Permits	44,546	0	0	0	44,546
Intergovernmental	1,829,447	0	136,605	0	1,966,052
Interest	0	0	0	15	15
Other	55,232	0	8,697	0	63,929
<i>Total Revenues</i>	<u>2,692,579</u>	<u>0</u>	<u>1,018,274</u>	<u>15</u>	<u>3,710,868</u>
Expenditures:					
<i>Current:</i>					
<i>Security of Persons and Property:</i>					
Police	588,628	0	0	0	588,628
Fire	716,824	0	0	0	716,824
Transportation	909,822	0	0	0	909,822
Leisure Time Services	404,812	0	0	0	404,812
Community Environment	469,526	0	0	0	469,526
Capital Outlay	0	0	365,848	0	365,848
<i>Debt Service:</i>					
Principal Retirements	368,801	0	0	0	368,801
Interest and Fiscal Charges	34,400	0	9,450	0	43,850
Issuance Costs	29,416	0	22,283	0	51,699
<i>Total Expenditures</i>	<u>3,522,229</u>	<u>0</u>	<u>397,581</u>	<u>0</u>	<u>3,919,810</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(829,650)</u>	<u>0</u>	<u>620,693</u>	<u>15</u>	<u>(208,942)</u>
Other Financing Sources and Uses:					
Proceeds from the Sale of Capital Assets	3,659	0	0	0	3,659
Issuance of Refunding Bonds	1,065,000	0	710,000	0	1,775,000
Premium on Issuance	19,198	0	12,283	0	31,481
Transfers In	1,581,240	0	0	0	1,581,240
Transfers Out	(443,456)	0	(341,667)	0	(785,123)
<i>Total Other Financing Sources and Uses</i>	<u>2,225,641</u>	<u>0</u>	<u>380,616</u>	<u>0</u>	<u>2,606,257</u>
<i>Net Change in Fund Balance</i>	<u>1,395,991</u>	<u>0</u>	<u>1,001,309</u>	<u>15</u>	<u>2,397,315</u>
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>(205,187)</u>	<u>16,646</u>	<u>(317,744)</u>	<u>3,250</u>	<u>(503,035)</u>
<i>Fund Balance at End of Year</i>	<u>\$1,190,804</u>	<u>\$16,646</u>	<u>\$683,565</u>	<u>\$3,265</u>	<u>\$1,894,280</u>

City of Chillicothe, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2013

	Street Construction Maintenance & Repair	State Highway	Parks & Recreation	HUD
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$245,225	\$217,715	\$209,865	\$56,425
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Accounts Receivable	0	0	12,248	0
Intergovernmental Receivable	437,454	35,458	0	155,201
Income Taxes Receivable	0	0	92,907	0
Property Taxes Receivable	0	0	0	0
Material and Supplies Inventory	6,460	0	0	0
Prepaid Items	2,090	0	5,125	0
<i>Total Assets</i>	<u>\$691,229</u>	<u>\$253,173</u>	<u>\$320,145</u>	<u>\$211,626</u>
Liabilities:				
Accounts Payable	\$3,762	\$0	\$16,495	\$0
Accrued Wages and Benefits	17,881	0	6,002	0
Intergovernmental Payable	17,056	0	7,665	0
<i>Total Liabilities</i>	<u>38,699</u>	<u>0</u>	<u>30,162</u>	<u>0</u>
Deferred Inflows of Resources	<u>291,544</u>	<u>23,639</u>	<u>42,029</u>	<u>155,201</u>
Fund Balances:				
Nonspendable	8,550	0	5,125	0
Restricted	352,436	229,534	242,829	56,425
Assigned	0	0	0	0
Unassigned	0	0	0	0
<i>Total Fund Balances</i>	<u>360,986</u>	<u>229,534</u>	<u>247,954</u>	<u>56,425</u>
<i>Total Liabilities, Deferred Inflows and Fund Balances</i>	<u>\$691,229</u>	<u>\$253,173</u>	<u>\$320,145</u>	<u>\$211,626</u>

continued

<u>Grants</u>	<u>Cablevision</u>	<u>Law Enforcement</u>	<u>Indigent Driver's Alcohol Treatment</u>	<u>OMVI Enforcement & Education</u>	<u>Mandatory Drug Fines</u>
\$73,806	\$5,765	\$56,563	\$200,486	\$8,929	\$23,053
0	0	0	1,103	176	83
0	0	0	0	0	0
24,312	0	7,730	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	750	0	0	0
<u>\$98,118</u>	<u>\$5,765</u>	<u>\$65,043</u>	<u>\$201,589</u>	<u>\$9,105</u>	<u>\$23,136</u>
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
17,717	0	0	0	0	0
0	0	750	0	0	0
80,401	0	64,293	201,589	9,105	23,136
0	5,765	0	0	0	0
0	0	0	0	0	0
<u>80,401</u>	<u>5,765</u>	<u>65,043</u>	<u>201,589</u>	<u>9,105</u>	<u>23,136</u>
<u>\$98,118</u>	<u>\$5,765</u>	<u>\$65,043</u>	<u>\$201,589</u>	<u>\$9,105</u>	<u>\$23,136</u>

continued

City of Chillicothe, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2013

	Parking	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$30,597	\$6,249	\$19,163	\$1,153,841
Cash and Cash Equivalents in Segregated Accounts	0	0	0	1,362
Accounts Receivable	0	0	0	12,248
Intergovernmental Receivable	0	6,953	6,953	674,061
Income Taxes Receivable	0	0	0	92,907
Property Taxes Receivable	0	107,821	107,872	215,693
Material and Supplies Inventory	0	0	0	6,460
Prepaid Items	0	0	0	7,965
<i>Total Assets</i>	<u>\$30,597</u>	<u>\$121,023</u>	<u>\$133,988</u>	<u>\$2,164,537</u>
Liabilities:				
Accounts Payable	\$0	\$0	\$0	\$20,257
Accrued Wages and Benefits	1,755	0	0	25,638
Intergovernmental Payable	1,989	54,423	86,976	168,109
<i>Total Liabilities</i>	<u>3,744</u>	<u>54,423</u>	<u>86,976</u>	<u>214,004</u>
Deferred Inflows of Resources	<u>0</u>	<u>114,774</u>	<u>114,825</u>	<u>759,729</u>
Fund Balances:				
Nonspendable	0	0	0	14,425
Restricted	26,853	0	0	1,286,601
Assigned	0	0	0	5,765
Unassigned	0	(48,174)	(67,813)	(115,987)
<i>Total Fund Balances</i>	<u>26,853</u>	<u>(48,174)</u>	<u>(67,813)</u>	<u>1,190,804</u>
<i>Total Liabilities, Deferred Inflows and Fund Balances</i>	<u>\$30,597</u>	<u>\$121,023</u>	<u>\$133,988</u>	<u>\$2,164,537</u>

THIS PAGE LEFT BLANK INTENTIONALLY

City of Chillicothe, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013

	Street Construction Maintenance & Repair	State Highway	Parks & Recreation	HUD
Revenues:				
Property Taxes	\$0	\$0	\$0	\$0
Income Taxes	0	0	524,230	0
Charges for Services	0	0	9,368	0
Fines, Licenses, and Permits	0	0	120	0
Intergovernmental	902,141	73,135	0	438,351
Other	19,939	0	20,845	0
<i>Total Revenues</i>	922,080	73,135	554,563	438,351
Expenditures:				
<i>Current:</i>				
<i>Security of Persons and Property:</i>				
Police	0	0	0	0
Fire	0	0	0	0
Transportation	819,408	10,012	0	0
Leisure Time Services	0	0	404,812	0
Community Environment	0	0	0	469,526
<i>Debt Service:</i>				
Principal Retirements	12,612	0	1,189	0
Interest and Fiscal Charges	15,114	0	391	0
Issuance Costs	18,836	0	0	0
<i>Total Expenditures</i>	865,970	10,012	406,392	469,526
<i>Excess of Revenues Over (Under) Expenditures</i>	56,110	63,123	148,171	(31,175)
Other Financing Sources and Uses				
Proceeds from the Sale of Capital Assets	0	0	3,659	0
Issuance of Refunding Bonds	715,000	0	0	0
Premium on Issuance	12,836	0	0	0
Transfers In	0	0	1,240	0
Transfers Out	0	0	(156)	0
<i>Total Other Financing Sources and Uses</i>	727,836	0	4,743	0
<i>Net Change in Fund Balance</i>	783,946	63,123	152,914	(31,175)
<i>Fund Balance (Deficit) at Beginning of Year</i>	(422,960)	166,411	95,040	87,600
<i>Fund Balance (Deficit) at End of Year</i>	\$360,986	\$229,534	\$247,954	\$56,425

continued

<u>Grants</u>	<u>Cablevision</u>	<u>Law Enforcement</u>	<u>Indigent Driver's Alcohol Treatment</u>	<u>OMVI Enforcement & Education</u>	<u>Mandatory Drug Fines</u>
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	14,919	23,631	2,810	1,885
379,398	0	7,630	0	0	0
0	0	0	0	0	0
<u>379,398</u>	<u>0</u>	<u>22,549</u>	<u>23,631</u>	<u>2,810</u>	<u>1,885</u>
0	0	7,558	34,156	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
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>7,558</u>	<u>34,156</u>	<u>0</u>	<u>0</u>
<u>379,398</u>	<u>0</u>	<u>14,991</u>	<u>(10,525)</u>	<u>2,810</u>	<u>1,885</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>(443,300)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(443,300)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(63,902)	0	14,991	(10,525)	2,810	1,885
<u>144,303</u>	<u>5,765</u>	<u>50,052</u>	<u>212,114</u>	<u>6,295</u>	<u>21,251</u>
<u>\$80,401</u>	<u>\$5,765</u>	<u>\$65,043</u>	<u>\$201,589</u>	<u>\$9,105</u>	<u>\$23,136</u>

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, 2013

	Parking	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
Revenues:				
Property Taxes	\$0	\$113,645	\$113,646	\$227,291
Income Taxes	0	0	0	524,230
Charges for Services	2,465	0	0	11,833
Fines, Licenses, and Permits	1,181	0	0	44,546
Intergovernmental	0	14,396	14,396	1,829,447
Other	13,480	217	751	55,232
<i>Total Revenues</i>	<u>17,126</u>	<u>128,258</u>	<u>128,793</u>	<u>2,692,579</u>
Expenditures:				
<i>Current:</i>				
<i>Security of Persons and Property:</i>				
Police	0	546,914	0	588,628
Fire	0	0	716,824	716,824
Transportation	80,402	0	0	909,822
Leisure Time Services	0	0	0	404,812
Community Environment	0	0	0	469,526
<i>Debt Service:</i>				
Principal Retirements	0	80,000	275,000	368,801
Interest and Fiscal Charges	0	2,419	16,476	34,400
Issuance Costs	0	2,370	8,210	29,416
<i>Total Expenditures</i>	<u>80,402</u>	<u>631,703</u>	<u>1,016,510</u>	<u>3,522,229</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(63,276)</u>	<u>(503,445)</u>	<u>(887,717)</u>	<u>(829,650)</u>
Other Financing Sources and Uses				
Proceeds from the Sale of Capital Assets	0	0	0	3,659
Issuance of Refunding Bonds	0	79,100	270,900	1,065,000
Premium on Issuance	0	725	5,637	19,198
Transfers In	55,000	637,000	888,000	1,581,240
Transfers Out	0	0	0	(443,456)
<i>Total Other Financing Sources and Uses</i>	<u>55,000</u>	<u>716,825</u>	<u>1,164,537</u>	<u>2,225,641</u>
<i>Net Change in Fund Balance</i>	(8,276)	213,380	276,820	1,395,991
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>35,129</u>	<u>(261,554)</u>	<u>(344,633)</u>	<u>(205,187)</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u><u>\$26,853</u></u>	<u><u>(\$48,174)</u></u>	<u><u>(\$67,813)</u></u>	<u><u>\$1,190,804</u></u>

THIS PAGE LEFT BLANK INTENTIONALLY

City of Chillicothe, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2013

	Capital Improvement	Issue II	Safety Levy Capital	Parks & Recreation Capital	Total Nonmajor Capital Projects Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$32,000	\$0	\$134,934	\$496,094	\$663,028
Income Taxes Receivable	0	0	123,811	30,903	154,714
Prepaid Items	0	0	8,311	0	8,311
<i>Total Assets</i>	<u>\$32,000</u>	<u>\$0</u>	<u>\$267,056</u>	<u>\$526,997</u>	<u>\$826,053</u>
Liabilities:					
Accounts Payable	\$0	\$0	\$26,661	\$5,487	\$32,148
Contracts Payable	0	0	36,883	0	36,883
Interfund Payable	0	0	1,800	1,667	3,467
<i>Total Liabilities</i>	0	0	65,344	7,154	72,498
Deferred Inflows of Resources	0	0	56,010	13,980	69,990
Fund Balances:					
Nonspendable	0	0	8,311	0	8,311
Restricted	32,000	0	137,391	505,863	675,254
<i>Total Fund Balances</i>	<u>32,000</u>	<u>0</u>	<u>145,702</u>	<u>505,863</u>	<u>683,565</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$32,000</u>	<u>\$0</u>	<u>\$267,056</u>	<u>\$526,997</u>	<u>\$826,053</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, 2013

	Capital Improvement	Issue II	Safety Levy Capital	Parks & Recreation Capital	Total Nonmajor Capital Projects Funds
Revenues:					
Income Taxes	\$0	\$0	\$698,602	\$174,370	\$872,972
Intergovernmental	0	99,608	3,000	33,997	136,605
Other	0	0	5,004	3,693	8,697
<i>Total Revenues</i>	<u>0</u>	<u>99,608</u>	<u>706,606</u>	<u>212,060</u>	<u>1,018,274</u>
Expenditures:					
Capital Outlay	0	99,608	244,938	21,302	365,848
<i>Debt Service:</i>					
Interest and Fiscal Charges	0	0	9,450	0	9,450
Issuance Costs	0	0	22,283	0	22,283
<i>Total Expenditures</i>	<u>0</u>	<u>99,608</u>	<u>276,671</u>	<u>21,302</u>	<u>397,581</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>0</u>	<u>429,935</u>	<u>190,758</u>	<u>620,693</u>
Other Financing Sources and Uses:					
Issuance of Refunding Bonds	0	0	710,000	0	710,000
Premium on Issuance	0	0	12,283	0	12,283
Transfers Out	0	0	(320,834)	(20,833)	(341,667)
<i>Total Other Financing Sources and Uses</i>	<u>0</u>	<u>0</u>	<u>401,449</u>	<u>(20,833)</u>	<u>380,616</u>
<i>Net Change in Fund Balance</i>	0	0	831,384	169,925	1,001,309
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>32,000</u>	<u>0</u>	<u>(685,682)</u>	<u>335,938</u>	<u>(317,744)</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u><u>\$32,000</u></u>	<u><u>\$0</u></u>	<u><u>\$145,702</u></u>	<u><u>\$505,863</u></u>	<u><u>\$683,565</u></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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Local Taxes	\$10,274,155	\$10,198,155	\$10,258,580	\$60,425
Charges for Services	3,269,661	3,183,661	3,166,927	(16,734)
Fines, Licenses and Permits	1,688,980	1,493,580	1,464,428	(29,152)
Intergovernmental	912,670	1,242,670	1,256,595	13,925
Special Assessments	10,000	13,000	13,150	150
Investment Earnings	40,000	20,000	17,980	(2,020)
Miscellaneous	373,500	481,798	515,723	33,925
Total Revenue	16,568,966	16,632,864	16,693,383	60,519
Expenditures				
<i>Current:</i>				
General Government				
Mayor				
Personal Services	205,040	214,237	214,237	0
Fringe Benefits	123,264	125,126	125,126	0
Travel Transportation	1,000	275	0	275
Materials and Supplies	28,300	27,509	23,544	3,965
Contractual Services	4,250	26,066	25,955	111
Other	16,510	16,210	2,288	13,922
Total Mayor	378,364	409,423	391,150	18,273
City Council				
Personal Services	60,069	63,531	63,531	0
Fringe Benefits	139,151	155,978	155,978	0
Materials and Supplies	200	200	79	121
Total City Council	199,420	219,709	219,588	121
Treasurer				
Personal Services	14,250	10,637	10,637	0
Fringe Benefits	40,246	26,263	26,263	0
Materials and Supplies	1,240	1,201	588	613
Contractual Services	1,450	1,489	268	1,221
Other	200	200	0	200
Total Treasurer	57,386	39,790	37,756	2,034

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Income Tax Department				
Personal Services	133,247	130,815	130,815	0
Fringe Benefits	102,469	70,440	69,160	1,280
Materials and Supplies	6,400	6,052	2,937	3,115
Contractual Services	4,600	5,178	5,156	22
Capital Outlay	1,000	800	450	350
Other	50	19	19	0
Total Income Tax Department	247,766	213,304	208,537	4,767
Land and Buildings				
Materials and Supplies	194,484	195,634	148,741	46,893
Contractual Services	18,500	19,916	9,933	9,983
Capital Outlay	25,000	25,000	11,563	13,437
Other	500	564	564	0
Total Land and Buildings	238,484	241,114	170,801	70,313
Law Director				
Personal Services	313,825	310,209	308,456	1,753
Fringe Benefits	142,184	130,851	129,429	1,422
Travel Transportation	250	155	0	155
Materials and Supplies	29,750	31,000	29,347	1,653
Contractual Services	2,800	2,470	2,323	147
Other	4,000	59,352	57,771	1,581
Total Law Director	492,809	534,037	527,326	6,711
Auditor				
Personal Services	226,045	222,723	220,925	1,798
Fringe Benefits	129,759	120,213	119,503	710
Travel Transportation	1,300	900	0	900
Materials and Supplies	6,390	6,650	3,706	2,944
Contractual Services	0	139	139	0
Capital Outlay	35,000	35,000	0	35,000
Other	500	500	372	128
Total Auditor	398,994	386,125	344,645	41,480

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Municipal Court				
Personal Services	1,029,903	1,029,903	1,015,425	14,478
Fringe Benefits	586,891	564,116	552,124	11,992
Travel Transportation	4,500	3,755	3,586	169
Materials and Supplies	77,600	90,409	80,669	9,740
Contractual Services	52,500	232,702	225,125	7,577
Capital Outlay	93,479	133,479	113,699	19,780
Other	14,100	12,699	9,525	3,174
Total Municipal Court	1,858,973	2,067,063	2,000,153	66,910
Civil Service				
Personal Services	9,530	11,130	5,543	5,587
Fringe Benefits	18,716	21,595	17,407	4,188
Travel	200	0	0	0
Materials and Supplies	17,000	14,255	3,429	10,826
Contractual Services	7,050	5,800	3,602	2,198
Other	2,150	2,045	45	2,000
Total Civil Service	54,646	54,825	30,026	24,799
Service Department				
Personal Services	98,228	98,212	97,992	220
Fringe Benefits	48,777	47,321	44,442	2,879
Travel Transportation	180	55	0	55
Materials and Supplies	5,875	5,815	3,302	2,513
Contractual Services	2,500	2,520	878	1,642
Other	100	185	129	56
Total Service Department	155,660	154,108	146,743	7,365
Engineering				
Personal Services	237,437	242,404	240,731	1,673
Fringe Benefits	149,843	144,876	143,420	1,456
Travel Transportation	300	100	13	87
Materials and Supplies	14,200	15,487	12,586	2,901
Contractual Services	18,552	34,598	29,475	5,123
Capital Outlay	0	2,021	0	2,021
Other	4,850	12,368	11,547	821
Total Engineering	425,182	451,854	437,772	14,082

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Postage and Stores				
Materials and Supplies	65,000	65,000	51,267	13,733
Total Postage and Stores	65,000	65,000	51,267	13,733
Miscellaneous				
Fringe Benefits	20,000	20,000	18,488	1,512
Materials and Supplies	473,900	470,015	401,159	68,856
Contractual Services	155,037	167,944	161,838	6,106
Other	50,400	54,071	46,996	7,075
Total Miscellaneous	699,337	712,030	628,481	83,549
Total General Government	5,272,021	5,548,382	5,194,245	354,137
Security of Persons and Property				
Police Department				
Personal Services	3,004,248	3,001,989	3,001,989	0
Fringe Benefits	1,145,062	1,089,520	1,089,520	0
Travel Transportation	2,000	1,829	598	1,231
Materials and Supplies	253,300	274,223	237,156	37,067
Contractual Services	102,862	104,555	81,144	23,411
Other	43,200	45,816	39,802	6,014
Total Police Department	4,550,672	4,517,932	4,450,209	67,723
Fire Department				
Personal Services	3,002,868	3,127,996	3,127,996	0
Fringe Benefits	1,027,299	979,547	979,547	0
Travel Transportation	500	27	27	0
Materials and Supplies	231,550	241,456	214,190	27,266
Contractual Services	28,000	39,393	35,020	4,373
Capital Outlay	0	1,615	1,615	0
Other	44,090	56,052	52,293	3,759
Total Fire Department	4,334,307	4,446,086	4,410,688	35,398
Civil Defense				
Other	6,350	6,350	6,350	0
Total Civil Defense	6,350	6,350	6,350	0
Total Security of Persons and Property	8,891,329	8,970,368	8,867,247	103,121

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Transportation				
Streets and Sidewalks				
Materials and Supplies	243,800	327,300	327,096	204
Total Streets and Sidewalks	243,800	327,300	327,096	204
Total Transportation	243,800	327,300	327,096	204
Community Environment				
Planning Commission				
Materials and Supplies	69	69	69	0
Total Planning Commission	69	69	69	0
Design and Review				
Materials and Supplies	200	200	0	200
Other	100	100	0	100
Total Design and Review	300	300	0	300
Total Community Environment	369	369	69	300
Basic Utility Services				
Refuse Department				
Personal Services	264,074	277,793	277,793	0
Fringe Benefits	172,973	155,887	155,887	0
Materials and Supplies	57,990	53,040	30,360	22,680
Contractual Services	285,200	286,700	282,233	4,467
Other	17,200	22,150	19,979	2,171
Total Refuse Department	797,437	795,570	766,252	29,318
Total Basic Utility Services	797,437	795,570	766,252	29,318

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Leisure Time Activities				
Swimming Pool				
Personal Services	0	52,040	52,040	0
Fringe Benefits	1,100	9,140	9,140	0
Contractual Services	0	4,236	4,236	0
Materials and Supplies	15,988	32,103	21,301	10,802
Other	0	8,149	591	7,558
Total Swimming Pool	17,088	105,668	87,308	18,360
Total Leisure Time Activities	17,088	105,668	87,308	18,360
Debt Service:				
Principal Retirements	1,900,000	1,900,000	1,900,000	0
Interest and Fiscal Charges	38,000	37,610	28,421	9,189
Issuance Costs	0	65,000	65,000	0
Total Debt Service	1,938,000	2,002,610	1,993,421	9,189
Total Expenditures	17,160,044	17,750,267	17,235,638	514,629
Excess of Revenues Over (Under) Expenditures	(591,078)	(1,117,403)	(542,255)	575,148
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	25,000	0	0	0
Issuance of Refunding Bonds	1,700,000	1,925,000	1,925,000	0
Transfers-In	1,083,397	1,083,397	964,781	(118,616)
Transfers-Out	(2,057,788)	(2,239,991)	(2,231,635)	8,356
Total Other Sources (Uses)	750,609	768,406	658,146	(110,260)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	159,531	(348,997)	115,891	464,888
Fund Balances at Beginning of Year	902,662	902,662	902,662	0
Prior Year Encumbrances Appropriated	141,357	141,357	141,357	0
Fund Balances at End of Year	\$1,203,550	\$695,022	\$1,159,910	\$464,888

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Local Taxes	\$702,500	\$702,500	\$701,888	(\$612)
Charges for Services	1,209,000	1,209,000	1,155,857	(53,143)
Intergovernmental	2,240,923	2,240,923	2,301,757	60,834
Other	72,000	72,000	169,547	97,547
Total Revenue	4,224,423	4,224,423	4,329,049	104,626
Expenditures				
<i>Current:</i>				
Transportation				
Bus Transit System				
Personal Services	1,398,100	1,299,467	1,231,538	67,929
Fringe Benefits	795,508	694,139	604,685	89,454
Travel Transportation	0	151	151	0
Materials and Supplies	378,200	383,838	376,312	7,526
Contractual Services	754,500	925,163	925,150	13
Capital Outlay	685,606	993,141	984,143	8,998
Other	190,182	213,122	212,975	147
Debt Service	1,115,730	2,267,534	2,267,490	44
Total Transportation	5,317,826	6,776,555	6,602,444	174,111
Total Expenditures	5,317,826	6,776,555	6,602,444	174,111
Excess of Revenues (Under) Expenditures	(1,093,403)	(2,552,132)	(2,273,395)	278,737
Other Financing Sources (Uses)				
Issuance of Notes	1,100,000	1,100,000	1,100,000	0
Issuance of Refunding Bonds	0	1,150,000	1,150,000	0
Proceeds from Sale of Capital Assets	0	0	38,037	38,037
Transfers-Out	(21,133)	(21,133)	(21,092)	41
Total Other Sources (Uses)	1,078,867	2,228,867	2,266,945	38,078
Excess of Revenues and Other Sources (Under) Expenditures and Other Uses	(14,536)	(323,265)	(6,450)	316,815
Fund Balances at Beginning of Year	201,757	201,757	201,757	0
Prior Year Encumbrances Appropriated	138,360	138,360	138,360	0
Fund Balances at End of Year	\$325,581	\$16,852	\$333,667	\$316,815

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$945,000	\$905,000	\$900,048	(\$4,952)
Miscellaneous	9,000	9,000	19,939	10,939
Total Revenue	954,000	914,000	919,987	5,987
Expenditures				
<i>Current:</i>				
Transportation				
Street Maintenance & Repair				
Personal Services	409,276	402,295	402,295	0
Fringe Benefits	213,563	222,044	222,044	0
Materials and Supplies	234,884	269,223	205,743	63,480
Contractual Services	43,120	64,367	34,656	29,711
Other	3,652	22,523	19,267	3,256
Total Transportation	904,495	980,452	884,005	96,447
Debt Service	822,613	1,533,504	1,533,476	28
Total Debt Service	822,613	1,533,504	1,533,476	28
Total Expenditures	1,727,108	2,513,956	2,417,481	96,475
Excess of Revenues (Under) Expenditures	(773,108)	(1,599,956)	(1,497,494)	102,462
Other Financing Sources				
Issuance of Notes	700,000	700,000	700,000	0
Issuance of Refunding Bonds	0	715,000	715,000	0
Premium on Issuance	0	12,836	12,836	0
Total Other Sources	700,000	1,427,836	1,427,836	0
Excess of Revenues and Other Sources (Under) Expenditures	(73,108)	(172,120)	(69,658)	102,462
Fund Balances at Beginning of Year	235,278	235,278	235,278	0
Prior Year Encumbrances Appropriated	31,342	31,342	31,342	0
Fund Balances at End of Year	\$193,512	\$94,500	\$196,962	\$102,462

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$75,000	\$75,000	\$72,977	(\$2,023)
Total Revenue	75,000	75,000	72,977	(2,023)
Expenditures				
<i>Current:</i>				
Transportation				
Capital Outlay	139,729	139,729	13,762	125,967
Total Transportation	139,729	139,729	13,762	125,967
Total Expenditures	139,729	139,729	13,762	125,967
Excess of Revenues Over (Under) Expenditures	(64,729)	(64,729)	59,215	123,944
Fund Balances at Beginning of Year	154,750	154,750	154,750	0
Fund Balances at End of Year	\$90,021	\$90,021	\$213,965	\$123,944

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Income Taxes	\$527,130	\$527,130	\$526,697	(\$433)
Charges for Services	13,000	10,000	9,368	(632)
Fines, Licenses and Permits	20,000	120	120	0
Other	7,500	7,500	8,722	1,222
Total Revenue	567,630	544,750	544,907	157
Expenditures				
<i>Current:</i>				
Leisure Time Activities				
Parks and Recreation				
Personal Services	228,596	221,302	199,460	21,842
Fringe Benefits	149,578	156,872	132,400	24,472
Travel Transportation	250	150	0	150
Materials and Supplies	113,350	118,803	83,438	35,365
Contractual Services	3,900	10,680	7,372	3,308
Other	5,143	5,790	4,354	1,436
Total Leisure Time Activities	500,817	513,597	427,024	86,573
Total Expenditures	500,817	513,597	427,024	86,573
Excess of Revenues Over Expenditures	66,813	31,153	117,883	86,730
Other Financing Sources (Uses)				
Proceeds from the Sale of Capital Assets	0	0	3,659	3,659
Transfers-In	9,800	9,800	1,240	(8,560)
Transfers-Out	(200)	(200)	(156)	44
Total Other Sources (Uses)	9,600	9,600	4,743	(4,857)
Excess of Revenues and Other Sources Over Expenditures and Other Uses	76,413	40,753	122,626	81,873
Fund Balances at Beginning of Year	87,066	87,066	87,066	0
Prior Year Encumbrances Appropriated	173	173	173	0
Fund Balances at End of Year	\$163,652	\$127,992	\$209,865	\$81,873

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$800,000	\$438,351	\$438,351	\$0
Total Revenue	800,000	438,351	438,351	0
Expenditures				
<i>Current:</i>				
Community Environment				
Rehabilitation & Development				
Materials and Supplies	481,793	309,487	306,827	2,660
Contractual Services	303,078	186,852	186,851	1
Total Community Environment	784,871	496,339	493,678	2,661
Total Expenditures	784,871	496,339	493,678	2,661
Excess of Revenues Over (Under) Expenditures	15,129	(57,988)	(55,327)	2,661
Fund Balances at Beginning of Year	55,764	55,764	55,764	0
Prior Year Encumbrances Appropriated	31,838	31,838	31,838	0
Fund Balances at End of Year	\$102,731	\$29,614	\$32,275	\$2,661

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$469,514	\$443,300	\$443,618	\$318
Total Revenue	469,514	443,300	443,618	318
Expenditures				
Total Expenditures	0	0	0	0
Excess of Revenues Over Expenditures	469,514	443,300	443,618	318
Other Financing (Uses)				
Transfers-Out	(469,514)	(443,300)	(443,300)	0
Total Other (Uses)	(469,514)	(443,300)	(443,300)	0
Excess of Revenues Over Expenditures and Other (Uses)	0	0	318	318
Fund Balances at Beginning of Year	73,488	73,488	73,488	0
Fund Balances at End of Year	\$73,488	\$73,488	\$73,806	\$318

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, 2013

	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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses and Permits	\$17,000	\$17,000	\$14,919	(\$2,081)
Total Revenue	17,000	17,000	14,919	(2,081)
Expenditures				
<i>Current:</i>				
Security of Persons and Property Enforcement & Education Other	20,000	32,180	9,648	22,532
Total Security of Persons and Property	20,000	32,180	9,648	22,532
Total Expenditures	20,000	32,180	9,648	22,532
Excess of Revenues Over (Under) Expenditures	(3,000)	(15,180)	5,271	20,451
Fund Balances at Beginning of Year	49,190	49,190	49,190	0
Prior Year Encumbrances Appropriated	2,102	2,102	2,102	0
Fund Balances at End of Year	\$48,292	\$36,112	\$56,563	\$20,451

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses and Permits	\$30,000	\$30,000	\$23,510	(\$6,490)
Total Revenue	30,000	30,000	23,510	(6,490)
Expenditures				
<i>Current:</i>				
Security of Persons and Property				
Alcohol Treatment				
Contractual Services	75,000	75,000	58,948	16,052
Total Security of Persons and Property	75,000	75,000	58,948	16,052
Total Expenditures	75,000	75,000	58,948	16,052
Excess of Revenues (Under) Expenditures	(45,000)	(45,000)	(35,438)	9,562
Fund Balances at Beginning of Year	235,924	235,924	235,924	0
Fund Balances at End of Year	\$190,924	\$190,924	\$200,486	\$9,562

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses and Permits	\$2,000	\$2,000	\$3,114	\$1,114
Total Revenue	2,000	2,000	3,114	1,114
Expenditures				
Total Expenditures	0	0	0	0
Excess of Revenues Over Expenditures	2,000	2,000	3,114	1,114
Fund Balances at Beginning of Year	5,815	5,815	5,815	0
Fund Balances at End of Year	<u>\$7,815</u>	<u>\$7,815</u>	<u>\$8,929</u>	<u>\$1,114</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses and Permits	\$3,000	\$3,000	\$1,844	(\$1,156)
Total Revenue	3,000	3,000	1,844	(1,156)
Expenditures				
<i>Current:</i>				
Security of Persons and Property				
Enforcement & Education				
Other	10,000	10,000	0	10,000
Total Security of Persons and Property	10,000	10,000	0	10,000
Total Expenditures	10,000	10,000	0	10,000
Excess of Revenues Over (Under) Expenditures	(7,000)	(7,000)	1,844	8,844
Fund Balances at Beginning of Year	21,209	21,209	21,209	0
Fund Balances at End of Year	\$14,209	\$14,209	\$23,053	\$8,844

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Charges for Services	\$9,000	\$8,000	\$2,465	(\$5,535)
Fines, Licenses and Permits	0	0	1,181	1,181
Miscellaneous	0	0	13,480	13,480
Total Revenue	9,000	8,000	17,126	9,126
Expenditures				
<i>Current:</i>				
Transportation				
Traffic Control & Parking Facility				
Personal Services	20,129	76,094	68,745	7,349
Fringe Benefits	9,097	25,132	21,307	3,825
Materials and Supplies	19,951	19,154	12,469	6,685
Contractual Services	800	1,577	1,074	503
Other	0	20	20	0
Total Transportation	49,977	121,977	103,615	18,362
Total Expenditures	49,977	121,977	103,615	18,362
Excess of Revenues (Under) Expenditures	(40,977)	(113,977)	(86,489)	27,488
Other Financing Sources (Uses)				
Transfers-In	0	55,000	55,000	0
Transfers Out	(300)	(300)	0	300
Total Other Sources (Uses)	(300)	54,700	55,000	300
Excess of Revenues and Other Sources (Under) Expenditures and Other Uses	(41,277)	(59,277)	(31,489)	27,788
Fund Balances at Beginning of Year	62,086	62,086	62,086	0
Fund Balances at End of Year	\$20,809	\$2,809	\$30,597	\$27,788

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$121,533	\$121,533	\$113,645	(\$7,888)
Intergovernmental	0	0	14,396	14,396
Other	0	0	217	217
Total Revenue	121,533	121,533	128,258	6,725
Expenditures				
<i>Current:</i>				
Security of Persons and Property				
Police Pension & Disability				
Fringe Benefits	700,000	770,000	763,854	6,146
Other	3,000	5,370	5,004	366
Debt Service	9,484	84,789	84,789	0
Total Security of Persons & Property	712,484	860,159	853,647	6,512
Total Expenditures	712,484	860,159	853,647	6,512
Excess of Revenues (Under) Expenditures	(590,951)	(738,626)	(725,389)	13,237
Other Financing Sources				
Issuance of Refunding Bonds	0	79,100	79,100	0
Premium on Issuance	0	725	725	0
Transfers-In	591,188	646,188	637,000	(9,188)
Total Other Sources	591,188	726,013	716,825	(9,188)
Excess of Revenues and Other Sources Over (Under) Expenditures	237	(12,613)	(8,564)	4,049
Fund Balances at Beginning of Year	14,813	14,813	14,813	0
Fund Balances at End of Year	\$15,050	\$2,200	\$6,249	\$4,049

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$121,533	\$121,533	\$113,646	(\$7,887)
Intergovernmental	0	0	14,396	14,396
Other	0	0	751	751
Total Revenue	121,533	121,533	128,793	7,260
Expenditures				
<i>Current:</i>				
Security of Persons and Property				
Fire Pension & Disability				
Fringe Benefits	850,000	997,000	985,220	11,780
Other	3,000	11,210	10,845	365
Debt Service	30,420	291,476	291,476	0
Total Security of Persons & Property	883,420	1,299,686	1,287,541	12,145
Total Expenditures	883,420	1,299,686	1,287,541	12,145
Excess of Revenues (Under) Expenditures	(761,887)	(1,178,153)	(1,158,748)	19,405
Other Financing Sources				
Issuance of Refunding Bonds	0	270,900	270,900	0
Premium on Issuance	0	5,637	5,637	0
Transfers-In	778,280	896,280	888,000	(8,280)
Total Other Sources	778,280	1,172,817	1,164,537	(8,280)
Excess of Revenues and Other Sources Over (Under) Expenditures	16,393	(5,336)	5,789	11,125
Fund Balances at Beginning of Year	13,374	13,374	13,374	0
Fund Balances at End of Year	\$29,767	\$8,038	\$19,163	\$11,125

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, 2013

	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	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, 2013

	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	\$32,000	\$32,000	\$32,000	\$0

City of Chillicothe, Ohio
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balances - Budget and Actual (Budget Basis)
 Issue II Fund
 For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$0	\$220,000	\$99,608	(\$120,392)
Total Revenue	0	220,000	99,608	(120,392)
Expenditures				
Capital Outlay				
Capital Outlay	0	220,000	99,608	120,392
Total Capital Outlay	0	220,000	99,608	120,392
Total Expenditures	0	220,000	99,608	120,392
Excess of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balances at Beginning of Year	0	0	0	0
Fund Balances at End of Year	\$0	\$0	\$0	\$0

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Income Taxes	\$702,500	\$702,500	\$701,889	(\$611)
Intergovernmental	0	0	3,000	3,000
Miscellaneous	0	0	5,004	5,004
Total Revenue	702,500	702,500	709,893	7,393
Expenditures				
Capital Outlay				
Materials and Supplies	29,273	59,273	42,406	16,867
Contractual Services	35,971	35,971	33,502	2,469
Capital Outlay	118,454	144,424	137,396	7,028
Other	22,720	48,409	44,044	4,365
Debt Service	856,800	850,800	850,413	387
Total Capital Outlay	1,063,218	1,138,877	1,107,761	31,116
Total Expenditures	1,063,218	1,138,877	1,107,761	31,116
Excess of Revenues (Under) Expenditures	(360,718)	(436,377)	(397,868)	38,509
Other Financing Sources (Uses)				
Issuance of Refunding Bonds	610,000	710,000	710,000	0
Premium on Issuance	0	12,283	12,283	0
Transfers-Out	(320,834)	(320,834)	(320,834)	0
Total Other Sources (Uses)	289,166	401,449	401,449	0
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(71,552)	(34,928)	3,581	38,509
Fund Balances at Beginning of Year	100,271	100,271	100,271	0
Prior Year Encumbrances Appropriated	24,448	24,448	24,448	0
Fund Balances at End of Year	\$53,167	\$89,791	\$128,300	\$38,509

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Income Taxes	\$175,320	\$175,320	\$175,191	(\$129)
Intergovernmental	0	33,997	33,997	0
Miscellaneous	0	0	4,074	4,074
Total Revenue	<u>175,320</u>	<u>209,317</u>	<u>213,262</u>	<u>3,945</u>
Expenditures				
Capital Outlay				
Capital Outlay	40,000	74,300	40,468	33,832
Other	5,284	5,284	0	5,284
Total Capital Outlay	<u>45,284</u>	<u>79,584</u>	<u>40,468</u>	<u>39,116</u>
Total Expenditures	<u>45,284</u>	<u>79,584</u>	<u>40,468</u>	<u>39,116</u>
Excess of Revenues Over Expenditures	130,036	129,733	172,794	43,061
Other Financing (Uses)				
Transfers-Out	<u>(20,833)</u>	<u>(20,833)</u>	<u>(20,833)</u>	<u>0</u>
Total Other (Uses)	<u>(20,833)</u>	<u>(20,833)</u>	<u>(20,833)</u>	<u>0</u>
Excess of Revenues Over Expenditures and Other Uses	109,203	108,900	151,961	43,061
Fund Balances at Beginning of Year	343,833	343,833	343,833	0
Prior Year Encumbrances Appropriated	<u>300</u>	<u>300</u>	<u>300</u>	<u>0</u>
Fund Balances at End of Year	<u><u>\$453,336</u></u>	<u><u>\$453,033</u></u>	<u><u>\$496,094</u></u>	<u><u>\$43,061</u></u>

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment Earnings	\$20	\$20	\$15	(\$5)
Total Revenue	20	20	15	(5)
Expenditures				
Total Expenditures	0	0	0	0
Excess of Revenues Over Expenditures	20	20	15	(5)
Fund Balances at Beginning of Year	3,250	3,250	3,250	0
Fund Balances at End of Year	<u>\$3,270</u>	<u>\$3,270</u>	<u>\$3,265</u>	<u>(\$5)</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Total Revenue	\$0	\$0	\$0	\$0
Expenditures				
<i>Current:</i>				
Community Environment				
Floodwall Maintenance				
Contractual Services	500	0	0	0
Materials and Supplies	42,000	42,600	34,074	8,526
Capital Outlay	25,000	41,065	13,736	27,329
Other	300	200	187	13
Total Community Environment	67,800	83,865	47,997	35,868
Total Expenditures	67,800	83,865	47,997	35,868
Excess of Revenues (Under) Expenditures	(67,800)	(83,865)	(47,997)	35,868
Other Financing Sources (Uses)				
Transfers-In	60,000	60,000	60,000	0
Transfers-Out	(9,800)	(9,800)	(9,800)	0
Total Other Sources (Uses)	50,200	50,200	50,200	0
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(17,600)	(33,665)	2,203	35,868
Fund Balances at Beginning of Year	75,555	75,555	75,555	0
Prior Year Encumbrances Appropriated	16,065	16,065	16,065	0
Fund Balances at End of Year	\$74,020	\$57,955	\$93,823	\$35,868

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, 2013

	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	361,000	359,700	1,300
Total General Government	310,000	361,000	359,700	1,300
Total Expenditures	310,000	361,000	359,700	1,300
Excess of Revenues (Under) Expenditures	(310,000)	(361,000)	(359,700)	1,300
Other Financing Sources				
Transfers-In	310,000	348,000	348,000	0
Total Other Sources	310,000	348,000	348,000	0
Excess of Revenues and Other Sources (Under) Expenditures	0	(13,000)	(11,700)	1,300
Fund Balances at Beginning of Year	14,729	14,729	14,729	0
Fund Balances at End of Year	\$14,729	\$1,729	\$3,029	\$1,300

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Total Revenue	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay				
Capital Outlay	58,000	60,600	60,533	67
Total Capital Outlay	58,000	60,600	60,533	67
Total Expenditures	58,000	60,600	60,533	67
Excess of Revenues (Under) Expenditures	(58,000)	(60,600)	(60,533)	67
Other Financing Sources				
Transfers-In	48,000	48,000	48,000	0
Total Other Sources	48,000	48,000	48,000	0
Excess of Revenues and Other Sources (Under) Expenditures	(10,000)	(12,600)	(12,533)	67
Fund Balances at Beginning of Year	14,607	14,607	14,607	0
Fund Balances at End of Year	\$4,607	\$2,007	\$2,074	\$67

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$0	\$0	\$1,690	\$1,690
Total Revenue	0	0	1,690	1,690
Expenditures				
Capital Outlay				
Capital Outlay	15,000	15,000	6,906	8,094
Total Capital Outlay	15,000	15,000	6,906	8,094
Total Expenditures	15,000	15,000	6,906	8,094
Excess of Revenues (Under) Expenditures	(15,000)	(15,000)	(5,216)	9,784
Other Financing Sources				
Transfers-In	15,000	15,000	15,000	0
Total Other Sources	15,000	15,000	15,000	0
Excess of Revenues and Other Sources Over Expenditures	0	0	9,784	9,784
Fund Balances at Beginning of Year	4,564	4,564	4,564	0
Fund Balances at End of Year	\$4,564	\$4,564	\$14,348	\$9,784

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$15,000	\$15,000	\$6,722	(\$8,278)
Total Revenue	15,000	15,000	6,722	(8,278)
Expenditures				
<i>Current:</i>				
General Government				
Monies Claimed	1,500	1,500	475	\$1,025
Total General Government	1,500	1,500	475	1,025
Total Expenditures	1,500	1,500	475	1,025
Excess of Revenues Over Expenditures	13,500	13,500	6,247	(7,253)
Other Financing (Uses)				
Transfers Out	(33,132)	(33,132)	0	33,132
Total Other (Uses)	(33,132)	(33,132)	0	33,132
Excess of Revenues Over (Under) Expenditures and Other Uses	(19,632)	(19,632)	6,247	25,879
Fund Balances at Beginning of Year	65,497	65,497	65,497	0
Fund Balances at End of Year	\$45,865	\$45,865	\$71,744	\$25,879

**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, Expenses, and Changes in
Fund Equity - Budget and Actual (Budget Basis)
Water Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues				
Charges for Services	\$4,520,000	\$4,295,000	\$4,052,318	(\$242,682)
Other Operating Revenue	84,000	108,000	129,103	21,103
Total Revenue	4,604,000	4,403,000	4,181,421	(221,579)
Expenses				
<i>Current:</i>				
Personal Services	1,194,976	1,216,443	1,210,451	5,992
Fringe Benefits	749,004	727,536	716,199	11,337
Travel Transportation	100	0	0	0
Contractual Services	161,744	187,877	164,786	23,091
Materials and Supplies	699,420	750,344	645,038	105,306
Other Operating Expenses	387,601	392,088	337,576	54,512
Capital Outlay	386,920	469,075	196,814	272,261
<i>Debt Service:</i>				
Principal Retirement	3,616,000	3,616,000	3,616,000	0
Interest and Fiscal Charges	135,326	135,326	135,241	85
Total Expenses	7,331,091	7,494,689	7,022,105	472,584
Excess of Revenues (Under) Expenses	(2,727,091)	(3,091,689)	(2,840,684)	251,005
Other Financing Sources (Uses)				
Investment Earnings	3,000	3,000	0	(3,000)
Issuance of Notes	2,441,000	2,441,000	2,441,000	0
Transfers-In	0	0	151	151
Transfers-Out	(9,150)	(9,150)	(4,599)	4,551
Total Other Sources (Uses)	2,434,850	2,434,850	2,436,552	1,702
Excess of Revenues and Other Sources (Under) Expenses and Other Uses	(292,241)	(656,839)	(404,132)	252,707
Fund Equity at Beginning of Year	4,196,552	4,196,552	4,196,552	0
Prior Year Encumbrances Appropriated	90,407	90,407	90,407	0
Fund Equity at End of Year	\$3,994,718	\$3,630,120	\$3,882,827	\$252,707

**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, 2013

	Balance 1/1/2013	Additions	Reductions	Balance 12/31/2013
Deposits Agency				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$30,347	\$6,306	\$3,173	\$33,480
<i>Total Assets</i>	<u>\$30,347</u>	<u>\$6,306</u>	<u>\$3,173</u>	<u>\$33,480</u>
Liabilities				
Deposits Held and Due to Others	\$30,347	\$6,306	\$3,173	\$33,480
<i>Total Liabilities</i>	<u>\$30,347</u>	<u>\$6,306</u>	<u>\$3,173</u>	<u>\$33,480</u>
Municipal Court Agency				
Assets				
Cash and Cash Equivalents in Segregated Accounts	\$147,444	\$1,554,378	\$1,553,073	\$148,749
<i>Total Assets</i>	<u>\$147,444</u>	<u>\$1,554,378</u>	<u>\$1,553,073</u>	<u>\$148,749</u>
Liabilities				
Intergovernmental Payable	\$52,235	\$667,536	\$656,413	\$63,358
Undistributed Monies	95,209	278,844	288,662	85,391
Deposits Held and Due to Others	0	607,998	607,998	0
<i>Total Liabilities</i>	<u>\$147,444</u>	<u>\$1,554,378</u>	<u>\$1,553,073</u>	<u>\$148,749</u>
Total Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$30,347	\$6,306	\$3,173	\$33,480
Cash and Cash Equivalents in Segregated Accounts	147,444	1,554,378	1,553,073	148,749
<i>Total Assets</i>	<u>\$177,791</u>	<u>\$1,560,684</u>	<u>\$1,556,246</u>	<u>\$182,229</u>
Liabilities				
Intergovernmental Payable	\$52,235	\$667,536	\$656,413	\$63,358
Undistributed Monies	95,209	278,844	288,662	85,391
Deposits Held and Due to Others	30,347	614,304	611,171	33,480
<i>Total Liabilities</i>	<u>\$177,791</u>	<u>\$1,560,684</u>	<u>\$1,556,246</u>	<u>\$182,229</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.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial position has changed over time.	119-124
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 sources, the property tax and income tax.	125-129
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.	130-135
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.	136-137
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.	138-142

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

THIS PAGE LEFT BLANK INTENTIONALLY

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net Investment in Capital Assets	\$44,886,857	\$43,667,909	\$42,148,445	\$39,625,809	\$39,182,366	\$39,109,104	\$40,021,089	\$37,577,135	\$37,188,766	\$36,003,964
<i>Restricted:</i>										
Debt Service	0	0	0	0	0	13,507	14,099	14,670	14,956	1,940
Capital Projects	781,247	852,087	860,236	749,643	1,007,274	321,193	1,488,796	2,433,951	587,122	753,555
<i>Permanent Fund:</i>										
Expendable	1,987	2,027	2,067	2,107	2,147	2,187	2,207	2,235	2,250	2,265
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	241,458	500,525	402,192	321,959	326,271	377,749	597,155	577,311
Bus Transit	0	398,195	537,217	210,363	319,668	2,465,846	205,481	13,980	144,362	454,151
Housing and Urban Development Program	0	353,292	564,022	355,957	602,453	1,234,949	418,947	655,388	630,777	211,626
Other Purposes	3,613,428	1,025,505	1,194,703	1,896,031	1,801,592	1,216,833	998,585	950,556	770,263	918,037
Unrestricted (Deficit)	241,677	1,001,156	1,666,778	1,050,438	1,105,720	686,586	(1,172,862)	(266,958)	(273,582)	575,723
Total Governmental Activities Net Position	\$49,526,196	\$47,301,171	\$47,215,926	\$44,391,873	\$44,424,412	\$45,373,164	\$42,303,613	\$41,759,706	\$39,663,069	\$39,499,572
Business Type - Activities										
Net Investment in Capital Assets	\$28,017,313	\$28,629,701	\$29,514,918	\$30,375,860	\$31,628,281	\$32,021,986	\$32,510,938	\$30,558,748	\$32,431,229	\$32,846,152
<i>Restricted:</i>										
Debt Service	1,949,546	2,008,181	1,784,142	1,902,831	1,652,563	1,694,714	1,627,337	1,283,936	1,283,936	1,351,634
Capital Projects	3,089,391	1,817,822	1,712,772	1,818,467	1,818,467	1,818,467	1,818,467	1,818,467	1,818,467	1,818,467
Unrestricted	4,775,818	5,867,063	5,964,273	6,045,463	5,481,570	5,094,530	4,830,440	7,450,049	4,928,272	4,914,405
Total Business-Type Activities Net Position	\$37,832,068	\$38,322,767	\$38,976,105	\$40,142,621	\$40,580,881	\$40,629,697	\$40,787,182	\$41,111,200	\$40,461,904	\$40,930,658
Primary Government										
Net Investment in Capital Assets	\$72,904,170	\$72,297,610	\$71,663,363	\$70,001,669	\$70,810,647	\$71,131,090	\$72,532,027	\$68,135,883	\$69,619,995	\$68,850,116
Restricted	9,436,599	6,458,109	6,897,617	7,436,924	7,607,356	9,090,655	6,901,190	7,551,932	5,850,288	6,089,986
Unrestricted	5,017,495	6,868,219	7,631,051	7,095,901	6,587,290	5,781,116	3,657,578	7,183,091	4,654,690	5,490,128
Total Primary Government Net Position	\$87,358,264	\$85,623,938	\$86,192,031	\$84,534,494	\$85,005,293	\$86,002,861	\$83,090,795	\$82,870,906	\$80,124,973	\$80,430,230

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Program Revenues										
Governmental Activities										
<i>Charges for Services:</i>										
General Government	\$4,057,530	\$2,531,302	\$1,314,164	\$1,503,926	\$1,682,510	\$2,155,542	\$2,619,886	\$2,248,670	\$2,198,878	\$2,064,040
Security of Persons and Property:										
Police	78,159	46,768	59,875	54,079	356,516	96,135	57,760	52,402	62,719	43,245
Fire	694,253	702,281	923,551	936,958	960,872	1,112,873	1,138,072	1,227,034	1,128,525	1,090,048
Transportation	168,624	153,898	132,002	212,326	123,925	192,654	848,534	1,059,399	1,200,451	1,159,503
Basic Utility Services	977,912	984,951	1,002,555	1,135,399	989,259	1,004,003	989,639	942,951	939,539	1,620,594
Leisure Time Activities	64,266	65,876	75,608	100,105	136,601	103,915	90,134	107,531	125,053	72,920
Subtotal - Charges for Services	<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>	<u>5,655,165</u>	<u>6,050,350</u>
<i>Operating Grants and Contributions:</i>										
General Government	201,611	157,944	24,617	24,039	25,746	24,324	207,793	250,860	225,772	224,910
Security of Persons and Property:										
Police	2,195	0	0	0	0	0	151,421	0	29,330	132,204
Fire	2,195	0	0	0	0	0	146,250	0	155,117	254,413
Transportation	2,336,828	1,843,493	3,217,282	2,722,949	2,391,097	3,387,055	1,555,346	2,125,408	2,341,454	3,524,770
Community Environment	676,010	156,795	719,748	629,112	583,111	1,971,841	131,711	1,866,383	1,127,170	50,375
Basic Utility Services	6,507	0	0	0	0	0	0	0	0	0
Leisure Time Activities	0	93,209	45,214	4,657	5,633	5,973	6,407	17,046	19,877	5,938
Subtotal - Operating Grants and Contributions	<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>	<u>3,898,720</u>	<u>4,192,610</u>
<i>Capital Grants and Contributions:</i>										
Police	0	0	0	0	6,297	0	0	0	0	0
Transportation	203,095	0	390,873	200,230	0	3,691,384	794,490	336,199	464,966	99,608
Community Environment	6,617	0	0	0	0	0	0	0	0	0
Basis Utility Services	350,000	0	0	0	0	0	0	0	0	0
Leisure Time Activities	0	0	0	0	104,747	87,321	136,400	0	0	33,997
Subtotal - Capital Grants and Contributions	<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>	<u>464,966</u>	<u>133,605</u>
Total Governmental Activities Program Revenues	<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>	<u>10,018,851</u>	<u>10,376,565</u>
Business-Type Activities										
<i>Charges for Services</i>										
Water	4,388,054	4,489,093	4,327,931	4,476,992	4,366,400	4,401,964	4,439,150	4,515,934	3,747,483	3,189,215
Sewer	3,015,484	3,072,422	3,133,368	3,467,668	3,227,754	3,155,672	3,086,853	3,188,581	2,658,330	4,467,383
Total Business-Type Activities Program Revenues	<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>	<u>6,405,813</u>	<u>7,656,598</u>
Total Primary Government Program Revenues	<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>	<u>\$16,424,664</u>	<u>\$18,033,163</u>

continued

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities										
General Government	\$7,145,676	\$5,207,638	\$4,021,651	\$5,063,213	\$5,269,764	\$5,856,422	\$5,972,704	\$5,714,391	\$5,699,394	\$5,333,744
Security of Persons and Property:										
Police	5,229,724	4,576,143	4,895,745	5,693,551	5,406,935	5,616,398	5,921,752	5,347,177	5,537,262	5,414,997
Fire	3,679,628	4,233,574	4,751,817	4,567,222	5,206,800	5,370,049	5,427,992	5,486,905	5,692,471	5,586,698
Transportation	5,459,822	5,814,354	6,446,996	6,730,013	6,191,675	7,341,642	5,650,615	6,504,578	6,321,374	6,134,684
Community Environment	631,235	1,113,876	698,547	772,615	677,158	1,685,430	969,074	1,432,828	930,752	833,234
Basic Utility Services	939,088	792,471	1,006,902	1,064,347	934,806	874,302	1,172,801	673,426	920,910	752,633
Leisure Time Activities	1,008,825	1,070,174	1,040,184	1,089,656	927,550	520,058	856,056	863,046	933,458	617,180
Interest and Fiscal Charges	88,230	100,026	101,033	91,207	124,333	136,428	132,305	116,032	115,936	125,816
Issuance Costs	0	0	0	0	0	0	0	0	0	156,699
<i>Total Governmental Activities Expenses</i>	<u>24,182,228</u>	<u>22,908,256</u>	<u>22,962,875</u>	<u>25,071,824</u>	<u>24,739,021</u>	<u>27,400,729</u>	<u>26,103,299</u>	<u>26,138,383</u>	<u>26,151,557</u>	<u>24,955,685</u>
Business-Type Activities										
Water	3,523,388	3,952,924	3,722,375	4,134,872	4,169,380	4,400,088	3,900,284	4,995,184	4,089,141	3,494,256
Sewer	3,197,431	3,240,301	3,012,331	3,022,759	3,148,719	3,248,239	3,887,721	3,328,562	3,103,909	3,896,122
<i>Total Business-Type Activities Expenses</i>	<u>6,720,819</u>	<u>7,193,225</u>	<u>6,734,706</u>	<u>7,157,631</u>	<u>7,318,099</u>	<u>7,648,327</u>	<u>7,788,005</u>	<u>8,323,746</u>	<u>7,193,050</u>	<u>7,390,378</u>
<i>Total Primary Government Program Expenses</i>	<u>30,903,047</u>	<u>30,101,481</u>	<u>29,697,581</u>	<u>32,229,455</u>	<u>32,057,120</u>	<u>35,049,056</u>	<u>33,891,304</u>	<u>34,462,129</u>	<u>33,344,607</u>	<u>32,346,063</u>
Net (Expense)/Revenue										
Governmental Activities	(14,356,426)	(16,171,739)	(15,057,386)	(17,548,044)	(17,372,707)	(13,567,709)	(17,229,456)	(15,904,500)	(16,132,706)	(14,579,120)
Business-Type Activities	<u>682,719</u>	<u>368,290</u>	<u>726,593</u>	<u>787,029</u>	<u>276,055</u>	<u>(90,691)</u>	<u>(262,002)</u>	<u>(619,231)</u>	<u>(787,237)</u>	<u>266,220</u>
<i>Total Primary Government Net Expense</i>	<u>(13,673,707)</u>	<u>(15,803,449)</u>	<u>(14,330,793)</u>	<u>(16,761,015)</u>	<u>(17,096,652)</u>	<u>(13,658,400)</u>	<u>(17,491,458)</u>	<u>(16,523,731)</u>	<u>(16,919,943)</u>	<u>(14,312,900)</u>

continued

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Assets										
Governmental Activities										
<i>Taxes:</i>										
<i>Property and Other Local Taxes Levied for:</i>										
General Purposes	1,408,866	1,466,655	1,425,510	1,071,126	986,223	935,673	941,165	899,306	880,624	883,741
Police and Fire Pension	0	0	0	255,262	236,293	221,814	226,362	216,144	211,970	226,163
<i>Municipal Income Taxes Levied for:</i>										
General Purposes	9,242,017	9,601,686	9,452,405	9,594,677	9,211,925	9,186,508	9,109,304	9,495,655	9,598,751	9,662,424
Transportation	0	0	0	0	669,926	668,288	662,443	690,670	697,395	702,702
Capital Outlay	778,748	687,951	691,474	810,292	836,963	836,331	827,341	864,429	862,151	878,096
Other Taxes	175,024	85,188	420,586	249,109	190,237	133,653	230,591	207,975	238,930	243,520
<i>Grants and Entitlements not Restricted to</i>										
Specific Programs	1,552,464	1,661,266	1,775,562	1,685,694	3,738,582	2,098,454	1,820,969	1,937,176	979,018	1,148,330
Investment Income	146,091	302,373	544,065	656,517	358,230	151,647	55,348	50,035	31,662	16,768
Miscellaneous	782,694	399,199	679,206	419,520	622,353	323,883	456,890	341,810	549,757	674,708
Gain on Sale of Capital Assets	0	0	0	0	0	0	387	0	0	0
Total Governmental Activities	14,085,904	14,204,318	14,988,808	14,742,197	16,850,732	14,556,251	14,330,800	14,703,200	14,050,258	14,436,452
Business-Type Activities										
Investment Income	19,397	61,635	127,267	112,221	36,975	16	0	2,846	1,911	1,134
Miscellaneous	307,333	38,714	73,434	249,060	105,659	99,701	403,064	118,047	121,841	180,571
Total Business-Type Activities	326,730	100,349	200,701	361,281	142,634	99,717	403,064	120,893	123,752	181,705
Total Primary Government General Revenues and Other Changes in Net Position	14,412,634	14,304,667	15,189,509	15,103,478	16,993,366	14,655,968	14,733,864	14,824,093	14,174,010	14,618,157
Transfers										
Governmental Activities	(22,029)	(22,060)	(16,667)	(18,206)	(19,571)	(39,790)	(16,423)	(14,352)	(14,189)	(20,829)
Business-Type Activities	22,029	22,060	16,667	18,206	19,571	39,790	16,423	14,352	14,189	20,829
Change in Net Position										
Governmental Activities	(292,551)	(1,989,481)	(85,245)	(2,824,053)	(541,546)	948,752	(2,915,079)	(1,215,652)	(2,096,637)	(163,497)
Business-Type Activities	1,031,478	490,699	943,961	1,166,516	438,260	48,816	157,485	(483,986)	(649,296)	468,754
Total Primary Government Change in Net Position	\$738,927	(\$1,498,782)	\$858,716	(\$1,657,537)	(\$103,286)	\$997,568	(\$2,757,594)	(\$1,699,638)	(\$2,745,933)	\$305,257

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$20,601	\$234,274	\$200,693	\$217,361	\$112,003	\$141,640	\$0	\$0	\$0	\$0
Unreserved	3,056,578	3,460,144	3,801,025	3,274,545	4,463,107	2,232,978	0	0	0	0
Nonspendable	0	0	0	0	0	0	220,157	252,251	261,459	258,593
Committed	0	0	0	0	0	0	197,064	159,667	110,387	114,900
Assigned	0	0	0	0	0	0	32,505	46,264	14,607	0
Unassigned	0	0	0	0	0	0	1,133,784	1,334,086	(520,457)	1,703,062
Total General Fund	3,077,179	3,694,418	4,001,718	3,491,906	4,575,110	2,374,618	1,583,510	1,792,268	(134,004)	2,076,555
All Other Governmental Funds										
Reserved	499,208	696,053	768,321	243,570	1,595,859	443,926	0	0	0	0
<i>Unreserved, Undesignated, Reported in:</i>										
Special Revenue Funds	1,059,228	971,065	1,701,632	2,138,285	581,784	865,429	0	0	0	0
Debt Service Funds	12,150	12,669	13,085	15,950	16,325	16,591	0	0	0	0
Capital Projects Funds	752,059	484,927	810,503	528,189	572,514	97,329	0	0	0	0
Permanent Funds	1,987	2,027	2,067	2,107	2,147	2,187	0	0	0	0
Nonspendable	0	0	0	0	0	0	19,740	44,927	53,611	90,404
Restricted	0	0	0	0	0	0	1,134,928	1,636,977	1,202,380	2,409,387
Assigned	0	0	0	0	0	0	5,765	5,765	5,765	5,765
Unassigned	0	0	0	0	0	0	(1,942,241)	(2,216,810)	(2,695,504)	(115,987)
Total All Other Governmental Funds	2,324,632	2,166,741	3,295,608	2,928,101	2,768,629	1,425,462	(781,808)	(529,141)	(1,433,748)	2,389,569
Total Governmental Funds	\$5,401,811	\$5,861,159	\$7,297,326	\$6,420,007	\$7,343,739	\$3,800,080	\$801,702	\$1,263,127	(\$1,567,752)	\$4,466,124

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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Property Taxes	\$1,403,530	\$1,471,716	\$1,430,536	\$1,326,120	\$1,215,794	\$1,153,839	\$1,162,849	\$1,132,782	\$1,088,740	\$1,115,022
Municipal Income Taxes	10,020,765	10,209,835	10,075,395	10,473,453	10,718,814	10,691,127	10,599,088	10,526,861	10,851,650	11,177,609
Other Taxes	175,024	164,990	420,586	249,109	190,237	133,653	230,591	207,975	238,930	243,520
Charges for Services	2,878,583	2,928,451	2,135,699	2,386,542	2,212,147	2,415,065	4,081,250	3,957,405	3,997,022	4,501,048
Fines, Licenses and Permits	3,153,361	3,313,382	1,372,056	1,556,251	2,003,958	2,232,953	1,597,242	1,658,779	1,631,754	1,525,476
Intergovernmental	5,332,461	4,279,833	5,685,333	5,439,441	6,625,215	9,847,621	6,506,226	6,682,596	5,175,386	5,827,097
Special Assessments	5,222	7,871	5,017	19,934	21,631	17,104	50,186	34,087	7,558	13,150
Investment Earnings	146,091	302,373	544,065	656,517	358,230	151,647	55,348	50,035	31,662	16,768
Miscellaneous	837,783	526,713	733,004	431,371	653,732	354,180	502,048	437,117	647,058	702,684
Total Revenues	23,952,820	23,205,164	22,401,691	22,538,738	23,999,758	26,997,189	24,784,828	24,687,637	23,669,760	25,122,374
Expenditures										
<i>Current:</i>										
General Government	7,151,308	7,225,043	4,629,603	5,005,119	5,149,587	6,715,055	5,856,255	5,604,348	5,766,533	5,449,967
<i>Security of Persons and Property:</i>										
Police	4,702,257	4,159,841	4,535,032	5,013,183	5,198,129	5,724,315	5,617,250	5,332,157	5,437,570	4,983,010
Fire	4,291,686	4,134,698	4,182,352	4,563,369	4,687,957	4,880,108	5,051,759	5,091,470	5,360,909	5,096,719
Transportation	4,324,254	3,759,348	4,306,075	4,643,236	4,688,758	8,567,602	6,090,170	4,838,279	4,292,719	5,575,178
Community Environment	388,920	791,855	382,103	489,853	352,345	1,370,904	859,783	1,163,349	619,530	525,336
Basic Utilities Services	916,882	806,492	1,009,378	1,069,275	946,803	880,792	843,424	685,053	892,274	756,499
Leisure Time Activities	830,216	776,363	788,703	900,563	866,912	936,905	783,079	746,962	740,641	492,124
Capital Outlay	1,210,634	646,646	1,156,485	1,599,605	356,415	1,715,632	1,277,088	576,632	3,172,838	445,986
<i>Debt Service:</i>										
Principal Retirement	294,295	306,305	321,075	721,505	726,220	327,983	1,164,204	264,081	175,691	438,596
Interest and Fiscal Charges	96,666	102,493	103,578	93,755	126,952	139,122	134,923	118,684	116,222	112,800
Issuance Costs	0	0	0	0	0	0	0	0	0	156,699
Total Expenditures	24,207,118	22,709,084	21,414,384	24,099,463	23,100,078	31,258,418	27,677,935	24,421,015	26,574,927	24,032,914
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(254,298)</i>	<i>496,080</i>	<i>987,307</i>	<i>(1,560,725)</i>	<i>899,680</i>	<i>(4,261,229)</i>	<i>(2,893,107)</i>	<i>266,622</i>	<i>(2,905,167)</i>	<i>1,089,460</i>
Other Financing Sources (Uses)										
Sale of Capital Assets	0	0	4,492	29,727	0	11,101	23,339	0	25,832	41,696
Refunding Bonds Issues	0	0	0	0	0	0	0	0	0	4,850,000
Premium on General Obligation Bonds	0	0	0	0	0	0	0	0	0	31,481
Issuance of Notes	0	0	400,000	600,000	200,000	900,000	0	0	0	0
Insurance Recoveries	0	0	0	0	17,892	0	0	0	0	0
Proceeds from Loan	0	126,126	0	0	0	0	0	0	0	0
Inception of Capital Lease	55,181	69,106	61,035	71,885	25,731	46,259	42,285	209,155	62,645	42,068
Payment for Refunded Note	0	0	0	0	0	(200,000)	0	0	0	0
Transfers In	2,144,023	2,459,970	2,750,793	2,239,304	2,820,011	3,420,697	2,884,584	2,503,682	1,965,487	2,396,777
Transfers Out	(2,166,052)	(2,482,030)	(2,767,460)	(2,257,510)	(2,839,582)	(3,460,487)	(2,901,007)	(2,518,034)	(1,979,676)	(2,417,606)
Total Other Financing Sources (Uses)	33,152	173,172	448,860	683,406	224,052	717,570	49,201	194,803	74,288	4,944,416
Net Change in Fund Balances	(\$221,146)	\$669,252	\$1,436,167	(\$877,319)	\$1,123,732	(\$3,543,659)	(\$2,843,906)	\$461,425	(\$2,830,879)	\$6,033,876
Debt Service as a Percentage of Noncapital Expenditures	1.7%	1.9%	2.1%	3.6%	4.0%	1.9%	5.3%	1.6%	1.3%	2.5%

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		Total		Ratio	Direct Rate
	Assessed Value		Public Utility		General Business		Estimated Actual Value			
	Residential/Agricultural/ Commercial/Industrial	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
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
2012	383,333,450	1,095,238,429	20,775,130	23,608,102	0	0	404,108,580	1,118,846,531	36.12%	3.20
2013	382,797,100	1,093,706,000	21,039,510	23,908,534	0	0	403,836,610	1,117,614,534	36.13%	3.20

125

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	9.80	10.40	10.40	10.40	10.60	11.70	11.70	12.50	12.50	12.50
<i>Total County Millage</i>	9.80	10.40	10.40	10.40	10.60	11.70	11.70	12.50	12.50	12.50
Chillicothe City School District Millage										
Operating	37.70	40.20	46.20	46.20	46.20	46.20	46.20	46.20	46.20	46.20
Debt Service	0.00	4.47	4.47	4.47	4.47	4.47	4.47	4.80	4.80	4.80
<i>Total School Millage</i>	37.70	44.67	50.67	50.67	50.67	50.67	50.67	51.00	51.00	51.00
Other Millage										
Operating	3.80	3.80	3.80	4.80	4.80	4.80	4.80	5.80	5.80	5.80
<i>Total Other Millage</i>	3.80	3.80	3.80	4.80	4.80	4.80	4.80	5.80	5.80	5.80
Total Millage	<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>	<u>72.50</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 (1)	Total Tax Collections (2)	Percent of Total Tax Collections To Tax Levy	Total Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
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%
2012	1,253,115	1,205,570	96.21%	28,702	1,234,272	98.50%	44,015	3.51%
2013	1,252,173	1,215,108	97.04%	29,323	1,244,431	99.38%	38,815	3.10%

Source: Ross County Auditor

(1) The County Auditor collects property taxes on behalf of the City. In Ohio, delinquent taxes collected each year are not reported individually back to the tax year in which they become delinquent. The County Auditor's current tax collection system does not permit the identification of delinquent tax collection by tax levy year.

(2) 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
2013 and 2004

2013		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
American Electric Power	\$18,426,880	4.56%
P.H. Glatfelter	13,786,710	3.41%
Chillicothe Mall Inc.	4,389,090	1.09%
DDR Chillicothe LLC	4,053,210	1.00%
Central Center LTD	3,111,480	0.77%
Sam's Real Estate Business	2,629,020	0.65%
Zane Plaza LLC	2,434,090	0.60%
K-Mart Corporation	2,311,240	0.57%
Chillicothe Telephone	2,115,960	0.52%
Columbia Gas of Ohio	2,077,820	0.51%
Total	\$55,335,500	13.70%
Total Assessed Valuation	\$403,836,610	

2004		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Mead Westvaco	\$26,508,150	7.64%
Horizon Telecom, Inc.	15,313,820	4.41%
American Electric Power	9,661,080	2.78%
DDR Ohio Opportunity LLC	3,389,440	0.98%
Chillicothe Mall Inc.	3,312,040	0.95%
PPG Industries Inc.	2,810,420	0.81%
Central Center LTD	2,668,370	0.77%
Columbia Gas of Ohio	2,677,160	0.77%
Real Estate Finance Trust	2,259,030	0.65%
RGChilli Associates LTD	1,602,880	0.46%
Total	\$70,202,390	20.23%
Total Assessed Valuation	\$347,104,120	

Source: Ross County Auditor

(1) The amounts presented represent the assessed values upon which 2013 and 2004 collections were based.

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

<u>TAX YEAR</u>	<u>TAX RATE</u>	<u>TOTAL TAX COLLECTED</u>	<u>TAXES FROM WITHHOLDING</u>	<u>PERCENTAGE OF TAXES FROM WITHHOLDING</u>	<u>TAXES FROM NET PROFITS</u>	<u>PERCENTAGE OF TAXES FROM NET PROFITS</u>	<u>TAXES FROM INDIVIDUALS</u>	<u>PERCENTAGE OF TAXES FROM INDIVIDUALS</u>
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%
2012	1.60%	11,010,046	9,033,890	82.05%	1,143,223	10.38%	832,932	7.57%
2013	1.60%	11,244,828	9,032,367	80.32%	1,341,249	11.93%	871,212	7.75%

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	LONG TERM NOTES	CAPITAL LEASES			
2004	\$2,160,000	\$0	\$137,758	\$2,020,000	\$11,490,000	\$0	\$0	\$15,807,758	3.80%	\$725
2005	1,915,000	113,513	154,650	1,935,000	10,330,000	0	0	14,448,163	2.87%	663
2006	1,660,000	100,900	162,223	1,855,000	9,145,000	0	0	12,923,123	2.56%	593
2007	1,405,000	88,287	141,498	1,770,000	7,925,000	0	0	11,329,785	2.27%	520
2008	1,140,000	75,675	117,598	1,685,000	6,675,000	0	0	9,693,273	2.33%	445
2009	870,000	63,063	114,276	1,595,000	5,665,000	0	0	8,307,339	1.68%	373
2010	660,000	50,450	107,864	1,510,000	4,615,000	0	0	6,943,314	1.48%	317
2011	450,000	37,838	270,679	1,415,000	3,520,000	0	0	5,693,517	1.22%	260
2012	355,000	25,225	258,451	1,320,000	2,390,000	2,441,000	0	6,789,676	1.45%	310
2013	4,850,000	12,613	223,699	1,670,000	1,215,000	2,441,000	15,011	10,427,323	2.23%	476

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
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
2012	21,901	1,118,846,531	4,065,000	0.36%	186
2013	21,901	1,117,614,534	7,735,000	0.69%	353

131

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, 2013

JURISDICTION	GOVERNMENTAL ACTIVITIES DEBT OUTSTANDING	PERCENTAGE APPLICABLE TO CITY (1)	AMOUNT APPLICABLE TO CITY
DIRECT - CITY OF CHILLICOTHE			
OPWC LOANS	\$12,613	100.00%	\$12,613
CAPITAL LEASES	223,699	100.00%	223,699
GENERAL OBLIGATION BONDS	4,850,000	100.00%	4,850,000
TOTAL DIRECT DEBT	5,086,312		5,086,312
OVERLAPPING			
ROSS COUNTY	9,161,977	34.68%	3,177,374
CHILLICOTHE CITY SCHOOLS	28,518,356	92.19%	26,291,072
UNION-SCIOTO LOCAL SCHOOLS	2,177,712	18.42%	401,135
SOUTHEASTERN LOCAL SCHOOLS	2,133,669	2.01%	42,887
ZANE TRACE LOCAL SCHOOLS	1,583,568	1.19%	18,844
SCIOTO TOWNSHIP	117,023	83.45%	97,656
SPRINGFIELD TOWNSHIP	360,181	4.30%	15,488
TOTAL OVERLAPPING DEBT	44,052,486		30,044,455
TOTAL	\$49,138,798		\$35,130,767

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 CHILLCOTHE, OHIO
LEGAL DEBT MARGIN
LAST TEN YEARS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Assessed Property Value	<u>\$446,255,090</u>	<u>\$466,603,580</u>	<u>\$439,459,360</u>	<u>\$418,262,440</u>	<u>\$428,243,450</u>	<u>\$414,196,300</u>	<u>\$416,689,710</u>	<u>\$409,792,080</u>	<u>\$404,108,580</u>	<u>\$403,836,610</u>
Overall Legal Debt Limit (10 1/2% of Assessed Valuation)	<u>46,856,784</u>	<u>48,993,376</u>	<u>46,143,233</u>	<u>43,917,556</u>	<u>44,965,562</u>	<u>43,490,612</u>	<u>43,752,420</u>	<u>43,028,168</u>	<u>42,431,401</u>	<u>42,402,844</u>
Debt Outstanding:										
General Obligation Bonds	2,160,000	1,915,000	1,660,000	1,405,000	1,140,000	870,000	660,000	450,000	355,000	4,850,000
General Obligation Bonds - Enterprise	2,020,000	1,935,000	1,855,000	1,770,000	1,685,000	1,595,000	1,510,000	1,415,000	1,320,000	1,670,000
General Obligation Revenue Bonds	11,490,000	10,330,000	9,145,000	7,925,000	6,675,000	5,665,000	4,615,000	3,520,000	2,390,000	1,215,000
OPWC Loans	0	113,513	100,900	88,287	75,675	63,063	50,450	37,838	25,225	12,613
Notes Payable	<u>2,200,000</u>	<u>1,700,000</u>	<u>1,200,000</u>	<u>1,300,000</u>	<u>3,000,000</u>	<u>4,800,000</u>	<u>4,400,000</u>	<u>8,341,000</u>	<u>7,681,000</u>	<u>2,441,000</u>
Total Gross Indebtedness	17,870,000	15,993,513	13,960,900	12,488,287	12,575,675	12,993,063	11,235,450	13,763,838	11,771,225	10,188,613
Less:										
Notes Payable from Governmental Fund Revenues	1,000,000	800,000	600,000	400,000	2,800,000	4,800,000	4,400,000	5,100,000	4,640,000	0
Notes Payable from Enterprise Fund Revenues	1,200,000	900,000	600,000	300,000	0	0	0	3,241,000	3,041,000	2,441,000
Revenue Bonds Payable from Enterprise Fund Revenues	11,490,000	10,330,000	9,145,000	7,925,000	6,675,000	5,665,000	4,615,000	3,520,000	2,390,000	1,215,000
G.O. Bonds Payable from Enterprise Fund Revenues	2,020,000	1,935,000	1,855,000	1,770,000	1,685,000	1,595,000	1,510,000	1,415,000	1,320,000	1,670,000
OPWC Loan Payable from Governmental Fund Revenues	0	113,513	100,900	88,287	75,675	63,063	50,450	37,838	25,225	12,613
Bond Retirement Fund Balance	<u>12,150</u>	<u>12,669</u>	<u>13,086</u>	<u>15,950</u>	<u>16,326</u>	<u>16,591</u>	<u>16,646</u>	<u>16,646</u>	<u>16,646</u>	<u>16,646</u>
Total Net Debt Applicable to Debt Limit	2,147,850	1,902,331	1,646,914	1,989,050	1,323,674	853,409	643,354	433,354	338,354	4,833,354
Legal Debt Margin Within 10 1/2% Limitations	<u>\$44,708,934</u>	<u>\$47,091,045</u>	<u>\$44,496,319</u>	<u>\$41,928,506</u>	<u>\$43,641,888</u>	<u>\$42,637,203</u>	<u>\$43,109,066</u>	<u>\$42,594,814</u>	<u>\$42,093,047</u>	<u>\$37,569,490</u>
Legal Debt Margin as a Percentage of the Debt Limit	95.42%	96.12%	96.43%	95.47%	97.06%	98.04%	98.53%	98.99%	99.20%	88.60%
Unvoted Debt Limitation (5 1/2% of Assessed Valuation)	<u>\$24,544,030</u>	<u>\$25,663,197</u>	<u>\$24,170,265</u>	<u>\$23,004,434</u>	<u>\$23,553,390</u>	<u>\$22,780,797</u>	<u>\$22,917,934</u>	<u>\$22,538,564</u>	<u>\$22,225,972</u>	<u>\$22,211,014</u>
Total Gross Indebtedness	17,870,000	15,993,513	13,960,900	12,488,287	12,575,675	12,993,063	11,235,450	13,763,838	11,771,225	10,188,613
Less:										
Notes Payable from Governmental Fund Revenues	1,000,000	800,000	600,000	400,000	2,800,000	4,800,000	4,400,000	5,100,000	4,640,000	0
Notes Payable from Enterprise Fund Revenues	1,200,000	900,000	600,000	300,000	0	0	0	3,241,000	3,041,000	2,441,000
Revenue Bonds Payable from Enterprise Fund Revenues	11,490,000	10,330,000	9,145,000	7,925,000	6,675,000	5,665,000	4,615,000	3,520,000	2,390,000	1,215,000
G.O. Bonds Payable from Enterprise Fund Revenues	2,020,000	1,935,000	1,855,000	1,770,000	1,685,000	1,595,000	1,510,000	1,415,000	1,320,000	1,670,000
OPWC Loan Payable from Governmental Fund Revenues	0	113,513	100,900	88,287	75,675	63,063	50,450	37,838	25,225	12,613
Bond Retirement Fund Balance	<u>12,150</u>	<u>12,669</u>	<u>13,086</u>	<u>15,950</u>	<u>16,326</u>	<u>16,591</u>	<u>16,646</u>	<u>16,646</u>	<u>16,646</u>	<u>16,646</u>
Net Debt Within 5 1/2% Limitations	2,147,850	1,902,331	1,646,914	1,989,050	1,323,674	853,409	643,354	433,354	338,354	4,833,354
Unvoted Legal Debt Margin Within 5 1/2% Limitations	<u>\$22,396,180</u>	<u>\$23,760,866</u>	<u>\$22,523,351</u>	<u>\$21,015,384</u>	<u>\$22,229,716</u>	<u>\$21,927,388</u>	<u>\$22,274,580</u>	<u>\$22,105,210</u>	<u>\$21,887,618</u>	<u>\$17,377,660</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	91.25%	92.59%	93.19%	91.35%	94.38%	96.25%	97.19%	98.08%	98.48%	78.24%

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	
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
2012	3,749,394	2,770,143	979,251	1,130,000	147,188	0.77
2013	4,467,383	2,976,961	1,490,422	1,175,000	104,813	1.16

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	
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
2012	2,658,330	2,382,254	276,076	0	0	0
2013	3,190,439	2,776,428	414,011	0	0	0

135

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)
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
2012	21,901	468,528,093	21,393	40.0	3,051	8.2%	404,108,580
2013	21,901	468,528,093	21,393	40.0	2,891	8.5%	403,836,610

136

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 SEVEN YEARS AGO

2013			
Employer	Nature of Business	Employees	Percentage of Total City Employment
Glatfelter Paper Company	Paper Industry	1,203	3.81%
Ross County	County Govt	850	2.69%
Wal-Mart	Retail	800	2.53%
Ohio University-Chillicothe	College Campus	642	2.03%
Chillicothe City Schools	Education	324	1.02%
Menards	Retail	280	0.89%
City of Chillicothe	City Govt	242	0.77%
Lowe's	Retail	225	0.71%
Horizon Family of Companies	Communications	180	0.57%
Time Warner	Cable TV/Internet	100	0.32%
Total		<u>4,846</u>	<u>15.33%</u>
Total Employment Within the City		<u>31,615</u>	<u>100.00%</u>

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

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 EIGHT YEARS

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013
General Government								
Square Footage Occupied	39,577	39,577	39,577	39,577	39,577	39,577	39,577	39,577
Administrative Vehicles	0	0	0	0	0	0	0	0
Engineering Vehicles	3	10	10	9	9	9	9	9
Municipal Court Vehicles	1	2	2	2	2	2	2	2
Service Department Vehicles	26	33	34	34	34	34	35	34
Police								
Stations	1	1	1	1	1	2	2	2
Square Footage of Building	29,090	29,090	29,090	29,090	29,090	29,090	29,090	29,090
Vehicles	26	21	23	22	26	33	33	34
Fire								
Stations	3	3	3	3	3	3	3	3
Square Footage of Building	23,476	23,476	23,476	23,476	23,476	23,476	23,476	23,476
Vehicles	21	28	30	27	27	27	28	28
Recreation								
Number of Parks	12	12	12	12	13	13	13	13
Number of Pools	1	1	1	1	1	1	1	1
Number of Tennis Courts	4	4	4	4	4	4	4	4
Number of Baseball Diamonds	13	13	13	13	13	13	13	13
Number of Tot Lots	4	4	4	4	4	4	4	4
Number of Soccer Fields	8	8	8	8	8	8	8	8
Vehicles	9	22	22	21	21	21	22	22
Floodwall								
Miles	5.0	5.0	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	18,855	18,855
Vehicles	17	20	21	24	21	23	16	20
Water Department								
Water Lines (miles)	100	133	133	133	133	136	136	136
Vehicles	14	17	20	20	21	21	19	19
Sewer Department								
Sewer Lines/Storm Sewer (miles)	101	103	103	103	103	105	105	106
Vehicles	14	25	26	26	28	29	25	26

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Council	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Auditor	6.5	6.5	6.5	6.5	6.5	6.5	5.5	4.5	4.5	4.5
Income Tax	3	3	3	3	3	3	3	3	2	2
Treasurer	1	1	1	1	1	1	1	1	1	1
Mayor	7	6	5.5	5.5	6.5	5.5	4.5	4.5	4.5	4.5
Law Director	5	5	5.5	6	7	7	6.5	5.5	6	5
Engineering	9	8	11	7	7	6	7	6	6	6
Civil Service	1	1	1	1	1	2.5	2.5	2.5	2.5	2.5
Municipal Court	24	24.5	24	25	24.5	23.5	23.5	23	21.5	23
Security of Persons and Property										
Police	49	49	50	52	53.5	54.5	50	51	50.5	48
Fire	41	43	45	45	47	47	42	47	47	44
School Crossing Guards	7.5	7	7.5	7.5	7.5	7.5	0	0	0	0
Traffic Control-Meters	1	1	1	1	1	1	0	0	0	0
Leisure Time Activities										
Parks	6	2	5	5	5	5	4	4	4	1
Recreation	5	7.5	4	6	5	4	3	3	3	3
Transportation										
Service	29	28.5	25.5	25.5	25.5	27	22	20	20	18
Transit	21	22	22	24	24	24	23	23	23	31
Basic Utility Services										
Water	26	19	26	28	28	29	25.5	28.5	28	27
Sewer	19	22.5	17.5	17.5	18.5	17.5	16.5	17	16.5	16
Totals:	<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>	<u>245.5</u>	<u>242</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 EIGHT YEARS

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013
General Government								
<i>Council and Clerk</i>								
Number of Ordinances Passed	153	156	166	158	103	125	103	107
Number of Resolutions Passed	40	21	25	26	19	20	22	19
Number of Planning Commission Docket Items	12	16	11	6	10	10	12	13
Zoning Board of Appeals Docket Items	39	31	35	23	32	20	21	19
Design & Review Board Docket Items	40	35	32	55	27	32	37	41
<i>Finance Department</i>								
Number of Checks/Vouchers Issued	5,647	5,928	5,646	6,290	5,185	5,197	5,482	4,853
Amount of Checks Written	\$27,646,498	\$34,031,388	\$33,538,991	\$42,906,483	\$34,508,413	\$38,000,816	\$43,661,426	\$44,504,621
Interest Earnings for fiscal year (cash basis)	\$543,654	\$767,972	\$335,401	\$203,115	\$59,358	\$54,710	\$34,509	\$17,995
Number of Receipts Issued	882	2,297	2,036	2,340	2,491	2,194	2,049	2,047
Agency Ratings - Moody's Financial Services	A2	A2	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	\$17,611,705	\$18,020,422
General Fund Expenditures (cash basis)	\$16,589,421	\$17,221,144	\$16,590,076	\$19,145,869	\$17,039,755	\$18,494,994	\$20,203,210	\$18,698,612
General Fund Cash Balances	\$2,538,822	\$2,483,975	\$2,678,364	\$3,520,378	\$2,587,572	\$2,772,711	\$1,022,988	\$1,191,040
<i>Income Tax Department</i>								
Number of Individual Returns	7,468	7,753	7,864	8,176	6,715	12,665	8,180	7,116
Amount of Business Returns	2,186	2,170	2,239	2,359	2,141	2,888	2,338	2,177
Number of Business Withholding Accounts	1,731	1,878	1,960	1,952	1,862	1,968	2,087	2,206
Amount of Penalties and Interest Collected	\$60,750	\$47,954	\$54,444	\$107,958	\$63,209	\$49,456	\$45,888	\$34,077
Annual Number of Corporate Withholding Forms Processed	10,320	11,088	10,864	11,365	11,530	11,835	11,937	11,877
Annual Number of Balance Due Statements Forms Processed	1,686	723	1,908	1,948	1,985	1,683	1,662	1,562
Annual Number of Estimated Payment Forms Processed	2,325	1,717	2,440	2,414	1,892	2,053	2,094	1,823
Annual Number of Reconciliations of Withholding Processed	1,291	1,505	1,677	1,714	1,347	1,526	1,360	1,658
<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	\$500,000	\$1,500,000
<i>Municipal Court</i>								
Number of Civil Cases	1,820	2,139	2,027	1,895	1,568	1,634	1,698	1,384
Amount of Criminal Cases	4,645	4,708	4,720	4,122	3,684	4,110	3,590	3,737
Amount of Traffic Cases	9,226	8,767	10,327	10,121	8,663	9,023	10,014	8,500
Amount of Small Claims Cases	560	716	435	229	163	146	155	142

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 EIGHT YEARS

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013
<i>Civil Service</i>								
Number of Police Entry Tests Administered	1	0	0	108	52	0	56	0
Number of Fire Entry Tests Administered	0	1	0	57	0	66	0	0
Number of Police Promotional Tests Administered	0	1	0	14	0	5	4	0
Number of Fire Promotional Tests Administered	0	0	6	0	1	16	0	14
Number of Hires of Police Officers from Certified Lists	5	3	0	5	0	4	2	0
Number of Hires of Fire/Medics Officers from Certified Lists	0	0	0	0	0	8	6	0
Number of Promotions from Police Certified Lists	0	1	0	2	0	1	2	0
Number of Promotions from Fire Certified Lists	0	0	0	0	0	6	2	4
<i>Building Department Indicators</i>								
Construction Permits Issued	25	31	13	11	10	8	10	8
Estimated Value of Construction	\$21,179,322	\$47,408,815	\$16,967,414	\$17,823,496	\$18,217,008	\$12,635,438	\$22,245,181	\$2,139,000
Number of Permits Issued	887	890	849	947	901	867	1,099	902
Amount of Revenue Generated from Permits	\$97,684	\$101,433	\$127,646	\$79,438	\$79,257	\$117,985	\$123,461	\$141,653
Number of Contractor Registrations Issued	436	380	344	377	344	374	270	190
Revenue Generated from Above 1	\$21,800	\$18,950	\$3,306	\$3,413	\$2,764	\$1,970	\$13,500	\$3,291
<i>Police Department</i>								
Total Calls for Service	27,642	26,259	25,610	25,984	24,162	24,429	25,457	23,047
Number of Traffic Citations Issued	3,600	2,942	3,008	1,995	2,165	3,144	3,277	2,346
Number of Parking Citations Issued (2)	4,209	3,840	3,400	2,229	1,134	N/A	N/A	N/A
Number of Criminal Arrests	2,916	5,113	5,010	3,790	2,462	2,808	3,414	3,130
Number of Accident Reports Completed	1,035	1,147	1,121	1,033	1,251	916	1,189	1,225
DUI Arrests	225	171	187	176	100	101	97	101
Prisoner costs for room and board	\$298,437	\$310,516	\$375,252	\$372,985	\$369,559	\$0	\$0	\$0
Motor Vehicle Accidents	639	820	771	724	902	710	843	858
Property Damage Accidents	396	327	350	309	349	366	346	367
Fatalities from Motor Vehicle Accidents	0	0	0	1	0	1	3	0
Gasoline Costs of Fleet	\$72,276	\$81,763	\$75,859	\$63,199	\$87,492	\$115,574	\$124,490	\$112,069
DARE Program hours	1,440	1,440	1,440	1,600	1,600	1,680	1,600	1,600
<i>Fire Department</i>								
EMS Calls	4,857	4,846	4,911	5,134	5,045	5,407	5,079	4,618
Ambulance Billing Collections (net)	\$923,551	\$936,958	\$893,804	\$1,030,299	\$1,128,158	\$1,224,578	\$1,105,372	\$1,120,547
Fire Calls	639	771	795	681	777	823	796	704
Fires with Loss	48	58	52	35	40	54	42	42
Fires with Losses Exceeding \$10K	5	7	4	7	10	16	19	15
Fire Losses \$	\$1,665,125	\$241,035	\$931,810	\$255,490	\$2,062,830	\$628,110	\$2,383,260	\$379,250
Fire Safety Inspections	100 plus	100 plus	100 plus	100 plus	75	75	220	400 plus
Number of Times Mutual Aid Given to Fire	11	0	7	0	0	0	1	4
Number of Times Mutual Aid Received for Fire	2	0	0	7	2	0	0	1
Number of Injuries Requiring Medical Attention	4	6	4	3	19	7	7	2
Fatalities Due to Fire	1	0	1	2	2	0	0	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 EIGHT YEARS

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013
Leisure Time Activities								
<i>Recreation Department</i>								
Recreation Swimming Pool Receipts	\$37,144	\$60,956	\$92,861	\$48,588	\$49,537	\$62,176	\$58,019	\$61,131
Recreation Mens, Women & Chillicothe Leagues Receipts	\$23,127	\$21,395	\$25,315	\$25,790	\$22,572	\$24,775	\$0	\$0
Number of Tree License Issues	23	53	19	19	20	17	0	8
Amount of Revenue from Tree License	\$575	\$1,325	\$475	\$475	\$500	\$425	\$0	\$200
Total Acreage all Parks	225	225	225	876	876	876	876	876
Transportation								
<i>Street Construction & State Highway</i>								
Street Sweeper (hours)	1,200	1,400	1,100	1,000	950	900	0	950
Cold Patch (hours)	1,400	1,600	1,600	1,500	1,700	2,000	0	1,800
Snow and Ice Removal (regular hours)	200	180	200	300	400	150	221	215
Snow and Ice Removal (overtime hours)	150	200	200	449	452	332	0	350
Leaf Collection (hours)	2,880	2,800	3,000	3,000	2,000	2,000	0	3,000
Downtown Square Repair after Events (hours)	104	50	75	75	50	50	0	68
Tons of Snow Melting Salt Purchased (Nov-Mar)	416	578	151	810	692	791	642	721
Cost of Salt Purchased	\$16,648	\$23,120	\$6,054	\$48,096	\$43,973	\$50,201	\$40,754	\$33,357
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	7,954	7,895
Refuse Disposal cost per year August through July	\$342,175	\$312,107	\$286,340	\$290,408	\$290,000	\$252,335	\$234,749	\$282,233
<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	11.92	12.40
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	17.89	18.61
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	\$0	\$3,927,993
Number of Active Customers	9,312	9,207	9,153	9,167	9,151	9,196	0	9,300
<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	8.75	9.11
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	13.10	13.64
Total Flow of Wastewater Treatment Plant (Millions of Gallons)	789.495	797.027	1009.626	934.845	901.546	1015.795	874.905	877.677
Tons of Dry Sludge Removed	334.672	324.410	313.360	341.000	481.480	291.220	337.440	388.859
Wastewater Calls for Service	210	220	250	19	250	200	200	250
After Hours Wastewater Calls for Service (hours)	721	176	596	76	300	250	250	300
Sewer Jet, Vac-all, other services (hours)	1,144	800	953	1,000	1,500	1,500	2,500	3,000

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).