

Chillicothe City School District

Ross County

Single Audit

July 1, 2007 through June 30, 2008

Fiscal Year Audited Under GAGAS: 2008



**Balestra, Harr & Scherer, CPAs, Inc.**

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528 South West St, P.O. Box 687, Piketon, Ohio 45661 Phone: 740.289.4131 Fax: 740.289.3639





Mary Taylor, CPA  
Auditor of State

Board of Education  
Chillicothe City School District  
235 Cherry Street  
Chillicothe, Ohio 45601

We have reviewed the *Independent Auditor's Report* of the Chillicothe City School District, Ross County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2007 through June 30 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

April 2, 2009

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**Chillicothe City School District**  
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*For the Fiscal Year Ended June 30, 2008*

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Chillicothe City School District  
 Ross County  
 Schedule of Federal Awards Receipts and Expenditures  
 For the Year Ended June 30, 2008

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>United States Department of Agriculture</b>						
<i>Passed through Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
School Breakfast Program	05PU	10.553	\$ 151,212	\$ -	\$ 151,212	\$ -
National School Lunch Program	LLP4	10.555	656,985	-	656,985	-
Total Nutrition Cluster			808,197	-	808,197	-
Food Donation	N/A	10.550	-	133,394	-	133,394
<b>Total United States Department of Agriculture</b>			808,197	133,394	808,197	133,394
<b>United States Department of Education</b>						
<i>Passed through Ohio Department of Education</i>						
Title I Grants to Local Education Agencies	C1S1	84.010	557,407	-	674,587	-
Special Education Grants to States	6B5F	84.027	764,073	-	862,691	-
Safe and Drug-Free Schools and Communities - State Grants	DRS1	84.186	15,651	-	17,906	-
Education for Homeless Children and Youth	HCS1	84.196	39,021	-	45,306	-
State Grants for Innovative Programs	C2S1	84.298	522	-	-	-
Education Technology State Grants	TJS1	84.318	5,475	-	6,916	-
Improving Teacher Quality State Grants	TRS1	84.367	297,110	-	313,070	-
<b>Total United States Department of Education</b>			1,679,259	-	1,920,476	-
<b>U.S. Corporation for National and Community Services</b>						
<i>Passed through Ohio Department of Education</i>						
Learn and Serve America - School and Community Based Programs	SVS1	94.004	12,347	-	18,221	-
Total Temporary Assistance for Needy Families			12,347	-	18,221	-
<b>Total U.S. Corporation for National and Community Services</b>			12,347	-	18,221	-
<b>Total Federal Financial Assistance</b>			<b>\$ 2,499,803</b>	<b>\$ 133,394</b>	<b>\$ 2,746,894</b>	<b>\$ 133,394</b>

N/A - Not Available

See notes to the Schedule of Federal Awards Receipts and Expenditures

**Chillicothe City School District**  
*Notes to the Schedule of Federal Awards Receipts and Expenditures*  
*For the Fiscal Year Ended June 30, 2008*

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**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of federal awards receipts and expenditures includes the federal grant activity of the District and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE B – FOOD DONATION**

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the schedule using the entitlement value of the commodities received.

**BALESTRA, HARR & SCHERER, CPAs, INC.**  
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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board  
Chillicothe City School District  
235 Cherry Street  
Chillicothe, Ohio 45601

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Chillicothe City School District (the School District) as of and for the year ended June 30, 2008, and have issued our report thereon dated February 27, 2009 in which we indicate that the School District implemented GASB Statements No. 50 and No. 45. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Governmental Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not to opine on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the School District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the School District's internal control will not prevent or detect a material financial misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weakness. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above.



Members of the Board

Chillicothe City School District


REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Page 2

### **Compliance and Other Matters**

As part of obtaining reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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



Balestra, Harr & Scherer, CPAs, Inc.  
February 27, 2009

# BALESTRA, HARR & SCHERER, CPAs, INC.

528 South West Street, P.O. Box 687  
Piketon, Ohio 45661

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

Members of the Board  
Chillicothe City School District  
235 Cherry Street  
Chillicothe, Ohio 45601

### **Compliance**

We have audited the compliance of the Chillicothe City School District (the School District), Ross County, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

### **Internal Control Over Compliance**

The management of the School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit we considered the School District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

### **Internal Control Over Compliance (Continued)**

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the School District's internal control.

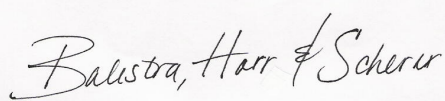
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the School District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### **Schedule of Federal Awards Receipts and Expenditures**

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District as of and for the year ended June 30, 2008, and have issued our report thereon dated February 27, 2009 in which we indicate that the District implemented GASB Statements No. 50 and No.45. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Balestra, Harr & Scherer, CPAs, Inc.  
February 27, 2009

**CHILICOTHE CITY SCHOOL DISTRICT**  
*Schedule of Findings and Questioned Costs*  
*OMB Circular A-133 Section .505*  
*For the Fiscal Year Ended June 30, 2008*

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Title I Grants to Local Educational Agencies, CFDA # 81.010 and Special Education – Grants to States CFDA # 84.027
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

# **Comprehensive Annual Financial Report**

**Fiscal Year Ended June 30, 2008**

**CHILlicothe CITY SCHOOL DISTRICT**

**235 Cherry Street Chillicothe, Ohio 45601**

**Comprehensive Annual Financial Report**  
of the  
**Chillicothe City School District**  
**Chillicothe, Ohio**

For the fiscal year ended  
June 30, 2008

**Board of Education**

Steve Mullins.....President  
Jeff Hartmus.....Vice-President  
Jeff Benson.....Member  
Randy Drewyor .....Member  
Matt Markley .....Member

**Superintendent of Schools**

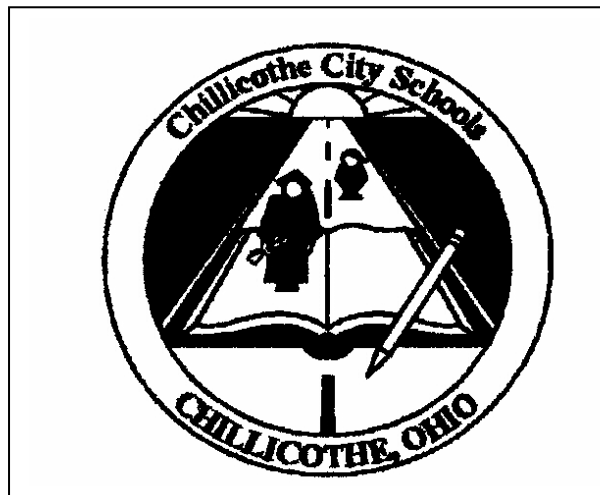
Roger W. Crago

**Issued by the Treasurer's Office**

John D. Rose, CPA  
Treasurer



# CHILLICOTHE CITY SCHOOL DISTRICT



## INTRODUCTORY SECTION

**Chillicothe City School District  
 Ross County, Ohio  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended June 30, 2008**

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# Chillicothe City Schools

235 Cherry Street  
Chillicothe, Ohio 45601-2350  
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Fax (740) 775-4270

February 27, 2009

## **To the Board of Education and the Citizens of the Chillicothe City School District:**

As the Superintendent and Treasurer of the Chillicothe City School District (the School District), we are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) issued by the School District. This CAFR, for the fiscal year ended June 30, 2008, is prepared in accordance with accounting principles (GAAP) generally accepted in the United States of America.

The Office of the Treasurer is responsible for the accuracy of the data presented and the completeness and fairness of this presentation. We believe the data presented is accurate in all material aspects and that all disclosures necessary to enable the reader to acquire the maximum understanding of the School District's financial activity are included herein.

Copies of this report will be widely distributed throughout the School District. A copy will be sent to all school buildings, the Chamber of Commerce, major taxpayers, the Chillicothe Public Library, banks, and any other interested parties.

This report will also be posted on the School District website.

## ***THE SCHOOL DISTRICT AND ITS FACILITIES***

Chillicothe is the county seat of Ross County with a population of approximately 21,796 residents. The city was the capital city of the Northwest Territory in 1787, and then became Ohio's first capital in 1803. The name Chillicothe comes from the Shawnee Indians and means "hometown". Located 45 miles south of Columbus, Chillicothe is home for a branch campus of Ohio University and the Tecumseh outdoor drama production.

The Chillicothe City School District is one of seven school districts in Ross County. With 3,075 pupils, it has the largest enrollment in the county. It also is by far the smallest district in the county geographically, encompassing just 22 square miles. The School District operates seven school facilities, which include one high school for grades 9-12, one middle school and an annex in the central administration building for grades 6-8, four elementary schools for grades K-5, plus the central administration building which also houses a county-wide preschool program for approximately 100 pupils as well as a young fives half-day kindergarten class. The School District also operates one maintenance building and one bus garage.

Slightly more than 49.7% of the School District's student body qualifies for free or reduced-priced lunches. Mt. Logan Elementary and Tiffin Elementary Schools provide free lunches to more than 70% of their students. The School District serves lunch to 81% of the student population daily. All seven school facilities offer breakfast programs. However, only 20% of the student population participates in the program. Approximately 28% of the students in Chillicothe are participants of the Ohio Works First (OWF) program.

All of the School District's schools are accredited by the North Central Association Commission on Schools. The North Central Association Commission on Schools challenges schools to be ready for all learners and to press them for excellence. The North Central Association Commission on Schools is a dynamic school accreditation and evaluation organization that protects the public trust and is proactive in promoting a system of education that:

- Enhances student learning and the love of learning.
- Fosters healthy, creative, and innovative human beings.
- Prepares students to live and learn in an ever-changing and diverse world.
- Ensures successful school transitions for its learners through the provision of standards and evaluation services for schools.

The evaluation/improvement process that is required and nurtured by NCA brings teachers, administrators, staff, students, and parents together in the pursuit of the common purpose of a quality educational program. The process is effective in preparing and implementing the required Continuous Improvement Plan.

***ORGANIZATION OF THE SCHOOL DISTRICT***

The Board of Education of the Chillicothe City School District (the Board) is a five-member body politic and corporate, as defined by Section 3313.02 of the Ohio Revised Code. The Board serves as the taxing authority, contracting body, and policy maker; approves the annual appropriation resolution and tax budget; and ensures that all other general laws of the State of Ohio are followed in the expenditure of the School District's tax dollars.

The current Board members, their terms, and years on the Board as of June 30, 2008 are:

<u>Board Member</u>	<u>Term</u>	<u>Years on Board</u>
Mr. Jeff Hartmus	1/1/08 - 12/31/11	4½ Years
Mr. Jeff Benson	1/1/06-12/31/09	2 ½ Years
Mr. Randy Drewyor	1/1/06-12/31/09	2 ½ Years
Mr. Steve Mullins	1/1/06-12/31/09	2 ½ Years
Mr. Matt Markley	1/1/08 - 12/31/11	½ Year

The Superintendent is the chief executive officer of the School District and is responsible directly to the Board for all operations of the School District. On December 19, 2005, the Board awarded a contract to Mr. Roger W. Crago. Mr. Crago's initial contract ran from January 2, 2006 through July 31, 2007. Subsequently, on March 26, 2007, the Board offered a new contract to Mr. Crago extending from August 1, 2007 through July 31, 2009.

The Treasurer is the chief financial officer of the School District and is directly responsible to the Board for all financial operations, investments, custody of all School District funds and assets, and serves as Secretary to the Board. On June 13, 2005, the Board hired Mr. John D. Rose as Treasurer. Mr. Rose's initial contract ran from July 1, 2005 though the date of the organizational meeting in January, 2008. The Board offered a new contract to Mr. Rose extending from the organizational meeting in January, 2008 through July 31, 2012.

***ECONOMIC CONDITION AND OUTLOOK***

The city's largest employer is the Glatfelter Company. Glatfelter purchased the former New Page/MeadWestvaco plant in 2006 which employs approximately 1,500 area residents. Prior to the sale, in 2005 the New Page entity reassessed its personal property valuations which resulted in a \$10.5 million reduction in stated tangible values effective for the 2005 tax year. This reduction caused a drop in the School District's local tangible tax revenue collections in fiscal year 2006. Although the valuation reduction is significant, Glatfelter remains the School District's largest taxpayer and provides a foundation of stability for the School District. In addition, a strong mix of commercial and residential property also provides further stability to the School District's tax base. In 1996, Lowe's, Wal-Mart and Kmart built stores within School District boundaries, as did Sam's Club in 2007. During 2008, Menard's began construction of their store.

The tax base of the School District is changing dramatically. In 2005, the state legislature approved elimination of the tangible personal property tax. This tax will be completely phased out by 2009. A portion of the loss will be made up through increased funding through the state foundation program as a result of lower property valuation. The remaining losses will be reimbursed fully through FY2010. However that reimbursement will be phased out beginning in 2011.

The School District, along with many other public school systems in the state, continues to face a number of challenges in the future, since the primary source of its funds is property tax revenue. Ohio law limits the growth in real estate tax revenues by reducing millage as assessed values increase following re-appraisals. Consequently, revenues generated from each levy remain relatively constant. As a result, the School District must periodically seek additional funding from its taxpaying constituents. Statewide, voters have proved reluctant to increase their property taxes. The School District's management is aware of this fact and is constantly looking for alternate sources of income, as well as searching for ways to provide a more efficient means of doing business while at the same time continuing to provide excellent educational services. Evidence of this is supported by the fact that the School District receives over 40 grants generating over \$4 million in funding annually. These grants have provided funds to implement entry-year teacher programs, family literacy efforts, service learning, and prevention programs for drugs, alcohol and violence, as well as professional development grants, which have increased the competency of staff and provided research based models for instructional change. Federal Remedial grants also support increased individualized instruction to meet the needs of our students.

### ***EMPLOYEE RELATIONS***

The School District has 357 employees of which 212 are certificated, 133 are non-certificated, and 12 are administrators. There are two labor organizations representing School District employees. Certificated employees, including teachers and educational specialists, are represented for collective bargaining purposes by the Chillicothe Educational Association (CEA), an affiliate of the Ohio Education Association (OEA). Non-certificated employees, including bus drivers, cooks, and clerical staff, are represented for collective bargaining purposes by the Ohio Association of Public School Employees (OAPSE) Local # 14, an affiliate of the American Federation of State, County, and Municipal Employees (AFSCME).

During the fall of 2007, the Board and CEA reached an agreement on a new three-year contract effective August 1, 2007. The agreement included a 3% base wage increase for teachers each year for the next three years.

Also during the fall of 2007, the Board and OAPSE agreed to a three-year contract beginning July 2007. The agreement included a 3% base wage increase for non-teaching employees each year for the next three years.

### **SERVICES PROVIDED**

The Chillicothe City Schools exist to provide all of our children with an excellent academic opportunity through a diversified, compassionate, student-focused curriculum. Students attain competency in core subjects, develop self esteem, have an appreciation of the arts, and develop positive social relationships. The School District strives for excellence in all areas by preparing students to be productive lifelong learners and citizens in a global economy. Stakeholders will view the School District as successful and operating with the highest levels of commitment, integrity, and trust. The School District is a member of the North Central Association, which sets high standards of excellence for its members. Worthington Elementary, Allen Elementary, Tiffin Elementary, Mt. Logan Elementary and Chillicothe High School received Effective designations in 2008; Chillicothe Middle School received a Continuous Improvement rating. Overall, the School District received an Effective designation for the fifth year.

Residents of the Chillicothe City School District have the opportunity to enroll their children in a public preschool program that fosters learning through developmental literacy activities and prepares students with skills necessary to successfully enter kindergarten. The program includes four half-day sessions per week.

All children entering kindergarten are assessed to determine their developmental learning level. Results of assessments are used to make recommendations to parents regarding proper placement in kindergarten programs: all-day kindergarten or half-day early five's kindergarten. All of the School District's elementary schools operate full-day kindergarten programs. Both kindergarten programs include readiness skills in mathematics, reading, and language arts. Handwriting, science, and social studies concepts are also an integral part of daily activities.

In the primary grades, K through 2, attention is focused upon each child mastering the basic skills necessary for sustained progress in reading, written composition, math, writing, science, social studies, health and handwriting. Each child is also introduced to music, art, physical education, and computer technology. The School District has four schools that receive Title I services.

Children in grades 3 through 5, the intermediate level, continue to build upon the basic core academic areas and expand their higher order thinking skills. Written composition, problem solving, critical thinking skills and analytical processes are stressed. Physical education, health, art, and music, including band and strings, are also an integral part of the intermediate elementary curriculum. Each elementary building has a library with a full-time librarian or aide. Students are scheduled weekly in the library to learn how to use the library efficiently, acquire research skills, and to borrow books.

In addition to extending basic academic knowledge, life skills of the everyday world are stressed at the middle and elementary schools. Developing a positive self-image, a concern for good health, safety and physical activity, as well as opportunities to explore introductory awareness programs, help middle school students develop an awareness of interest, ability, and personality and how these characteristics affect job choices. Students gain a greater understanding of the diversity of careers available, develop exploratory and decision-making skills, and realize the need to prepare for an ever-changing work environment. Career guidance helps students develop an economic understanding that a person is both a worker earning income and a consumer disbursing income. All eighth-grade students participate in a shadowing day in a career of interest. This shadowing experience provides a sense of direction to prepare Individual Career Plans that guide students' course selections for their four-year high school experience. Staff members strive to help students develop the virtues of integrity, courage, discipline, and the pursuit of lifelong learning.

Chillicothe High School is a unique four-year comprehensive high school accredited by the North Central Association of Secondary Schools and Colleges and the Ohio Department of Education. Chillicothe is the only NCA accredited high school in Ross County. Chillicothe High School requires 21 units of credit to graduate. The school offers an impressive list of curricular and co-curricular programs. Over 200 courses are available, including 15 advanced placement courses. Students are eligible to take courses at the local Ohio University branch campus and receive both high school credit and college credit for said courses. Articulation agreements with Ohio University-Chillicothe and Lancaster branch campuses, as well as the Columbus State Community College, allow students in the Tech Prep Program for Allied Health to enter these institutions with a stronger academic background and earn an enhanced associate degree or continue in baccalaureate programs. Students who want to enter the work force directly from high school may attend Pickaway-Ross Career and Technology Center or stay at Chillicothe High School and attend vocational classes taught by Pickaway-Ross Career and Technology Center instructors on site.

Chillicothe High School also has Distance Learning Programming available. These programs are designed to permit students from different school districts to receive classroom instruction through interactive video transmissions. The CHS drama productions, choirs, instrumental music groups, marching band, flag corps, and competition cheerleaders have received many state and national awards. The Language Arts' Broadcasting classes produce a local news show for the school and occasionally broadcast over the community's Horizonview station. The students, under the supervision of the language arts teacher, write the script and then deliver the show. Special events are covered as well as newsworthy stories. One local radio station and the local newspaper, the Chillicothe Gazette, are in partnership with the school and provide news services to the student producers.

The School District's special education programs are broad and comprehensive. Approximately 11.2% of the student population has Individualized Education Plans. Special programs for the multi-handicapped, developmentally handicapped, learning disabled, and speech and hearing impaired are provided for students who meet the requirements. A Gifted Program is available to eligible students from grade 2 through high school.

## ***MAJOR INITIATIVES AND EVENTS-FISCAL YEAR 2008***

### ***Operating Income***

The School District's revenues exceeded expenditures by over \$2 million in the General Fund in 2008. This was due in part to an increase in attendance and a stable year in property valuations. As previously mentioned the School District is not currently being significantly impacted by the reduction of Personal Property Taxes; however, with the phase out, the School District will need to either find alternative sources of revenue or reduce expenditures to cover this loss of revenue.

### ***Financial Planning***

Although the School District has engaged in long-range financial forecasting for quite some time, legislation has since mandated this for all schools in the State. The requirement specified the format of the forecast, which has helped develop a consistency in reporting between districts. Each district must submit its five-year forecast twice a year to the Ohio Department of Education for monitoring purposes. Because the School District's forecast indicated the potential for a negative balance by June 30, 2004, the School District was placed in a fiscal caution status by the Ohio Department of Education in December 2003. Despite the passage of the new operating levy, the School District remained in fiscal caution due to the continued decline in enrollment. However, during fiscal year 2008 the School District was removed from fiscal caution due to stabilization in enrollment and property valuations. The five-year forecast provided the roadmap for the School District's leadership to enact reduction measures to balance the budget and meet the state's requirement to end the year without borrowing. Since the reductions made were in advance of major financial difficulties, the School District was able to preserve the fabric and content of its curricular and co-curricular programs. In addition, the forecast serves as the basis for determining whether a district has the financial capacity to enter into significant contracts having multi-year implications. Chillicothe has been pro-active in this area by taking the approach of reviewing and updating (if warranted) its five-year forecast monthly. This process ensures that the School District's leadership is well-informed of its financial status before making any critical decisions.

### ***Curriculum Development***

Curriculum development is an ongoing activity in the School District. On a rotating five-year cycle, each curricular area is reviewed and revisions are made to ensure that state-of-the-art practices and programs are available for students. The School District closely follows the Ohio Department of Education's model curriculums. Additionally, the curriculum development process model contains a Five-Year Professional Development plan, the integration of technology and multiculturalism, and student assessment practices. During the 2007-08 school year, the Curriculum Director and staff reviewed and revised the School District's elementary science curriculum and textbooks for the five-year cycle (2008-2013). The textbook *A Closer Look*, Macmillan / McGraw Hill, 2008 was adopted for elementary students grades kindergarten through 5<sup>th</sup> grade.

In order to offer Advanced Placement courses, teachers who teach these courses had to submit a syllabus for their course. The College Board had to approve the content of the course and determine if it met the requirements of the Board. The School District then could offer Advanced Placement courses. This year the School District is offering 15 Advanced Placement Courses.

The College Board has approved a guest teacher from China to be in Chillicothe City Schools from 2007-2010 to implement a Chinese Program in the Middle School and High School. This year the program has been expanded to include gifted elementary students.

### ***Alternative Schooling Options***

The School District has partnered with Scioto Paint Valley Mental Health Center to offer an Evening School for ninth and tenth grade students who have not adjusted to a high school schedule. These students may be involved in drugs and alcohol outside the school setting and as a result may not be able to handle the demands of a high school learning environment. Students earn four core academic credits plus receive an hour of counseling each evening. The School District also offers a Virtual Learning Program for families who want to work with their children at home, but desire School District credit. Virtual Learning has course offerings for grades 3 through 12.

## ***MAJOR INITIATIVES FOR THE FUTURE***

### ***Construction of New High School / Middle School Facility***

The School District enjoyed its first full year in the newly completed High School/Middle School facility. The construction project was completed in August 2007. Ground breaking on the new facility took place in June 2005 and the high school portion of the project opened on September 5, 2006. As part of this process, the Board approved the program of requirements which determined the space required to deliver the instructional services. Students in seventh and eighth grade moved into the facility at the opening of the 2007-08 school year. Smith Middle School was closed following the completion of the 2007 school year.

The Board of Education has decided to delay pursuing phase 2 of the Master Plan until the funding through the OSFC project is available to the School District.

### ***Technology Initiatives***

The School District continues to place a significant emphasis on ways to reduce the total cost of ownership of computers and associated systems within the School District by implementing technology standards and replacing obsolete equipment. Plans for the future include a digital phone system, as well as a video server for classroom teacher use. Implementation of a digital phone system would eliminate the need for a large number of the standard telephone lines currently in use in the School District, thus significantly reducing the cost associated with the lines. In addition, the School District continued to demonstrate a commitment to its technology plan approved last year by maintaining a special technology line item in the budget to provide additional funding for technology initiatives.

### ***Chillicothe CSD Website***

The School District redesigned its website (<http://www.chillicothe.k12.oh.us/>) this past year. The site was changed in both appearance and content to make access more user friendly for both the public and employees. Currently, employees can access the site to obtain budgetary information, district news, online calendars, curriculum information, standardized employee forms and many other collaborative features. The form repository is being added to every day and the goal is to have all forms available in this manner in the not too distant future. In addition, the minutes of Board of Education meetings, the current financial forecast of the School District and a tax millage calculator are all new additions to the site. Plans are underway to make a host of other general financial and special interest information available. Eventually, this will reduce paperwork within the School District and ensure reliable information is available to both the staff and public. Each principal can manage their own site to increase communication between themselves and our learning community. The goal is increased communication and efficiencies School District-wide.

## ***FINANCIAL INFORMATION***

### ***Internal Control Structure***

The management of the School District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the School District are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of cost and benefits requires estimates and judgments by management. Management believes the internal controls adequately meet the above objectives.

### ***Grants***

As a recipient of federal and state financial assistance, the School District is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the School District.



### ***Budgetary Controls***

The School District maintains its accounts, appropriations, and other financial records in accordance with the procedures established and prescribed by the Auditor of State. The objective of these budgetary controls is to ensure compliance with the legal provisions embodied in the annual appropriation resolution approved by the Board of Education. Activities of all funds, except agency funds, are included in the annual appropriation resolution. Budget deadlines may be established to allow for budget amendments prior to year-end. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level of expenditures. The School District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts at year-end are carried forward to succeeding years and are not re-appropriated. As demonstrated by the statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management.

### ***Financial Condition***

The School District has prepared financial statements in accordance with GASB Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments." GASB 34 created basic financial statements for reports as follows:

Government-wide financial statements. These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by many businesses. The government-wide statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The School District reports no business-type activities.

Fund financial statements. These statements present information for individual major funds rather than by fund type. Non-major governmental funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Fiduciary funds use the accrual basis of accounting.

Statement of budgetary comparison. This statement presents comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

As part of this reporting model, management is responsible for preparing a Management's Discussion and Analysis for the School District. This discussion is located in the financial section of this report following the audit opinion and provides an assessment of the School District finances for fiscal year 2008 and the outlook for the future.

### ***Risk Management***

The School District continues to protect its assets through a comprehensive insurance program. A schedule of insurance in force at June 30, 2008 is included in the Notes to the Basic Financial Statements Section of this report.

### ***Cash Management***

The School District believes that appropriate cash management activities are integral to the School District's overall financial well-being. Forecasting of receipts and expenditures, cash budgeting and on-going variance analysis allow prudent optimization of investment maturities and interest income. Total interest earned during the fiscal year 2008 was \$445,516.

The cash management program's efficiency is enhanced using direct deposits and wire transfers to maximize funds available for investment; cash budgeting and the use of controlled disbursements to control expenditures; and the use of appropriate portfolio management techniques to maximize earnings.

This portfolio program, which aggregates the excess cash of substantially all funds for investment purchases, adheres to the following priorities: assuring the safety of all invested principal, providing needed liquidity to meet the School District's obligations on a timely basis, and earning a market rate of return over budgetary and economic cycles.

The securities and maturities utilized are authorized by the Ohio Revised Code, Sections 135.14, 135.42, and 135.45 as amended. The School District approaches investment selection in two ways: (1) it purchases eligible securities which mature at specific times to pay known obligations of the School District (maturity matching); and (2) it diversifies other maturities over the permissible investment horizon, given cash flow forecasts and market conditions, by constructing a “laddered” configuration.

The School District purchases Certificates of Deposit, Commercial Paper, and Treasury and Agency securities permitted by the Ohio Revised Code. It also uses the State Treasurer’s Star Ohio account for short-term investments. The School District does not invest in derivative securities nor engage in leverage. It utilizes yield curve analysis and relative value approaches for investment selection. All investments are transacted competitively, using three bids/offers from eligible banks and dealer firms.

The School District follows the procedures permitted by Ohio law regarding the safekeeping of deposits and investments. Deposits are generally secured by a pool of eligible investments, not in the School District’s name, held by depository institutions or at their Federal Reserve Bank account for the School District.

The Governmental Accounting Standards Board, using strict standards of deposit segregation, refers to these deposits as “uncollateralized.” The State of Ohio does not require that this criterion be met.

## ***OTHER INFORMATION***

### ***Awards***

#### ***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 Chillicothe City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

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

A Certificate of Achievement is valid for a period of one year only. We believe our current report will conform to the high standards required by the Certificate of Achievement program.

#### ***ASBO Certificate of Excellence***

The School District also received the Association of School Business Officials International (ASBO) Certificate of Excellence on Financial Reporting award for the fiscal year ended June 30, 2007. This award certifies that the Comprehensive Annual Financial Report conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. This award is granted only after an intensive review of the financial report by an expert panel of certified public accountants and practicing school business officials. Receiving this award is recognition that a school system has met the highest standards of excellence in school financial reporting.

Chillicothe City School District staff members are proud of the fact that the GFOA and ASBO have awarded these certificates for the Comprehensive Annual Financial Report prepared by the School District. It is the School District’s belief that the current report continues to conform to the standards set by the GFOA and ASBO and it will be submitted for review to determine its eligibility for a certificate.

### ***Independent Audit***

The Independent Accounting firm of Balestra, Harr, & Scherer, CPAs, Inc. conducted the School District’s 2008 fiscal year audit. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditor’s report on the basic financial statements is included in the financial section of this report.

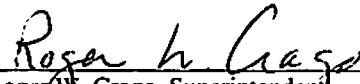
***Acknowledgements***

The preparation and publication of this Comprehensive Annual Financial Report on a timely basis could not have been possible without the cooperation of the entire Treasurer's Department. A special note of appreciation is extended to Balestra, Harr & Scherer Consulting, LLC for their aid in preparing this report.

Finally, this report would not have been possible without the continued support of the Board of Education who values quality financial information, which helps to make quality decisions. Without their leadership and commitment to excellence this report would not be possible.

Respectfully Submitted,

  
\_\_\_\_\_  
John D. Rose, CPA, Treasurer

  
\_\_\_\_\_  
Roger W. Crago, Superintendent

# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
Chillicothe City School District  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

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



*Oliver S. Cox*  
President

*Jeffrey R. Emer*  
Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

**CHILLICOTHE CITY SCHOOL DISTRICT**

**For its Comprehensive Annual Financial Report (CAFR)**

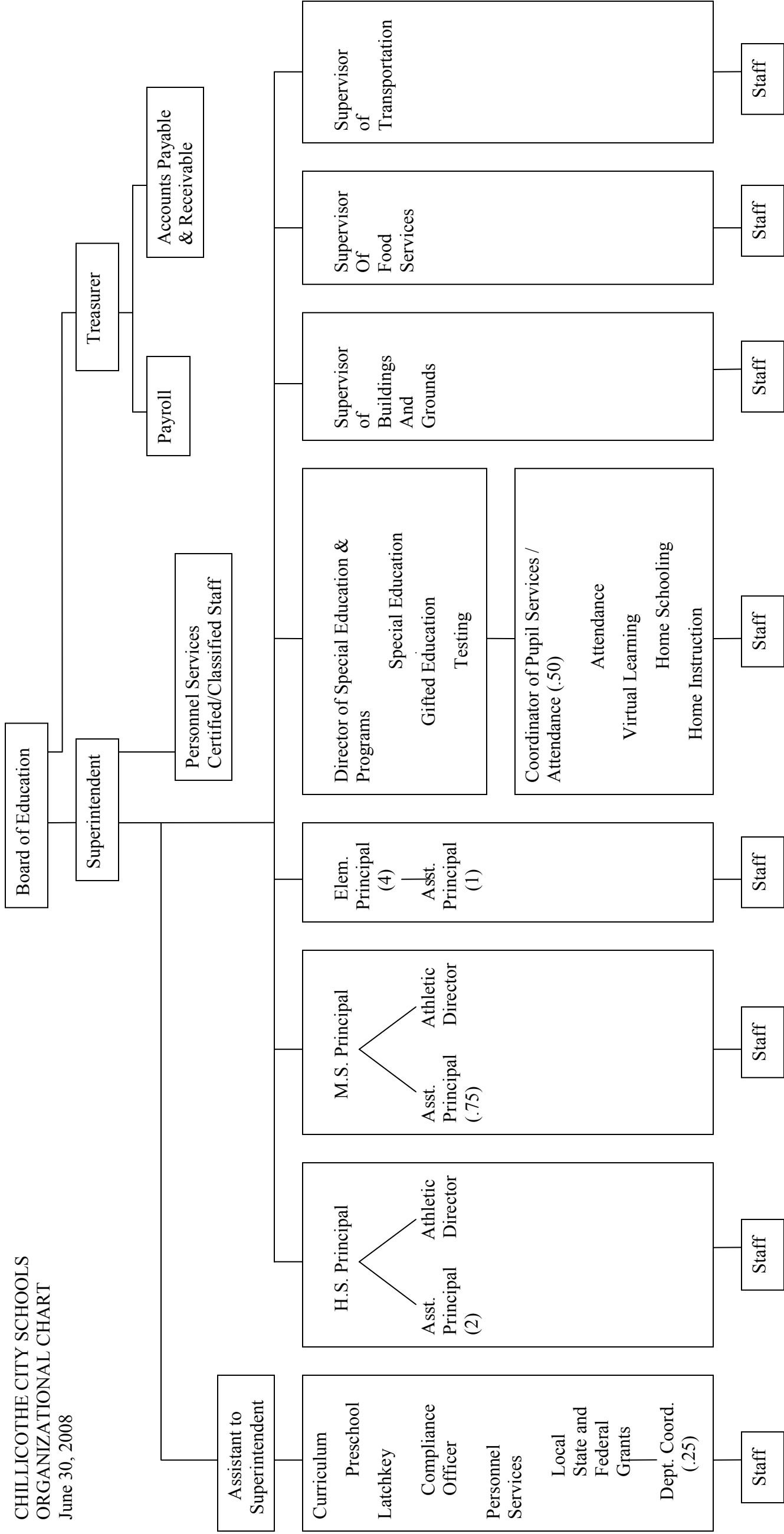
For the Fiscal Year Ended June 30, 2007

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

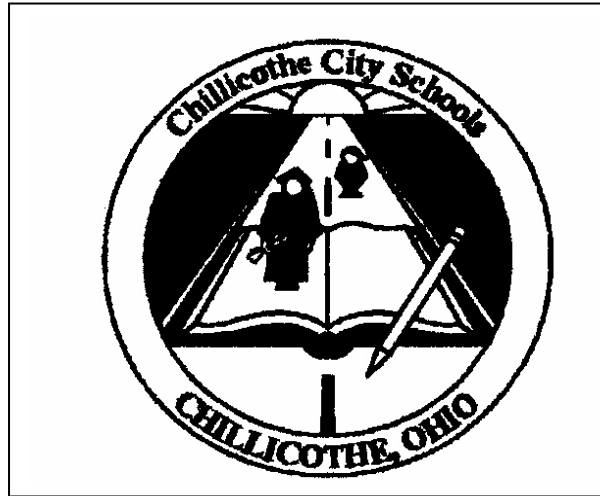
Executive Director

CHILLICOTHE CITY SCHOOLS  
 ORGANIZATIONAL CHART  
 June 30, 2008





# CHILlicothe CITY SCHOOL DISTRICT



## FINANCIAL SECTION



BALESTRA, HARR & SCHERER, CPAs, INC.  
528 South West Street, P.O. Box 687  
Piketon, Ohio 45661

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Telephone (740) 289-4131  
Fax (740) 289-3639  
[www.bhscpas.com](http://www.bhscpas.com)

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

**Independent Auditor's Report**

Members of the Board  
Chillicothe City School District  
235 Cherry Street  
Chillicothe, Ohio 45601

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Chillicothe City School District (the School District), Ross County, as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2008, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2009 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

As described in Note 19 to the basic financial statements, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 50, *Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27*.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.  
February 27, 2009

Chillicothe City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
(Unaudited)

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Chillicothe City School District's (the School District) discussion and analysis of the annual financial report provides a review of the financial performance for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, basic financial statements, and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**FINANCIAL HIGHLIGHTS**

- The School District's assets exceeded its liabilities at June 30, 2008 by \$10,240,937.
- The School District's net assets of governmental activities increased \$513,933.
- General revenues accounted for \$26,255,272 in revenue or 74 percent of all revenues. Program specific revenues in the form of charges for services and sales, operating and capital grants and contributions accounted for \$9,053,311 or 26 percent of total revenues of \$35,308,583.
- The School District had \$34,794,650 in expenses related to governmental activities; only \$9,053,311 of these expenses was offset by program specific charges for services and sales, operating and capital grants, and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$26,255,272 were adequate to provide for these programs.

**USING THIS ANNUAL FINANCIAL REPORT**

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the Chillicothe City School District's financial situation as a whole and also give a detailed view of the School District's financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the School District the General Fund, Debt Service Fund, and the Permanent Improvement are the three major funds.

**REPORTING THE SCHOOL DISTRICT AS A WHOLE**

*Statement of Net Assets and Statement of Activities*

The analysis of the School District as a whole begins with the Statement of Net Assets and the Statement of Activities. These reports provide information that will help the reader to determine whether the School District is financially improving or declining as a result of the year's financial activities. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net assets and changes to those assets. This change informs the reader whether the School District's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the user of these financial statements needs to take into account non-financial factors that also impact the School District's financial well-being. Some of these factors include the School District's tax base, current property tax laws in Ohio restricting revenue growth, the condition of capital assets, and required educational programs.

Chillicothe City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
(Unaudited)

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In the Statement of Net Assets and the Statement of Activities, the School District has only one kind of activity.

- **Governmental Activities.** All of the School District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities.

## **REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS**

### ***Fund Financial Statements***

The analysis of the School District's funds begins on page 8. Fund financial statements provide detailed information about the School District's major funds – not the School District as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Treasurer with approval from the Board to help control, manage and report money received for a particular purpose or to show that the School District is meeting legal responsibilities for use of grants. The Chillicothe City School District's major funds are the General, Debt Service, and Permanent Improvement Funds.

**Governmental Funds.** Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the basic financial statements. The fund financial statements can be found on pages 14 through 17 of this report.

**Reporting the School District's Fiduciary Responsibilities.** The School District acts in trustee capacity as an agent for individuals. These activities are reported in agency funds. All of the School District's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities on page 19 of this report. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

**Notes to the Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 20 through 46 of this report.

Chillicothe City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
(Unaudited)

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**THE SCHOOL DISTRICT AS A WHOLE**

As stated previously, the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2008 compared to 2007.

Table 1  
Net Assets

	Governmental Activities	
	2008	2007*
Assets:		
Current and Other Assets	\$23,017,047	\$26,481,489
Capital Assets, Net	39,575,979	39,433,848
Total Assets	62,593,026	65,915,337
Liabilities:		
Current and Other Liabilities	15,219,577	18,138,272
Long-Term Liabilities	37,132,512	38,050,061
Total Liabilities	52,352,089	56,188,333
Net Assets:		
Invested in Capital Assets, Net of Related Debt	4,662,460	4,176,374
Restricted	3,195,640	5,355,614
Unrestricted	2,382,837	195,016
Total Net Assets	\$10,240,937	\$9,727,004

\* Amount restated, see note 3.

The decrease of \$3,464,442 in Current and other Assets is primarily due to a decrease of \$2.5 million in cash and Investments due to expenditures made in the completion of the High School/Middle School construction/renovation project. An additional decrease of \$1.10 million in Taxes Receivable was a result of the continued phase out of the tangible personal property tax.

The decrease of \$2,918,695 in Current and Other Liabilities is primarily due to payment of 2007 contracts and retainage payable for the completion of the High School/Middle School construction/renovation project; and the reduction in Unearned Revenue which is directly related to the decrease in Taxes Receivable.

The decrease of \$917,549 in Long Term Liabilities is due primarily to the current year reduction of debt.

Chillicothe City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
(Unaudited)

Table 2 shows the changes in net assets for the fiscal years ended June 30, 2008 and June 30, 2007.

Table 2  
Change in Net Assets

	Governmental Activities	
	2008	2007
Revenues		
Program Revenues:		
Charges for Services and Sales	\$1,983,791	\$1,979,558
Operating Grants and Contributions	6,843,442	4,093,711
Capital Grants and Contributions	226,078	159,255
Total Program Revenues	9,053,311	6,232,524
General Revenues:		
Property Taxes	14,558,862	14,427,164
Grants and Entitlements not Restricted to Specific Programs	10,999,338	11,226,182
Gifts and Donations not Restricted to Specific Programs	32,500	3,750
Investment Earnings	445,516	868,942
Payments in Lieu of Taxes	63,797	101,703
Gain on Sale of Capital Assets	0	4,686
Miscellaneous	155,259	115,827
Total General Revenues	26,255,272	26,748,254
Total Revenues	35,308,583	32,980,778
Program Expenses		
Instruction		
Regular	16,852,376	13,859,140
Special	3,005,510	3,005,694
Vocational	5,892	5,539
Adult/Continuing	0	776
Other	614,995	742,123
Support Services		
Pupils	1,668,494	1,611,950
Instructional Staff	1,528,952	1,546,115
Board Of Education	79,622	57,065
Administration	1,993,530	1,821,274
Fiscal & Business	983,481	768,758
Operation and Maintenance of Plant	2,958,034	2,335,077
Pupil Transportation	1,033,711	689,553
Central	319,951	149,960
Operation of Non-Instructional Services	1,539,225	1,347,824
Extracurricular Activities	553,444	471,279
Interest & Fiscal Charges	1,657,433	1,661,285
Total Expenses	34,794,650	30,073,412
Change in Net Assets	513,933	2,907,366
Net Assets at Beginning of Year – Restated, See Note 3	9,727,004	6,819,638
Net Assets at End of Year	\$10,240,937	\$9,727,004

Operating Grants and Contributions increased by \$2,749,731. This was due in part to an increase of in grant monies received from the state, increases in reimbursements from the state and federal for free and reduced lunches.

Investment earnings decreased by \$423,426 in 2008. This is due to a reduction of construction funds available for investment with the completion of the project in 2008.

Chillicothe City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
(Unaudited)

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The increase in Regular Instruction Expenses of \$2,993,236 is due primarily to the following factors: (1) an increase in depreciation expense due to construction in progress being placed in operation, (2) an increase for construction expenses that were less than the capitalization threshold; (3) the School District awarded a 3% cost of living increase on salaries and wages during the 2008 year as part of the collective bargaining agreements with both of the School District's organized unions.

The increase in the Operation and Maintenance of Plant of \$622,957 can be attributed to the hiring of three new custodial positions, and increased energy and supply costs relating to the completed High School/Middle School facility. The School District also invested in cleaning equipment.

The increase in Pupil Transportation Expenses of \$344,158 was due to in part to the 3% increase awarded to staff as part of the collective bargaining agreements and the increase in fuel costs due to rising gas prices.

**Governmental Activities**

Property taxes comprised 41 percent of revenue for governmental activities of the Chillicothe City School District for fiscal year 2008 and represent the largest sources of revenue. Since 1999, property tax revenue has increased 10%. Property tax growth has been limited in the past by H.B. 920 reduction factors, which restrict inflationary growth on existing property resulting from re-appraisal activity. Ross County completed a re-appraisal in calendar year 2007. However, due to H.B. 920 the School District received only a modest increase in tax revenue due to new construction and inside millage which is not subject to H.B. 920. Property Tax growth has been negatively impacted by H.B. 66 which eliminates the Tangible Personal Property Tax. While, the School District will be fully reimbursed by the state through FY2010, the reimbursement will be phased out beginning in FY2011. Tangible Personal Property tax revenue totaled \$2.77 million in 2008 compared to \$4.55 million in 2005.

Grants and entitlements comprised 31 percent of revenue for governmental activities during 2008. Since 1997, grant and entitlement revenue has increased 85%. This increase includes the state reimbursement for the loss of Tangible Personal Property Tax of \$2.10 million in 2008. This increase in grants and entitlements is negated by the loss of Tangible Personal Property Tax due to H.B. 66. Revenue growth has been limited since 1999 primarily due to declining enrollment, which is a factor in determining grant and entitlement allocations

As indicated by governmental program expenses, total instruction is emphasized. Total instruction comprised 59 percent of governmental program expenses with support services comprising 30 percent of governmental expenses. The Board of Education relies on taxes to support increased student achievement within the School District.

Chillicothe City School District  
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 For the Fiscal Year Ended June 30, 2008  
 (Unaudited)

The Statement of Activities shows the cost of program services and the charges for services and sales, grants and contributions offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2008 as compared to 2007. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3  
 Total and Net Cost of Program Services  
 Governmental Activities

	2008		2007	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$20,478,773	\$15,701,743	\$17,613,272	\$14,484,672
Support Services	10,565,775	8,664,595	8,979,752	7,727,995
Operation of Non-instructional Services	1,539,225	(133,543)	1,347,824	133,926
Extracurricular Activities	553,444	298,662	471,279	248,490
Interest and Fiscal Charges	1,657,433	1,209,882	1,661,285	1,245,805
Total Expenses	<u>\$34,794,650</u>	<u>\$25,741,339</u>	<u>\$30,073,412</u>	<u>\$23,840,888</u>

**THE SCHOOL DISTRICT'S FUNDS**

Information about the School District's major governmental funds begins on page 14. All of the School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$35,291,804 and expenditures and other financing uses of \$35,870,015. The net change in fund balance for the year was most significant in the General Fund.

The fund balance of the General Fund increased by \$2,061,009. This increase is primarily due to an increase of 45 students in 2008 which resulted in additional state funding.

The fund balance of the Debt Service Fund increased by \$118,320. This increase was due to timing of tax revenues received prior to debt payments being expended. The County Auditor bases millage for the collections on the debt amortization schedule.

The fund balance of the Permanent Improvement Fund decreased by \$519,025. This decrease was due to additional expenditures for additional work contracted as a supplement to the School District's High School/Middle School construction project.

**General Fund Budgeting Highlights**

The School District's budget is adopted on a fund basis. Before the budget is adopted, the Board of Education reviews the detailed work papers of each object within the General Fund and then adopts the budget on a fund basis.

During 2008, there were revisions to the General Fund budget. The original budgeted revenues and other financing sources were below the final budgeted revenues and other financing sources by \$1,958,547 with \$1.87 million being from increased state funding driven by an increase in enrollment of 45 students from original projections. The School District's original appropriations were below final appropriations in the amount of \$1,967,431. A large part of this increase to appropriations was for the School District contingency line item.



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The School District's actual revenues were \$14,437 above final budget amounts, due mainly to higher than expected interest, tuition and fees, and customer sales and services, which were partially offset by lower than expected intergovernmental revenues. Actual expenditures were \$269,485 lower than the final budget due to lower than expected other instruction and instructional staff expenditures, which were partially offset by higher than expected regular instruction and operation and maintenance of plant expenditures.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

Table 4 shows the fiscal year 2008 balances compared to 2007.

Table 4  
Capital Assets  
(Net of Accumulated Depreciation)

	Governmental Activities	
	2008	2007*
Land and Improvements	\$805,737	\$691,549
Construction in Progress	0	32,877,013
Buildings and Improvements	35,272,726	3,778,371
Furniture and Equipment	2,998,159	1,653,730
Vehicles	499,357	433,185
Totals	\$39,575,979	\$39,433,848

\* Amount restated, see note 3.

The net increase in capital assets from the prior year primarily resulted from additions of furniture and equipment and vehicles. Construction in Progress was placed in operation in 2008 with the completion of the High School/Middle School construction/renovation project.

Detailed information regarding capital asset activity is included in the notes to the basic financial statements (Note 9).

**Debt**

At June 30, 2008, the School District had \$35,443,413 in notes and bonds outstanding with \$1,045,000 due within one year. Table 5 summarizes the bonds and notes outstanding:

Table 5  
Outstanding Debt at Year End

	Governmental Activities	
	2008	2007
1999 General Obligation Notes	\$985,000	\$1,155,000
2005 Construction Bond	6,162,409	6,562,035
2007 General Obligation Refunding Bonds	28,296,004	28,560,529
Totals	\$35,443,413	\$36,277,564

The Refunding Obligation Bonds were issued in fiscal year 2007 in the amount of \$29,717,026 with interest rates from 4-4.125%, to refund \$27,920,000 of the 2005 Construction General Obligation Bonds. The bond issue included serial and term bonds and capital appreciation bonds in the amounts of \$6,905,000, \$20,695,000 and \$320,000, respectively.

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At June 30, 2008 the School District's overall legal debt margin was \$8,196,259 with an unvoted debt margin of \$447,361.

Detailed information regarding long term debt is included in the notes to the basic financial statements (Note 14).

**Current Financial Related Activities**

The citizens of the School District passed a 6 mill operating levy in May of 2005. 2007 marked the first full year of collections on this levy. As a result of this levy passage, the School District forecasts a positive cash balance through June 30, 2011. The impact of the passage of the levy was tempered by \$10.5 million personal property devaluation by New Page which resulted in tax revenue losses of \$398,000. This is in addition to a \$36 million property devaluation in 2005. The enrollment of the School District did increase in 2008 by 45 students.

The School District will not be impacted by further tangible personal property devaluations due to the passage of H.B. 66 which eliminated the Tangible Personal Property Tax. However, the current legislation only holds the School District harmless through calendar year 2010, and then the reimbursements for lost revenue are phased out. The permanent loss of this revenue would account for over \$4.2 million. The School District received \$2.1 million in Tangible Personal Property Reimbursement in 2008 while Tangible Personal Property Taxes decreased by \$888,064.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the School District's financial condition and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact John D. Rose, CPA, Treasurer, Chillicothe City School District, 235 Cherry Street, Chillicothe, Ohio 45601.

# **Basic Financial Statements**



**Chillicothe City School District**  
*Statement of Net Assets*  
*As of June 30, 2008*

		<b>Governmental Activities</b>
<hr/>		
<b>ASSETS:</b>		
Equity in Pooled Cash and Investments	\$	8,253,847
Accrued Interest Receivable		66,140
Accounts Receivable		12,202
Intergovernmental Receivable		583,793
Taxes Receivable		13,381,844
Restricted Assets:		
Equity in Pooled Cash and Investments		11,138
Unamortized Bond Issuance Costs		708,083
Non-Depreciable Capital Assets		664,422
Depreciable Capital Assets, net		38,911,557
<i>Total Assets</i>		<u>62,593,026</u>
<b>LIABILITIES:</b>		
Accounts Payable		26,651
Accrued Wages and Benefits		2,430,732
Intergovernmental Payable		715,681
Accrued Interest Payable		111,777
Matured Compensated Absences Payable		99,715
Unearned Revenue		11,811,684
Early Retirement Incentive Payable		23,337
Long-Term Liabilities:		
Due Within One Year		1,289,942
Due in More Than One Year		35,842,570
<i>Total Liabilities</i>		<u>52,352,089</u>
<b>NET ASSETS:</b>		
Invested in Capital Assets, Net of Related Debt		4,662,460
Restricted for Debt Service		870,494
Restricted for Capital Projects		1,731,774
Restricted for Other Purposes		70,210
Restricted for Permanent Fund:		
Non-Expendable		450,000
Expendable		73,162
Unrestricted		2,382,837
<i>Total Net Assets</i>	<u>\$</u>	<u>10,240,937</u>

The notes to the basic financial statements are an integral part of this statement.

**Chillicothe City School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2008

	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Assets</b>	
	<b>Expenses</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>		<b>Capital Grants and Contributions</b>
<b>Governmental Activities:</b>					
<b>Instruction:</b>					
Regular	\$16,852,376	\$698,208	\$1,870,996	\$89,979	(\$14,193,193)
Special	3,005,510	145,768	1,522,946	0	(1,336,796)
Vocational	5,892	0	0	0	(5,892)
Other	614,995	28,300	420,833	0	(165,862)
<b>Support Services:</b>					
Pupils	1,668,494	80,597	494,763	226	(1,092,908)
Instructional Staff	1,528,952	68,002	557,319	6,104	(897,527)
Board of Education	79,622	4,513	0	0	(75,109)
Administration	1,993,530	99,427	90,991	1,583	(1,801,529)
Fiscal	851,805	41,816	45,495	3,843	(760,651)
Business	131,676	6,769	0	0	(124,907)
Operation and Maintenance of Plant	2,958,034	125,853	34,122	80,258	(2,717,801)
Pupil Transportation	1,033,711	38,360	53,816	32,555	(908,980)
Central	319,951	11,864	11,374	11,530	(285,183)
Operation of Non-Instructional Services	1,539,225	495,573	1,177,195	0	133,543
Extracurricular Activities	553,444	135,356	119,426	0	(298,662)
Interest and Fiscal Charges	1,657,433	3,385	444,166	0	(1,209,882)
<b>Total Governmental Activities</b>	<b>\$34,794,650</b>	<b>\$1,983,791</b>	<b>\$6,843,442</b>	<b>\$226,078</b>	<b>(25,741,339)</b>
<b>General Revenues:</b>					
Property Taxes Levied for:					
General Purposes				11,785,635	
Debt Service				1,839,060	
Capital Projects				934,167	
Grants and Entitlements					
not Restricted to Specific Programs				10,999,338	
Gifts and Donations not Restricted to					
Specific Programs				32,500	
Investment Earnings				445,516	
Payments in Lieu of Taxes				63,797	
Miscellaneous				155,259	
<b>Total General Revenues</b>				<b>26,255,272</b>	
Change in Net Assets				513,933	
<i>Net Assets Beginning of Year - As Restated, See Note 3</i>				<u>9,727,004</u>	
<i>Net Assets End of Year</i>				<u><u>\$10,240,937</u></u>	

The notes to the basic financial statements are an integral part of this statement.



**Chillicothe City School District**  
*Balance Sheet*  
*Governmental Funds*  
*as of June 30, 2008*

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Permanent Improvement Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS:</b>					
Equity in Pooled Cash and Investments	\$4,326,736	\$663,730	\$1,693,130	\$1,570,251	\$8,253,847
Accrued Interest Receivable	62,244	0	0	3,896	66,140
Accounts Receivable	12,093	0	0	109	12,202
Interfund Receivable	452,142	0	0	0	452,142
Intergovernmental Receivable	0	0	0	583,793	583,793
Taxes Receivable	10,748,301	1,764,056	869,487	0	13,381,844
Restricted Assets:					
Equity in Pooled Cash and Investments	11,138	0	0	0	11,138
<i>Total Assets</i>	<u>\$15,612,654</u>	<u>\$2,427,786</u>	<u>\$2,562,617</u>	<u>\$2,158,049</u>	<u>\$22,761,106</u>
<b>LIABILITIES:</b>					
Accounts Payable	\$18,435	\$0	\$2,038	\$6,178	\$26,651
Accrued Wages and Benefits	1,795,764	0	12,490	622,478	2,430,732
Interfund Payable	0	0	0	452,142	452,142
Intergovernmental Payable	535,586	0	13,058	167,037	715,681
Matured Compensated Absences Payable	89,522	0	0	10,193	99,715
Deferred Revenue	9,898,509	1,615,704	797,285	316,490	12,627,988
Early Retirement Incentive Payable	23,337	0	0	0	23,337
<i>Total Liabilities</i>	<u>12,361,153</u>	<u>1,615,704</u>	<u>824,871</u>	<u>1,574,518</u>	<u>16,376,246</u>
<b>FUND BALANCES:</b>					
<b>Reserved:</b>					
Reserved for Encumbrances	171,146	0	17,569	177,960	366,675
Reserved for Property Taxes	849,792	148,352	72,202	0	1,070,346
Reserved for Bus Purchases	11,138	0	0	0	11,138
Reserved for Library Purposes	0	0	0	450,000	450,000
Unreserved, Designated for Personal Property Tax Refunds	218,423	0	0	0	218,423
<b>Unreserved, Undesignated, Reported in:</b>					
General Fund	2,001,002	0	0	0	2,001,002
Special Revenue Funds	0	0	0	(110,876)	(110,876)
Debt Service Funds	0	663,730	0	0	663,730
Capital Projects Funds	0	0	1,647,975	(6,715)	1,641,260
Permanent Fund	0	0	0	73,162	73,162
<i>Total Fund Balances</i>	<u>3,251,501</u>	<u>812,082</u>	<u>1,737,746</u>	<u>583,531</u>	<u>6,384,860</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$15,612,654</u>	<u>\$2,427,786</u>	<u>\$2,562,617</u>	<u>\$2,158,049</u>	<u>\$22,761,106</u>

The notes to the basic financial statements are an integral part of this statement.



**Chillicothe City School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 As of June 30, 2008*

**Total Governmental Fund Balances** \$ 6,384,860

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

Capital assets used in governmental activities are not financial  
 resources and therefore are not reported in the funds. 39,575,979

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

Taxes	499,814	
Intergovernmental	316,490	

Total 816,304

Unamortized issuance costs represent deferred charges which do not provide  
 current financial resources and therefore are not reported in the funds. 708,083

Long-term liabilities, including bonds and related liabilities, notes, and  
 long-term portion of compensated absences, are not due and payable  
 in the current period and therefore are not reported in the funds.

Accrued Interest Payable	(111,777)	
Compensated Absences	(1,689,099)	
Refunding Bonds	(27,245,000)	
General Obligation Bonds	(4,370,000)	
Capital Appreciation Bonds	(1,644,894)	
Unamortized Deferred Amount on Refunding	884,123	
Premium on Bonds	(2,082,642)	
General Obligation Notes	(985,000)	

Total (37,244,289)

**Net Assets of Governmental Activities** \$ 10,240,937

The notes to the basic financial statements are an integral part of this statement.

**Chillicothe City School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2008*

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Permanent Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>					
Property and Other Local Taxes	\$11,796,099	\$1,837,067	\$934,720	\$0	\$14,567,886
Intergovernmental	11,711,686	444,166	226,078	5,519,647	17,901,577
Interest	413,216	0	0	32,300	445,516
Tuition and Fees	977,482	0	0	290,959	1,268,441
Rent	48,910	0	0	0	48,910
Extracurricular Activities	18,755	0	0	129,246	148,001
Gifts and Donations	32,500	0	0	32,444	64,944
Customer Sales and Services	83,094	0	0	435,344	518,438
Payments in Lieu of Taxes	51,903	7,574	4,320	0	63,797
Miscellaneous	81,908	0	849	72,502	155,259
<i>Total Revenues</i>	<u>25,215,553</u>	<u>2,288,807</u>	<u>1,165,967</u>	<u>6,512,442</u>	<u>35,182,769</u>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	12,062,376	0	500,297	2,158,341	14,721,014
Special	2,030,512	0	0	1,009,955	3,040,467
Vocational	5,675	0	0	0	5,675
Other	127,625	0	0	485,009	612,634
<b>Support Services:</b>					
Pupils	1,099,739	0	1,821	568,295	1,669,855
Instructional Staff	787,947	0	24,286	629,620	1,441,853
Board of Education	79,622	0	0	0	79,622
Administration	1,875,146	0	8,956	100,343	1,984,445
Fiscal	772,232	0	21,721	50,242	844,195
Business	127,767	0	0	0	127,767
Operation and Maintenance of Plant	2,442,610	0	456,814	40,214	2,939,638
Pupil Transportation	754,424	0	183,556	1,410	939,390
Central	232,200	0	64,314	14,505	311,019
Operation of Non-Instructional Services	9,024	0	0	1,349,305	1,358,329
Extracurricular Activities	410,860	0	0	138,480	549,340
Capital Outlay	0	0	532,262	2,205,238	2,737,500
<b>Debt Service:</b>					
Principal	170,000	815,000	0	0	985,000
Interest	57,750	1,355,487	0	0	1,413,237
<i>Total Expenditures</i>	<u>23,045,509</u>	<u>2,170,487</u>	<u>1,794,027</u>	<u>8,750,957</u>	<u>35,760,980</u>
<i>Excess of Revenues (Under) Expenditures</i>	<u>2,170,044</u>	<u>118,320</u>	<u>(628,060)</u>	<u>(2,238,515)</u>	<u>(578,211)</u>
<b>OTHER FINANCING SOURCES AND USES:</b>					
Transfers - In	0	0	109,035	0	109,035
Transfers - Out	(109,035)	0	0	0	(109,035)
<i>Total Other Financing Sources and Uses</i>	<u>(109,035)</u>	<u>0</u>	<u>109,035</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	2,061,009	118,320	(519,025)	(2,238,515)	(578,211)
<i>Fund Balance at Beginning of Year</i>	<u>1,190,492</u>	<u>693,762</u>	<u>2,256,771</u>	<u>2,822,046</u>	<u>6,963,071</u>
<i>Fund Balance at End of Year</i>	<u>\$3,251,501</u>	<u>\$812,082</u>	<u>\$1,737,746</u>	<u>\$583,531</u>	<u>\$6,384,860</u>

The notes to the basic financial statements are an integral part of this statement.

**Chillicothe City School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2008*

**Net Change in Fund Balances - Total Governmental Funds** \$ (578,211)

**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 capital outlays exceeded depreciation in the current period.

Capital Asset Additions	1,941,027	
Current Year Depreciation	(1,743,279)	
Total		197,748

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

Loss on Disposal of Capital Assets	(55,617)	
Total		(55,617)

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

Taxes	(9,024)	
Intergovernmental	134,835	
Total		125,811

Repayment of bond and note principal are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net assets and does not result in an expense in the statement of activities.

985,000

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of net assets:

Premium	202,294	
Issuance Costs	(96,933)	
Annual Accretion of Capital Appreciation Bonds	(176,318)	
Total		(70,957)

Deferred amounts on refunding are included as expenditures in the funds, but are deferred and amortized over the life of the bonds in the government-wide financial statements.

(176,825)

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

Decrease in Compensated Absences	83,398	
Decrease in Interest Payable	3,586	
Total		86,984

**Net Change in Net Assets of Governmental Activities**

**\$ 513,933**

The notes to the basic financial statements are an integral part of this statement.

**Chillicothe City School District**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget and Actual*  
*(Non-GAAP Budgetary Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget: Positive (Negative)
<b>REVENUES:</b>				
Property and Other Local Taxes	\$11,304,815	\$11,668,481	\$11,668,481	\$0
Intergovernmental	9,889,075	11,758,251	11,711,686	(46,565)
Interest	431,166	447,400	476,145	28,745
Tuition and Fees	866,575	961,013	975,992	14,979
Rent	69,000	62,000	61,719	(281)
Extracurricular Activities	20,000	18,482	18,755	273
Gifts and Donations	20,000	32,000	32,500	500
Customer Sales and Services	64,000	66,500	83,094	16,594
Payments in Lieu of Taxes	50,000	51,900	51,903	3
Miscellaneous	<u>15,034</u>	<u>39,381</u>	<u>39,570</u>	<u>189</u>
Total Revenues	<u>22,729,665</u>	<u>25,105,408</u>	<u>25,119,845</u>	<u>14,437</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	11,004,076	11,621,809	12,045,729	(423,920)
Special	2,096,163	2,105,718	2,047,267	58,451
Vocational	5,128	5,128	5,709	(581)
Other	385,000	385,000	149,200	235,800
<b>Support Services:</b>				
Pupils	986,415	986,756	1,062,412	(75,656)
Instructional Staff	1,395,929	1,398,749	832,716	566,033
Board of Education	127,399	129,399	80,872	48,527
Administration	1,793,475	1,795,583	1,858,393	(62,810)
Fiscal	796,345	803,345	738,616	64,729
Business	126,381	126,381	127,313	(932)
Operation and Maintenance of Plant	2,271,342	2,317,692	2,433,936	(116,244)
Pupil Transportation	714,763	741,627	749,107	(7,480)
Central	152,728	152,728	151,061	1,667
Operation of Non-Instructional Services	0	0	9,002	(9,002)
Extracurricular Activities	401,058	401,242	410,339	(9,097)
<b>Debt Service:</b>				
Principal	170,000	170,000	170,000	0
Interest	<u>57,750</u>	<u>57,750</u>	<u>57,750</u>	<u>0</u>
Total Expenditures	<u>22,483,952</u>	<u>23,198,907</u>	<u>22,929,422</u>	<u>269,485</u>
Excess of Revenues Over (Under) Expenditures	<u>245,713</u>	<u>1,906,501</u>	<u>2,190,423</u>	<u>283,922</u>
<b>OTHER FINANCING SOURCES AND USES:</b>				
Refund of Prior Year Expenditures	5,000	10,000	10,872	872
Insurance Recoveries	0	27,226	27,227	1
Advances In	500,000	50,578	50,578	0
Transfers Out	(310,000)	(93,293)	(109,035)	(15,742)
Refund of Prior Year Receipts	0	0	(340)	(340)
Advances Out	(64,203)	(391,566)	(402,162)	(10,596)
Other Financing Uses	<u>(2,749,018)</u>	<u>(3,890,838)</u>	<u>0</u>	<u>3,890,838</u>
Total Other Financing Sources and Uses	<u>(2,618,221)</u>	<u>(4,287,893)</u>	<u>(422,860)</u>	<u>3,865,033</u>
Net Change in Fund Balances	(2,372,508)	(2,381,392)	1,767,563	4,148,955
Fund Balance at Beginning of Year	2,266,577	2,266,577	2,266,577	0
Prior Year Encumbrances Appropriated	<u>195,953</u>	<u>195,953</u>	<u>195,953</u>	<u>0</u>
Fund Balance at End of Year	<u>\$90,022</u>	<u>\$81,138</u>	<u>\$4,230,093</u>	<u>\$4,148,955</u>

The notes to the basic financial statements are an integral part of this statement.

**Chillicothe City School District**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*As of June 30, 2008*

	<u>Agency</u>
<b>ASSETS:</b>	
Current Assets:	
Equity in Pooled Cash and Investments	\$105,376
<i>Total Assets</i>	<u><u>\$105,376</u></u>
<b>LIABILITIES:</b>	
Current Liabilities:	
Due to Students	\$92,197
Undistributed Monies	13,179
<i>Total Liabilities</i>	<u><u>\$105,376</u></u>

The notes to the basic financial statements are an integral part of this statement.

*Chillicothe City School District*  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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**NOTE 1-DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Chillicothe City School District (the “School District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and/or federal guidelines.

The School District was established in 1849 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 22 square miles. It is located in Ross County, and includes all of the Village of Massieville, the City of Chillicothe and a portion of Scioto Township. It is staffed by 133 non-certified employees, 212 certificated full-time teaching personnel and 12 administrative employees who provide services to 3,075 students and other community members. The School District currently operates six instructional buildings, one administrative building, one maintenance building and one bus garage.

*Reporting Entity:*

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Chillicothe City School District, this includes general operations, food service and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The following entities which perform activities within the School District’s boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

- Parent Teacher Organizations
- Ross-Pike Educational Service District
- City of Chillicothe

The following activities are included within the reporting entity:

*Bishop Flaget Parochial School*-Within the School District boundaries, the Bishop Flaget Parochial School, a school that provides classes for kindergarten through eighth grade, is operated through the Columbus Catholic Diocese. Current State legislation provides funding to this parochial school. Monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. The activity of these State monies is reflected in a special revenue fund for financial reporting purposes.

*Chillicothe City School District*  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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**NOTE 1-DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY** (Continued)

The School District is associated with three organizations, which are defined as jointly governed organizations. These organizations are the South Central Ohio Computer Association, Pickaway-Ross Career and Technology Center, and Great Seal Education Network of Tomorrow. These organizations are presented in Note 16 to the basic financial statements.

**NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

**A. Basis of Presentation-Fund Accounting**

*Fund Accounting*

The School District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific School District functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

*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 purpose 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 School District's major governmental funds:

***General Fund***

The General Fund is the general operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is available to the School District for any purpose provided it is expended or transferred according to the school laws of Ohio.

***Debt Service Fund***

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

***Permanent Improvement Fund***

The Permanent Improvement Fund is used to account for the acquisition, construction or improvement of capital facilities other than those financed by trust funds.

*Chillicothe City School District*  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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**NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

The other governmental funds of the School District account for grants and other resources, and capital projects, whose use is restricted to a particular purpose.

*Fiduciary Funds*

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. The School District's only fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements. The School District has one agency fund used to account for student activity programs and another which is used as a clearing account for the School District's Workers' Compensation Activity.

**B. Basis of Presentation and Measurement Focus**

*Basis of Presentation*

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

*Government-wide Financial Statements*

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

The statement of net assets presents the financial condition of governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are 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 School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

*Fund Financial Statements*

During the year, the School District segregates transactions related to certain School District 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 School District at this more detailed level. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.



*Chillicothe City School District*  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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**NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

*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 School District are included on the Statement of Net Assets. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

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.

*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. The fund financial statements are prepared using either the modified accrual basis of accounting for governmental funds or the accrual basis of accounting for fiduciary funds. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

*Revenues – Exchange and Non-exchange 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. "Measurable" means the amount of the transaction can be determined, and "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 School District, available means expected to be received within 60 days of year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal 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 fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District 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: property taxes available as an advance, investment earnings, tuition and fees, and grants.

*Chillicothe City School District*  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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**NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

*Deferred/Unearned Revenue*

Deferred/unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred/unearned revenue.

*Expenses/Expenditures*

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) principal and interest on general long-term debt obligations, which is recorded when due and (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities as payments come due each period upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**C. Budgets**

*Budgetary Process*

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer has been authorized to allocate Board appropriations to the function and object level of each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during the fiscal year 2008.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

*Chillicothe City School District*  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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**NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

*Encumbrances*

Encumbrance accounting is utilized by the School District for all funds in the normal course of operations for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to a commitment for a future expenditure and does not represent a liability. On the fund financial statements encumbrances outstanding at fiscal year-end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds. A reserve for encumbrances is not reported on the government-wide financial statements. Encumbrances are reported as part of expenditures on a non-GAAP budgetary basis.

The School District did not budget the Teacher Development Fund for fiscal year 2008.

**D. Cash and Cash Equivalents**

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements.

During fiscal year 2008, investments were limited to STAROhio, Commercial Paper, and U.S. Government Agency Instrumentalities. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2008. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2008.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2008 amounted to \$413,216. The Other Governmental Funds earned interest revenue of \$32,300.

**E. Capital Assets and Depreciation**

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure.

*Chillicothe City School District*  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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**NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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.

All reported capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10-20 years
Building and Improvements	20-50 years
Furniture and Equipment	5-20 years
Vehicles	4-8 years

**F. Interfund Assets/Liabilities**

Short-term interfund loans are classified as "interfund receivables" and "interfund payables". These amounts are eliminated in the governmental activities column of the statement of net assets.

**G. Compensated Absences**

Vacation and personal leave 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 School District will compensate its employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid.

**H. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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, early retirement incentives 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 in the current year. Bonds are recognized as a liability on the government-wide financial statements when due.

*Chillicothe City School District*  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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**NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**I. Interfund Transactions**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements. Interfund transfers within governmental activities are eliminated in the statement of activities.

**J. Restricted Assets**

Restricted assets in the General Fund represent cash and investments whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses. A corresponding fund balance reserve has also been established for this amount. See Note 17 for additional information regarding set-asides.

**K. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes represents balances in special revenue funds for grants received which are restricted as to use by grantors.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide statement of net assets reports \$3,195,640 of restricted net assets, none of which is restricted by enabling legislation.

**L. Fund Balance Reserves**

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance, which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, school bus purchases, library purposes, and property taxes.

The reserve for property taxes represents taxes recognized as revenue under accounting principles generally accepted in the United States of America but not available for appropriation under State statute.

**M. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

*Chillicothe City School District*  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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**NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**N. Unamortized Bond Issuance Costs/Bond Premium and Discount**

On government-wide financial statements, bond issuance costs are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Unamortized bond issuance costs are recorded as an asset on the statement of net assets.

Bond premiums are deferred and amortized over the term of the bonds. Bond premiums are presented as an addition to the face amount of the bonds. Capital appreciation bond discounts are accreted over the term of the bonds.

On the governmental-wide financial statements, issuance costs, accretion and bond premiums are recognized in the current period.

**O. Fund Designation**

The School District designated a portion of fund balance in the General Fund for the payment of potential future personal property tax refunds.

**NOTE 3-RESTATEMENT OF NET ASSETS**

The restatement was made to account for the School District's change in capital asset threshold from \$500 to \$5,000. This restatement had the follow effect on net assets:

	Net Assets
Net Assets – June 30, 2007	\$10,632,118
Capital Assets	(905,114)
Restated, Net Assets – June 30, 2007	\$9,727,004

**NOTE 4-ACCOUNTABILITY**

At June 30, 2008, the Uniform School Supplies, Public School Preschool, Ohio Reads, Miscellaneous State Grants, Improving Teacher Quality, Miscellaneous Federal Grants, Title VI-B, and Drug Free School Nonmajor Special Revenue funds, and the Construction Nonmajor Capital Projects fund had deficit fund balances of \$52,041, \$49,069, \$67,972, \$30,719, \$36,207, \$4,593, \$87,194, \$1,867, and \$6,715 respectively, which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

*Chillicothe City School District*  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

**NOTE 5-BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances 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 – (Non-GAAP Budgetary Basis) for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

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

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary bases for the general fund.

Net Change in Fund Balance	
GAAP Basis	<u>General</u> \$2,061,009
Revenue and Other Financing Sources Accruals	(7,031)
Expenditures and Other Financing Uses Accruals	(99,561)
Encumbrances	<u>(186,854)</u>
Budget Basis	<u>\$1,767,563</u>

**NOTE 6-DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

*Chillicothe City School District*  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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**NOTE 6-DEPOSITS AND INVESTMENTS** (Continued)

Interim deposits are deposits in interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), 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 monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, its political subdivisions, or other units or agencies of this State 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 division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasury Asset Reserve of Ohio (STAR Ohio);
8. Commercial paper and bankers acceptances if training requirements have been met;
9. High grade commercial paper in an amount not to exceed five percent of the School District's total average portfolio; and
10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the School District's total average portfolio.



*Chillicothe City School District*  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

**NOTE 6-DEPOSITS AND INVESTMENTS** (Continued)

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 School District, and must be purchased with the expectation that it will be held to maturity.

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 is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

As of June 30, 2008, the School District's bank balance of \$6,463,605 was either covered by FDIC or collateralized by the financial institutions' public entity deposit pools in the manner described above.

Investments

As of June 30, 2008, the School District had the following investments and maturities.

Investment Type	Fair Value	6 months or less	1-2 Years
STAROhio	\$1,306,788	\$1,306,788	\$0
Commercial Paper	1,009,881	1,009,881	0
FHLB	101,707	0	101,707
	<u>\$2,418,376</u>	<u>\$2,316,669</u>	<u>\$101,707</u>

*Interest Rate Risk.* As a means to limiting its exposure to fair value losses a rising from rising interest rates and according to state law, the School District's investment policy requires that investment portfolio maturities are limited to five years or less.

*Credit Risk.* The School District's investments in FHLB were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAROhio an AAAM money market rating. Investments in Commercial Paper were rated A1+ by Moody's Investor Services and P1 by Standard and Poor's. The School District's investment policy does not address credit risk beyond the requirements of the Ohio Revised Code.

*Custodial Credit Risk.* Custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the School District's securities are either insured and registered in the name of the School District or at least registered in the name of the School District. The School District has no investment policy dealing with investment custodial credit risk beyond the requirements in state statute that prohibit payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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**NOTE 6-DEPOSITS AND INVESTMENTS** (Continued)

*Concentration of Credit Risk.* The School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of total of each investment type held by the School District at June 30, 2008:

Investment Type	Fair Value	% of Total
StarOhio	\$ 1,306,788	54.04%
Commercial Paper	1,009,881	41.76%
FHLB	101,707	4.20%
	<u>\$ 2,418,376</u>	<u>100.00%</u>

**NOTE 7-PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during the calendar year 2008 for real and public utility property taxes represents collections of calendar year 2007 taxes. Property tax payments received during calendar year 2008 for tangible personal property (other than public utility property) are for calendar year 2007 taxes.

2008 real property taxes are levied after April 1, 2007, on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2008 public utility property taxes became a lien December 31, 2006, are levied after April 1, 2007 and are collected in 2008 with real property taxes.

2008 tangible personal property taxes are levied after April 1, 2007, on the value as of December 31, 2006. Collections are made in 2008. Tangible personal property assessments are twelve and one half percent of true value.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable September 20.

Ohio House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces revenue lost by the School District due to the phasing out of the tax. In calendar years 2006 through 2010, the School District will be fully reimbursed at the level of calendar year 2004 assessed values for the lost revenue. In calendar years 2011 through 2017, the reimbursements will be phased out.

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2008

**NOTE 7-PROPERTY TAXES** (Continued)

The assessed values upon which fiscal year 2008 taxes were collected are:

	<u>2007 Second-Half Collections</u>		<u>2008 First-Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and other Real Estate	\$358,600,730	81.29%	\$392,036,290	87.63 %
Public Utility	20,891,800	4.75%	15,982,540	3.58%
Tangible Personal Property	<u>61,654,660</u>	<u>13.96%</u>	<u>39,342,600</u>	<u>8.79%</u>
Total Assessed Value	<u>\$ 441,147,190</u>	<u>100.00%</u>	<u>\$447,361,430</u>	<u>100.00%</u>
 Tax Rate per \$1,000 of Assessed Valuation	 \$50.67		 \$50.67	

The School District receives property taxes from Ross County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2008. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2008, was \$849,792 in the General Fund, \$148,352 in the Debt Service Fund and \$72,202 in the Permanent Improvement Fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

**NOTE 8-RECEIVABLES**

Receivables at June 30, 2008, consisted of property taxes, accounts (rent, tuition and student fees) interfund, accrued interest and intergovernmental grants. All receivables are considered collectible in full due the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables is as follows:

<i>Nonmajor Special Revenue Funds:</i>	
Public Preschool Support	\$800
Title VI	8,671
Title VI-B	105,183
Ohio Reads	77,278
Improving Teacher Quality	42,830
Public School Preschool	50,353
Title I	288,101
Miscellaneous Federal Grant	<u>10,577</u>
 <i>Total Nonmajor Funds:</i>	 <u>\$583,793</u>

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2008

**NOTE 9-CAPITAL ASSETS**

Capital assets activity of the fiscal year ended June 30, 2008, was as follows:

	Ending* Balance 6/30/07	Additions	Deletions	Ending Balance 6/30/08
Governmental Activities				
Capital Assets, Not Being Depreciated				
Construction in Progress	\$32,877,013	\$0	\$(32,877,013)	\$0
Land	664,422	0	0	664,422
Total Capital Assets, Not Being Depreciated	<u>33,541,435</u>	<u>0</u>	<u>(32,877,013)</u>	<u>664,422</u>
Capital Assets Being Depreciated				
Land Improvements	686,323	133,891	0	820,214
Building and Improvements	15,063,413	32,887,381	0	47,950,794
Furniture and Equipment	2,849,254	1,629,668	(59,590)	4,419,332
Vehicles	1,221,992	167,100	(41,447)	1,347,645
Total Capital Assets, Being Depreciated	<u>19,820,982</u>	<u>34,818,040</u>	<u>(101,037)</u>	<u>54,537,985</u>
Less Accumulated Depreciation:				
Land Improvements	(659,196)	(19,703)	0	(678,899)
Buildings and Improvements	(11,285,042)	(1,393,026)	0	(12,678,068)
Furniture and Equipment	(1,195,524)	(229,622)	3,973	(1,421,173)
Vehicles	(788,807)	(100,928)	41,447	(848,288)
Total Accumulated Depreciation	<u>(13,928,569)</u>	<u>(1,743,279)</u>	<u>45,420</u>	<u>(15,626,428)</u>
Total Capital Assets Being Depreciated, Net	<u>5,892,413</u>	<u>33,074,761</u>	<u>(55,617)</u>	<u>38,911,557</u>
Governmental Activities Capital Assets, Net	<u>\$39,433,848</u>	<u>\$33,074,761</u>	<u>\$(32,932,630)</u>	<u>\$39,575,979</u>

\* Restated – See Note 3

Depreciation expense was charged to the governmental functions as follows:

Instruction:	
Regular	\$1,421,976
Special	1,375
Other	2,578
Support Services:	
Instructional Staff	2,980
Administration	973
Business	3,678
Operation and Maintenance of Plant	17,115
Pupil Transportation	98,104
Central	8,933
Operation of Non-Instructional Services	181,399
Extracurricular Activities	4,168
Total Depreciation Expense	<u>\$1,743,279</u>

*Chillicothe City School District*  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

**NOTE 10-RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the School District contracted with Neil Coleman Insurance for liability, property, fleet, inland marine, and boiler and machinery insurance. Coverages provided are as follows:

<i>General Liability:</i>	
General Aggregate Limit	\$3,000,000
Each Occurrence Combined Single Limit	1,000,000
Medical Expense Limit (Any One Person)	10,000
 <i>Employee Benefit Liability (\$2,500 Deductible):</i>	
Annual Policy Aggregate Limit	3,000,000
Each Wrongful Account Limit	1,000,000
 <i>Auto Liability:</i>	
Per Accident Liability	1,000,000
 <i>Stop Gap:</i>	
Each Accident	1,000,000
Disease Each Employee	1,000,000
Disease Policy Limit	1,000,000
 <i>Property Insurance:</i>	
Building/Contents (\$1,000 Deductible)	
Including EDP, Inland Marine – Musical Instr.	66,251,185

The building and contents coverage is provided on a blanket, agreed value, replacement cost basis.

<i>Fleet Insurance:</i>	
Combined Single Limit-Each Accident	\$1,000,000
Medical Payments-Per Person (Including Extended Medical)	5,000
<i>Uninsured and Underinsured Motorist</i>	
Bodily Injury-Combined Single Limit-Each Accident	1,000,000
Physical Damage	Actual Cash Value or \$50,000
Comprehensive (Bus \$1,000, Other \$250 Deductible)	
Collision (Bus \$1,000, Other \$500 Deductible)	

Settled claims have not exceeded this commercial coverage in any of the past three years. The School District reviewed its coverage needs and altered coverage as it deemed appropriate.

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The School District did not qualify for a Group Rating Plan due to prior claims. Participation in a GRP is limited to school districts that can meet the GRP's selection criteria.

The School District provides medical insurance through a private carrier, Anthem Blue Cross/Blue Shield. The School District also provides dental insurance through a private carrier, Core Source.

*Chillicothe City School District*  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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**NOTE 11-DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org), under *Forms and Publications*.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The School District's contributions to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$434,408, \$366,983, and \$388,309, respectively; 61% has been contributed for fiscal year 2008 and 100% for the fiscal years 2007 and 2006. \$169,229 represents the unpaid contribution for fiscal year 2008.

**B. State Teachers Retirement System**

State Teachers Retirement System of Ohio (STRS Ohio) is a cost-sharing, multiple-employer public employee retirement system.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

**Plan Options** – New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

**DB Plan Benefits** – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation of every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

*Chillicothe City School District*  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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**NOTE 11-DEFINED BENEFIT PENSION PLANS** (Continued)

**DC Plan Benefits** – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**Combined Plan Benefits** – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

For the fiscal years ended June 30, 2008, 2007, and 2006, plan members were required to contribute 10 percent of their annual covered salaries. For these fiscal years, the School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS Ohio, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$1,623,600, \$1,600,129, and \$1,653,602, respectively; 83% has been contributed for the fiscal year 2008 and 100% for the fiscal year 2007 and 2006. \$268,538 represents the unpaid contribution for fiscal year 2008 and is recorded as a liability within the respective funds.

*Chillicothe City School District*  
*Notes to the Basic Financial Statements*  
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**NOTE 11-DEFINED BENEFIT PENSION PLANS** (Continued)

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's Comprehensive Annual Financial Report can be requested by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2008, no members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NOTE 12-POSTEMPLOYMENT BENEFITS**

**A. State Teachers Retirement System**

STRS Ohio administers a pension plan that is comprised of: a defined benefit plan; a self-directed defined contribution plan and a combined plan which is a hybrid of the defined benefit and defined contribution plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll-free 1-888-227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2008, 2007 and 2006. The 14 percent employer contribution rate is the maximum rate established under Ohio law. For the School District, these amounts equaled \$125,183, \$121,761, and \$127,278 for fiscal years 2008, 2007, and 2006, respectively.

**B. School Employees Retirement System**

In addition to a cost-sharing multiple-employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

**Medicare Part B Plan**

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2008 was \$96.40; SERS' reimbursement to retirees was \$45.50.



***Chillicothe City School District***  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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**NOTE 12-POSTEMPLOYMENT BENEFITS** (Continued)

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal years 2008, 2007, and 2006 the actuarially required allocations were 0.66 percent, 0.68 percent, and 0.78 percent. The School District's contributions for the fiscal years ended June 30, 2008, 2007, and 2006 were \$29,397, \$24,682, and \$29,168, which equaled the required contribution for those years.

**Health Care Plan**

Ohio Revised Code 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The Ohio Revised Code provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. At June 30, 2008, 2007, and 2006, the health care allocations were 4.18 percent, 3.32 percent, and 3.42 percent, respectively. The actuarially required contribution (ARC), as of the June 30, 2008 annual valuation, was 13.41 percent of covered payroll. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years. For the School District, the amounts contributed to fund health care benefits, including the surcharge, during the 2008, 2007, and 2006 fiscal years equaled \$209,660, \$174,986, and \$192,854, respectively.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2008, the minimum compensation level was established at \$35,800.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending upon the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS website at [www.ohsers.org](http://www.ohsers.org) under *Forms and Publications*.

*Chillicothe City School District*  
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**NOTE 13-EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees and administrators earn seven to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 275 days for administrators, 266 days for certified personnel, and 266 days for classified personnel. Upon retirement, payment is made for 28 percent of accrued, but unused sick leave credit to a maximum of 70 days for administrators, and 58.8 days for certificated employees. Payment to classified employees is 40 percent of accrued, but unused sick leave credit to a maximum of 68.8 days.

**B. Life and Accident Insurance**

The School District provides life insurance through Assurity Life and accidental death and dismemberment insurance through AIG to most employees.

**C. Deferred Compensation**

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death, or an unforeseeable emergency.

**D. Retirement Incentive**

The School District has a Retirement Incentive program. Participation is open to certified employees and administrators who have at least ten years of consecutive service with the School District and have at least thirty years of service credit in one of the State Retirement Systems. The employee must submit a written notice of retirement by June 1, with the effective date of retirement no later than August 1.

The incentive payment is a percentage of the employee's final salary (excluding supplemental contracts) based on total service credit as follows:

<u>Years of Service</u>	<u>Percent of Final Salary</u>
30 years	40%
31 years	25%
32 years	20%
33 years	15%
34 years	10%
35 years	0%

Upon proof of retirement, an employee may choose to receive the retirement incentive payment within 120 days after the effective date of retirement, or may elect to receive this payment on January 15 of the following calendar year. Retirement incentive payments are classified as liabilities in the fund financial statements only to the extent they are due for payment during the current year. Payments are classified as "Early Retirement Incentive Payable" in the Statement of Net Assets.

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2008

**NOTE 13-EMPLOYEE BENEFITS** (Continued)

**E. Attendance Bonus for Classified Employees**

Absences from work are counted from July 1 through June 30<sup>th</sup> each year. Classified employees may be eligible for an "Attendance Bonus" for not using days for sick, personal, or leave without pay. This is payable the following July of the fiscal year. For fiscal year 2008, no employees were eligible to take advantage of this benefit.

**NOTE 14-LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2008 were as follows:

	Outstanding 06/30/07	Additions	Deductions	Outstanding 06/30/08	Amounts Due within One Year
Governmental Activities:					
General Obligation Notes:					
1999 Energy Conservation Improvement Notes 5%	\$1,155,000	\$0	\$170,000	\$985,000	\$180,000
General Obligation Bonds:					
2005 Construction General Obligation Obligation Bonds - Serial and Term 2 - 5.25%	4,830,000	0	460,000	4,370,000	575,000
Premium	28,935	0	5,322	23,613	0
2005 Construction Capital Appreciation Bonds 12.274 - 12.306%	1,124,323	142,866	0	1,267,189	0
Premium	578,777	0	77,170	501,607	0
2007 Refunding Obligation Bonds- Serial and Term 3.5-4.5%	27,600,000	0	355,000	27,245,000	290,000
Premium	1,677,224	0	119,802	1,557,422	0
Accounting Loss	(1,060,948)	0	(176,825)	(884,123)	0
2007 Construction Capital Appreciation Bonds 17.7712-17.8754%	344,253	33,452	0	377,705	0
Total General Obligation Bonds	<u>35,122,564</u>	<u>176,318</u>	<u>840,469</u>	<u>34,458,413</u>	<u>865,000</u>
Compensated Absences	<u>1,772,497</u>	<u>1,689,099</u>	<u>1,772,497</u>	<u>1,689,099</u>	<u>244,942</u>
Total Governmental Activities Long Term Obligations	<u>\$38,050,061</u>	<u>\$1,865,417</u>	<u>\$2,782,966</u>	<u>\$37,132,512</u>	<u>\$1,289,942</u>

*Chillicothe City School District*  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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**NOTE 14-LONG-TERM OBLIGATIONS** (Continued)

1999 Energy Conservation Improvement Notes - In the fiscal year 1999, the School District issued \$2,390,000 in unvoted general obligation notes for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Sections 133.06 (G) and 3313.372. The notes were issued for a 15-year period with a final maturity date of 2013. These notes will be retired from the General Fund.

2005 Construction General Obligation Bonds - On July 1, 2004, general obligation bonds were issued for the retirement of the bond anticipation notes that were used for renovating and constructing school buildings in the amount of \$34,000,000. The bond issue included serial and term bonds (shown as general obligation bonds in the table above), and capital appreciation bonds, in the amounts of \$20,045,000, \$13,160,000, and \$795,000, respectively. During fiscal year 2007, a portion of the serial bonds were refunded with the 2007 issue, with the remaining to be paid from 2008 through 2014; the term bonds were refunded in their entirety with the 2007 issue; and the capital appreciation bonds will be paid in 2012 through 2014. The bonds will be paid from the Debt Service Fund from tax revenue.

The capital appreciation bonds will mature in the years 2012 through 2014. The maturity of the bonds is \$2,450,000. For 2008, \$142,866 was accreted for a total bond value of \$1,267,189, which includes accretion of \$472,189.

2007 Refunding Obligation Bonds - On December 13, 2006, the District issued \$29,717,026 in general obligation refunding bonds with interest rates from 4-4.125%, to refund \$27,920,000 of the 2005 Construction General Obligation Bonds. The bond issue included serial and term bonds and capital appreciation bonds in the amounts of \$6,905,000, \$20,695,000 and \$320,000, respectively. Although the refunding resulted in the recognition of an accounting loss of \$1,237,773 for the year ended June 30, 2007, the School District in effect lowered its aggregated debt service payments. The additions to the capital appreciation bonds include \$33,452 in accretion, for total accretion of \$57,705 as of June 30, 2008.

The term bonds maturing on December 1, 2032 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1 each year at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Amount</u>
2020	\$ 3,240,000
2027	5,915,000
2032	11,540,000

Unless otherwise called for redemption, the remaining principal amount of the term bonds due December 1, 2032 is to be paid at stated maturity.

The term bonds maturing on or after December 1, are subject to optional redemption in whole or in part on any date in inverse order of maturity and by lot within a maturity, at the option of the School District at 100% of the principal amount to be redeemed, which is par, plus accrued interest to the redemption date.

Compensated absences payable will be paid from the funds in which the employees were paid, with the most significant being the General Fund.

The School District's overall legal debt margin was \$8,196,259 and the unvoted debt margin was \$447,361 at June 30, 2008.

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2008

**NOTE 14-LONG-TERM OBLIGATIONS** (Continued)

Principal and interest requirements to retire general obligation debt at June 30, 2008 are as follows:

Governmental Activities							
Fiscal Year	2005 General Obligation Bonds		General Obligation Notes		2007 General Obligation Bonds		
	Ending	Principal	Interest	Principal	Interest	Principal	Interest
2009		\$575,000	\$1,581,087	\$180,000	\$49,250	\$290,000	\$1,120,880
2010		590,000	1,562,875	190,000	40,250	300,000	1,109,080
2011		610,000	1,542,613	195,000	30,750	310,000	1,096,880
2012		750,000	1,518,250	205,000	21,000	130,000	1,088,080
2013		900,000	1,484,312	215,000	10,750	145,000	1,082,580
2014-2018		945,000	1,440,437	0	0	2,120,000	5,284,200
2019-2023		0	0	0	0	6,495,000	3,711,916
2024-2028		0	0	0	0	5,915,000	2,724,483
2029-2033		0	0	0	0	11,540,000	1,343,702
Totals		<u>\$4,370,000</u>	<u>\$9,129,574</u>	<u>\$985,000</u>	<u>\$152,000</u>	<u>\$27,245,000</u>	<u>\$18,561,801</u>

General Obligation Bonds					
Fiscal Year	2005 Capital Appreciation		2007 Capital Appreciation		
	Ending	Principal	Interest	Principal	Interest
2009		\$0	\$0	\$0	\$0
2010		0	0	0	0
2011		0	0	0	0
2012		0	0	0	0
2013		285,000	490,000	0	0
2014-2018		510,000	1,165,000	0	0
2019-2023		0	0	125,000	1,780,000
2024-2025		0	0	195,000	3,615,000
Totals		<u>\$795,000</u>	<u>\$1,655,000</u>	<u>\$320,000</u>	<u>\$5,395,000</u>

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2008

**NOTE 15-INTERFUND ACTIVITY**

As of June 30, 2008, receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund Type/Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payables</u>
General Fund	\$452,142	\$0
<i>Nonmajor Governmental Funds:</i>		
Uniform School Supplies	0	78,891
Public School Support	0	3,213
Public School Preschool	0	16,226
Ohio Reads	0	43,725
Miscellaneous State Grants	0	29,007
Title VI-B	0	38,953
Title VI	0	9,136
Drug Free School	0	1,634
Improving Teacher Quality	0	71,922
Miscellaneous Federal Grants	0	10,594
Title I	0	142,126
Construction	0	6,715
<i>Total Nonmajor Funds</i>	<u>0</u>	<u>452,142</u>
<b>Total All Funds</b>	<b><u>\$452,142</u></b>	<b><u>\$452,142</u></b>

During the year, the School District's General Fund made advances to other funds in anticipation of intergovernmental grant revenue.

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the Fund that statute or budget requires to expend them; to use unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The General Fund transferred \$109,035 of interest earnings to the Permanent Improvement Fund for capital outlay requirements.

	<u>Transfer In</u>	<u>Transfer Out</u>
<i>Major Funds:</i>		
General	\$ 0	\$109,035
Permanent Improvement	<u>109,035</u>	<u>0</u>
<b>Total All Funds</b>	<b><u>\$109,035</u></b>	<b><u>\$109,035</u></b>

**NOTE 16-JOINTLY GOVERNED ORGANIZATIONS**

*South Central Ohio Computer Association*-The School District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Pickaway, Gallia, Highland, Adams, Pike, Scioto, Brown, Ross, Jackson, Vinton and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each of the participating counties, two school treasurers, and one representative from the fiscal agent. The School District paid SCOCA \$220,861 for services provided during the year. Financial information can be obtained from their fiscal agent, the Pike County Joint Vocational School District, Tonya Cooper, who serves as Treasurer, at P. O. Box 577, 175 Beaver Creek Rd., Piketon, Ohio 45661.

***Chillicothe City School District***  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

**NOTE 16-JOINTLY GOVERNED ORGANIZATIONS** (Continued)

*Pickaway-Ross Career and Technology Center*-The Pickaway-Ross Career and Technology Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of eleven representatives from the various elected City and County Boards within the Pickaway and Ross Counties. To obtain financial information write to the Pickaway-Ross Career and Technology Center, Ben Van Horn, who serves as Treasurer, at 895 Crouse Chapel Road, Chillicothe, Ohio 45601.

*Great Seal Education Network of Tomorrow*-The Great Seal Education Network of Tomorrow is a regional council of governments (the "Council") consisting of twelve city, local, and joint vocational school districts, two educational service centers and the Ohio University-Chillicothe Campus for the purpose of promoting the use of advanced telecommunications and technology to provide enhanced educational opportunities to the communities of Ross and Pickaway Counties. The Council is operated under the direction of a Board of Directors consisting of one representative (the superintendent or another person appointed by the board of education) of each of the members, each of which possesses its own budgeting and taxing authority. To obtain financial information, write to the Ohio University-Chillicothe Campus, who acts as fiscal agent, at 571 West Fifth Street, Chillicothe, Ohio 45601.

**NOTE 17-SET-ASIDE CALCULATIONS/FUND RESERVES**

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

The following cash basis information describes the change in the year-end set-aside amounts for textbooks and instructional materials and capital acquisition. Disclosure of this information is required by State statute.

	Textbooks	Capital Acquisition*	Bus Purchase
Set Aside/Reserve Balance as of June 30, 2007	\$0	(\$14,354,780)	\$8,841
Current Year Set Aside/Reserve Requirement	450,103	450,103	11,138
Prior Year Carryover	(1,225,266)	0	0
Qualifying Disbursements	(419,947)	(4,343,693)	0
Current Year Offsets	0	0	(8,841)
Set-Aside/Reserve Balance at June 30, 2008	<u>(\$1,195,110)</u>	<u>(\$18,248,370)</u>	<u>\$11,138</u>
Set-Aside/Reserve Balance Carried Forward to FY09	<u>(\$1,195,110)</u>	<u>\$(18,248,370)</u>	<u>\$11,138</u>

\* The beginning set-aside reserve balance was restated for the capital acquisition reserve to properly show the prior year balance.

**NOTE 18-CONTINGENCIES**

**Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2008.

*Chillicothe City School District*  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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**NOTE 19- CHANGES IN ACCOUNTING PRINCIPLES**

For the fiscal year 2008, the School District implemented GASB Statement No. 50, “Pension Disclosures— an amendment of GASB Statements No. 25 and No. 27,” and GASB Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.” GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in the notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. GASB Statement No. 45 establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. The application of these new standards had no effect on the financial statements, nor did their implementation require a restatement of prior year balances.





**COMBINING AND INDIVIDUAL  
FUND FINANCIAL  
STATEMENTS AND  
SCHEDULES**

**Chillicothe City School District  
Fund Descriptions**

**Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes. The following are descriptions of the School District's nonmajor special revenue funds:

*Nonmajor Special Revenue Funds*

*Food Service*

A fund to account for all transactions related to the provision of food service operations for the School District.

*Uniform School Supplies*

A fund to account for the purchase and sale of school supplies as adopted by the Board of Education for use in the School District. Revenues derived from sales are used for school purposes or activities in connection with the school.

*Rotary*

A fund to account for multi-district handicap programs.

*Public School Support*

A fund provided to account for specific local revenue sources, other than taxes (i.e., profits from vending machines, sales of pictures, etc.), that are restricted to expenditures for specific purposes approved by the Board. Such expenditures may include curricular and extracurricular related purchases.

*Other Local Grants*

A fund used to account for the proceeds of specific revenue sources, except for state and federal grants, that are legally restricted to expenditures for specified purposes.

*District Managed Activities*

A fund used to account for student activity programs which have student participation in the activity, but do not have student management for the programs.

*Auxiliary Services*

A fund to account for monies which provide services and materials to pupils attending non-public schools within the School District.

*Teacher Development*

A fund used to account for receipts and expenditures necessary for providing assistance to local school districts for the development of in-service programs.

**Chillicothe City School District  
Fund Descriptions**

*Nonmajor Special Revenue Funds (Continued)*

Education Management Information

A fund to account for hardware and software development, or other costs associated with the requirements of the management information system.

Public School Preschool

A fund to assist school districts in paying the cost of preschool programs for three and four year olds.

OneNet Network

A fund provided to account for money appropriated for Ohio Educational Computer Network Connections.

School Net Training

A fund to account for grant monies to be used for the provision of hardware, software, telecommunication services, and staff development to support educational uses of technology in the classroom.

Ohio Reads

A fund used to account for monies received from the State of Ohio for the purpose of implementing community involvement with students in the elementary grades to supplement and enhance the reading proficiency of students.

Poverty Based Aid

A fund used to account for monies appropriated for poverty based assistance as part of the state foundation system.

Miscellaneous State Grants

A fund used to account for various restricted monies received from State agencies which are not classified elsewhere.

Title VI-B

A fund used to account for programs to assist schools in the identification of handicapped children, development of procedural safeguards, implementation of least restrictive alternative service patterns, and provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels.

Title I

A fund to provide financial assistance provided to State and local educational agencies to meet the special needs of educationally deprived children.

Title VI

A fund to account for federal funds which support the implementation of a variety of programs such as computer education, gifted and talented programs, in-service and staff development.

**Chillicothe City School District**  
**Fund Descriptions**

*Nonmajor Special Revenue Funds (Continued)*

*Drug-Free School*

A fund to provide monies to local educational agencies and consortia of these agencies to establish, operate and improve local programs of drug abuse prevention, early intervention, rehabilitation referral and education in elementary and secondary schools, and to engage in development, training, technical assistance and coordination activities.

*Improving Teacher Quality*

A fund to help schools improve student achievement by adding additional teachers in grades 1 through 3.

*Miscellaneous Federal Grants*

A fund used to account for monies received through state agencies from the federal government or directly from the federal government which are not classified elsewhere.

*Nonmajor Capital Project Fund*

The Capital Projects Funds are used to account for the financing and acquisition or construction of major capital assets or facilities, such as new school buildings or additions to existing buildings, and for major renovation projects, other than those financed by proprietary funds or trust funds.

*Construction Fund*

A fund used to account for the proceeds from the sale of bonds, which were paid into this fund in the prior year. Expenditures recorded here represent the costs of acquiring capital facilities including real property.

*Nonmajor Permanent Fund*

The Permanent Fund is used to account for resources that that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

*Alumni Library*

A fund used to account for monies which have been set aside to earn interest used by the Alumni Library.

**Chillicothe City School District**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*June 30, 2008*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$1,050,985	\$0	\$519,266	\$1,570,251
Accounts Receivable	109	0	0	109
Accrued Interest Receivable	0	0	3,896	3,896
Intergovernmental Receivable	583,793	0	0	583,793
<i>Total Assets</i>	<u>\$1,634,887</u>	<u>\$0</u>	<u>\$523,162</u>	<u>\$2,158,049</u>
 <b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$6,178	\$0	\$0	\$6,178
Accrued Wages and Benefits	622,478	0	0	622,478
Interfund Payable	445,427	6,715	0	452,142
Intergovernmental Payable	167,037	0	0	167,037
Matured Compensated Absences Payable	10,193	0	0	10,193
Deferred Revenue	316,490	0	0	316,490
<i>Total Liabilities</i>	<u>1,567,803</u>	<u>6,715</u>	<u>0</u>	<u>1,574,518</u>
 <b>Fund Balances:</b>				
Reserved:				
Reserved for Encumbrances	177,960	0	0	177,960
Reserved for Library Purposes	0	0	450,000	450,000
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	(110,876)	0	0	(110,876)
Capital Projects Funds	0	(6,715)	0	(6,715)
Permanent Fund	0	0	73,162	73,162
<i>Total Fund Balances</i>	<u>67,084</u>	<u>(6,715)</u>	<u>523,162</u>	<u>583,531</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,634,887</u>	<u>\$0</u>	<u>\$523,162</u>	<u>\$2,158,049</u>

**Chillicothe City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Fiscal Year Ended June 30, 2008*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Intergovernmental	\$5,519,647	\$0	\$0	\$5,519,647
Interest	4,417	0	27,883	32,300
Tuition and Fees	290,959	0	0	290,959
Extracurricular Activities	129,246	0	0	129,246
Gifts and Donations	32,444	0	0	32,444
Customer Sales and Services	435,344	0	0	435,344
Miscellaneous	70,930	1,572	0	72,502
<i>Total Revenues</i>	<u>6,482,987</u>	<u>1,572</u>	<u>27,883</u>	<u>6,512,442</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	2,158,341	0	0	2,158,341
Special	1,009,955	0	0	1,009,955
Other	485,009	0	0	485,009
Support Services:				
Pupils	568,295	0	0	568,295
Instructional Staff	623,050	0	6,570	629,620
Administration	100,343	0	0	100,343
Fiscal	50,242	0	0	50,242
Operation and Maintenance of Plant	40,214	0	0	40,214
Pupil Transportation	1,410	0	0	1,410
Central	14,505	0	0	14,505
Operation of Non-Instructional Services	1,349,305	0	0	1,349,305
Extracurricular Activities	138,480	0	0	138,480
Capital Outlay	118,503	2,086,735	0	2,205,238
<i>Total Expenditures</i>	<u>6,657,652</u>	<u>2,086,735</u>	<u>6,570</u>	<u>8,750,957</u>
<i>Net Change in Fund Balances</i>	(174,665)	(2,085,163)	21,313	(2,238,515)
<i>Fund Balances at Beginning of Year</i>	<u>241,749</u>	<u>2,078,448</u>	<u>501,849</u>	<u>2,822,046</u>
<i>Fund Balances at End of Year</i>	<u><u>\$67,084</u></u>	<u><u>(\$6,715)</u></u>	<u><u>\$523,162</u></u>	<u><u>\$583,531</u></u>

**Chillicothe City School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*June 30, 2008*

	Food Service	Uniform School Supplies	Rotary	Public School Support
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$230,256	\$26,850	\$635	\$199,042
Accounts Receivable	0	0	0	109
Intergovernmental Receivable	0	0	0	800
<i>Total Assets</i>	<u>\$230,256</u>	<u>\$26,850</u>	<u>\$635</u>	<u>\$199,951</u>
 <b>Liabilities and Fund Balances:</b>				
<b>Liabilities</b>				
Accounts Payable	\$0	\$0	\$0	\$547
Accrued Wages and Benefits	103,938	0	0	3,246
Interfund Payable	0	78,891	0	3,213
Intergovernmental Payable	48,615	0	0	6,425
Matured Compensated Absences Payable	10,193	0	0	0
Deferred Revenue	0	0	0	0
<i>Total Liabilities</i>	<u>162,746</u>	<u>78,891</u>	<u>0</u>	<u>13,431</u>
 <b>Fund Balances:</b>				
Reserved for Encumbrances	53,984	18,799	0	7,117
Unreserved, Undesignated, Reported in Special Revenue	13,526	(70,840)	635	179,403
<i>Total Fund Balances</i>	<u>67,510</u>	<u>(52,041)</u>	<u>635</u>	<u>186,520</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$230,256</u>	<u>\$26,850</u>	<u>\$635</u>	<u>\$199,951</u>



<u>Other Local Grants</u>	<u>District Managed Activities</u>	<u>Auxilliary Services</u>	<u>Teacher Development</u>	<u>Education Management Information</u>	<u>Public School Preschool</u>
\$1,007	\$66,885	\$15,802	\$1	\$0	\$4,214
0	0	0	0	0	0
0	0	0	0	0	50,353
<u>\$1,007</u>	<u>\$66,885</u>	<u>\$15,802</u>	<u>\$1</u>	<u>\$0</u>	<u>\$54,567</u>
\$0	\$0	\$476	\$0	\$0	\$250
0	248	4,453	0	0	30,822
0	0	0	0	0	16,226
303	559	799	0	0	5,985
0	0	0	0	0	0
0	0	0	0	0	50,353
303	807	5,728	0	0	103,636
0	4,539	6,179	0	0	1,910
704	61,539	3,895	1	0	(50,979)
704	66,078	10,074	1	0	(49,069)
<u>\$1,007</u>	<u>\$66,885</u>	<u>\$15,802</u>	<u>\$1</u>	<u>\$0</u>	<u>\$54,567</u>

(Continued)

**Chillicothe City School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*June 30, 2008*

	<u>Schoolnet Training</u>	<u>Ohio Reads</u>	<u>Poverty Based Aid</u>
<b><i>Assets:</i></b>			
Equity in Pooled Cash and Investments	\$243	\$9,293	\$331,763
Accounts Receivable	0	0	0
Intergovernmental Receivable	0	77,278	0
<i>Total Assets</i>	<u>\$243</u>	<u>\$86,571</u>	<u>\$331,763</u>
 <b><i>Liabilities and Fund Balances:</i></b>			
<b><i>Liabilities</i></b>			
Accounts Payable	\$0	\$0	\$0
Accrued Wages and Benefits	0	27,503	258,921
Interfund Payable	0	43,725	0
Intergovernmental Payable	23	6,037	51,884
Matured Compensated Absences Payable	0	0	0
Deferred Revenue	0	77,278	0
<i>Total Liabilities</i>	<u>23</u>	<u>154,543</u>	<u>310,805</u>
 <b><i>Fund Balances:</i></b>			
Reserved for Encumbrances	243	9,293	13,246
Unreserved, Undesignated, Reported in Special Revenue	(23)	(77,265)	7,712
<i>Total Fund Balances</i>	<u>220</u>	<u>(67,972)</u>	<u>20,958</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$243</u>	<u>\$86,571</u>	<u>\$331,763</u>

Miscellaneous State Grants	Title VI-B	Title I	Title VI	Drug Free School
\$8,560	\$4,018	\$71,821	\$9,659	\$6
0	0	0	0	0
0	105,183	288,101	8,671	0
<u>\$8,560</u>	<u>\$109,201</u>	<u>\$359,922</u>	<u>\$18,330</u>	<u>\$6</u>
\$0	\$0	\$4,857	\$0	\$0
8,244	85,928	63,499	0	0
29,007	38,953	142,126	9,136	1,634
2,028	24,203	13,231	0	239
0	0	0	0	0
0	47,311	92,686	8,671	0
<u>39,279</u>	<u>196,395</u>	<u>316,399</u>	<u>17,807</u>	<u>1,873</u>
8,568	4,018	34,967	8,882	4
<u>(39,287)</u>	<u>(91,212)</u>	<u>8,556</u>	<u>(8,359)</u>	<u>(1,871)</u>
<u>(30,719)</u>	<u>(87,194)</u>	<u>43,523</u>	<u>523</u>	<u>(1,867)</u>
<u>\$8,560</u>	<u>\$109,201</u>	<u>\$359,922</u>	<u>\$18,330</u>	<u>\$6</u>

(Continued)

**Chillicothe City School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*June 30, 2008*

	Improving Teacher Quality	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$65,356	\$5,574	\$1,050,985
Accounts Receivable	0	0	109
Intergovernmental Receivable	42,830	10,577	583,793
<i>Total Assets</i>	\$108,186	\$16,151	\$1,634,887
 <b>Liabilities and Fund Balances:</b>			
<b>Liabilities</b>			
Accounts Payable	\$0	\$48	\$6,178
Accrued Wages and Benefits	35,676	0	622,478
Interfund Payable	71,922	10,594	445,427
Intergovernmental Payable	6,480	226	167,037
Matured Compensated Absences Payable	0	0	10,193
Deferred Revenue	30,315	9,876	316,490
<i>Total Liabilities</i>	144,393	20,744	1,567,803
 <b>Fund Balances:</b>			
Reserved for Encumbrances	2,413	3,798	177,960
Unreserved, Undesignated, Reported in Special Revenue	(38,620)	(8,391)	(110,876)
<i>Total Fund Balances</i>	(36,207)	(4,593)	67,084
<i>Total Liabilities and Fund Balances</i>	\$108,186	\$16,151	\$1,634,887



**Chillicothe City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Fiscal Year Ended June 30, 2008*

	Food Service	Uniform School Supplies	Rotary
<b>Revenues:</b>			
Intergovernmental	\$813,079	\$0	\$0
Interest	4,417	0	0
Tuition and Fees	0	62,109	0
Extracurricular Activities	0	0	0
Gifts and Donations	0	0	0
Customer Sales and Services	435,344	0	0
Miscellaneous	3,059	0	0
<i>Total Revenues</i>	<u>1,255,899</u>	<u>62,109</u>	<u>0</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	0	50,067	0
Special	0	0	0
Other	0	217	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	1,201,817	0	0
Extracurricular Activities	0	0	337
Capital Outlay	0	0	0
<i>Total Expenditures</i>	<u>1,201,817</u>	<u>50,284</u>	<u>337</u>
<i>Net Change in Fund Balances</i>	54,082	11,825	(337)
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>13,428</u>	<u>(63,866)</u>	<u>972</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u><u>\$67,510</u></u>	<u><u>(\$52,041)</u></u>	<u><u>\$635</u></u>

<u>Public School Support</u>	<u>Other Local Grants</u>	<u>District Managed Activities</u>	<u>Auxilliary Services</u>	<u>Teacher Development</u>
\$66,875	\$43,749	\$0	\$86,410	\$0
0	0	0	0	0
227,030	0	1,820	0	0
41,925	0	87,321	0	0
14,170	1,900	16,374	0	0
0	0	0	0	0
33,507	0	34,143	221	0
<u>383,507</u>	<u>45,649</u>	<u>139,658</u>	<u>86,631</u>	<u>0</u>
239,587	31,371	0	0	0
0	61	0	0	0
0	0	0	0	0
11,137	0	0	0	0
90,693	1,314	0	0	0
469	0	0	0	0
0	0	0	0	0
1,055	0	0	0	0
10	0	0	0	0
990	2,754	0	0	0
37,423	0	0	92,065	0
0	0	138,143	0	0
0	25,000	0	0	0
<u>381,364</u>	<u>60,500</u>	<u>138,143</u>	<u>92,065</u>	<u>0</u>
2,143	(14,851)	1,515	(5,434)	0
<u>184,377</u>	<u>15,555</u>	<u>64,563</u>	<u>15,508</u>	<u>1</u>
<u>\$186,520</u>	<u>\$704</u>	<u>\$66,078</u>	<u>\$10,074</u>	<u>\$1</u>

(Continued)

**Chillicothe City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Fiscal Year Ended June 30, 2008*

	Education Management Information	Public School Preschool	OneNet Network
<b>Revenues:</b>			
Intergovernmental	\$10,761	\$201,086	\$18,000
Interest	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Gifts and Donations	0	0	0
Customer Sales and Services	0	0	0
Miscellaneous	0	0	0
<i>Total Revenues</i>	<u>10,761</u>	<u>201,086</u>	<u>18,000</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	0	180,903	0
Special	0	0	0
Other	0	0	0
Support Services:			
Pupils	0	18,549	0
Instructional Staff	0	44,574	0
Administration	0	21,242	0
Fiscal	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	10,761	0	0
Operation of Non-Instructional Services	0	0	18,000
Extracurricular Activities	0	0	0
Capital Outlay	0	0	0
<i>Total Expenditures</i>	<u>10,761</u>	<u>265,268</u>	<u>18,000</u>
<i>Net Change in Fund Balances</i>	0	(64,182)	0
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>0</u>	<u>15,113</u>	<u>0</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$0</u>	<u>(\$49,069)</u>	<u>\$0</u>



<u>Schoolnet Training</u>	<u>Ohio Reads</u>	<u>Poverty Based Aid</u>	<u>Miscellaneous State Grants</u>
\$22,158	\$100,558	\$2,172,136	\$107,868
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>22,158</u>	<u>100,558</u>	<u>2,172,136</u>	<u>107,868</u>
21,017	7,170	1,496,024	27,928
0	0	0	1,316
0	0	484,792	0
0	0	1,502	26,435
0	160,781	133,614	83,667
900	0	0	0
0	0	0	0
0	0	39,159	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	35,825	0
<u>21,917</u>	<u>167,951</u>	<u>2,190,916</u>	<u>139,346</u>
241	(67,393)	(18,780)	(31,478)
<u>(21)</u>	<u>(579)</u>	<u>39,738</u>	<u>759</u>
<u>\$220</u>	<u>(\$67,972)</u>	<u>\$20,958</u>	<u>(\$30,719)</u>

(Continued)

**Chillicothe City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Fiscal Year Ended June 30, 2008*

	<u>Title VI-B</u>	<u>Title I</u>	<u>Title VI</u>
<b>Revenues:</b>			
Intergovernmental	\$821,944	\$787,186	\$522
Interest	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Gifts and Donations	0	0	0
Customer Sales and Services	0	0	0
Miscellaneous	0	0	0
<i>Total Revenues</i>	<u>821,944</u>	<u>787,186</u>	<u>522</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	0	0	0
Special	302,599	583,177	0
Other	0	0	0
Support Services:			
Pupils	431,464	57,343	0
Instructional Staff	121	853	0
Administration	49,667	27,609	0
Fiscal	19,561	24,489	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	57,678	0	0
<i>Total Expenditures</i>	<u>861,090</u>	<u>693,471</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(39,146)	93,715	522
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>(48,048)</u>	<u>(50,192)</u>	<u>1</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u><u>(\$87,194)</u></u>	<u><u>\$43,523</u></u>	<u><u>\$523</u></u>

<u>Drug Free School</u>	<u>Improving Teacher Quality</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$15,651	\$234,641	\$17,023	\$5,519,647
0	0	0	4,417
0	0	0	290,959
0	0	0	129,246
0	0	0	32,444
0	0	0	435,344
0	0	0	70,930
<u>15,651</u>	<u>234,641</u>	<u>17,023</u>	<u>6,482,987</u>
0	97,969	6,305	2,158,341
0	117,509	5,293	1,009,955
0	0	0	485,009
12,477	0	9,388	568,295
0	105,571	1,862	623,050
0	456	0	100,343
0	6,192	0	50,242
0	0	0	40,214
0	0	1,400	1,410
0	0	0	14,505
0	0	0	1,349,305
0	0	0	138,480
0	0	0	118,503
<u>12,477</u>	<u>327,697</u>	<u>24,248</u>	<u>6,657,652</u>
3,174	(93,056)	(7,225)	(174,665)
<u>(5,041)</u>	<u>56,849</u>	<u>2,632</u>	<u>241,749</u>
<u>(\$1,867)</u>	<u>(\$36,207)</u>	<u>(\$4,593)</u>	<u>\$67,084</u>

**Chillicothe City School District**  
*Balance Sheet*  
*Nonmajor Capital Project Fund*  
*June 30, 2008*

	<u>Construction</u>
<b><i>Assets:</i></b>	
Equity in Pooled Cash and Investments	\$0
<i>Total Assets</i>	\$0
 <b><i>Liabilities and Fund Balances:</i></b>	
<b><i>Liabilities:</i></b>	
Interfund Payable	\$6,715
<i>Total Liabilities</i>	6,715
 <b><i>Fund Balances:</i></b>	
Unreserved, Undesignated, Reported in Capital Projects Funds	(6,715)
<i>Total Fund Balances</i>	(6,715)
<i>Total Liabilities and Fund Balances</i>	\$0

**Chillicothe City School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balance*  
*Nonmajor Capital Project Fund*  
*For the Fiscal Year Ended June 30, 2008*

	<u>Construction</u>
<b><i>Revenues:</i></b>	
Miscellaneous	\$1,572
<i>Total Revenues</i>	1,572
<b><i>Expenditures:</i></b>	
Capital Outlay	2,086,735
<i>Total Expenditures</i>	2,086,735
<i>Net Change in Fund Balance</i>	(2,085,163)
<i>Fund Balances at Beginning of Year</i>	2,078,448
<i>Fund Balances at End of Year</i>	(\$6,715)

**Chillicothe City School District**  
*Balance Sheet*  
*Nonmajor Permanent Fund*  
*June 30, 2008*

	<u>Alumni Library</u>
<b><i>Assets:</i></b>	
Equity in Pooled Cash and Investments	\$519,266
Accrued Interest Receivable	<u>3,896</u>
<i>Total Assets</i>	<u><u>\$523,162</u></u>
<b><i>Liabilities and Fund Balance:</i></b>	
<b><i>Fund Balance:</i></b>	
Reserved for Library Purposes	\$450,000
Unreserved, Undesignated, Reported in Permanent Fund	<u>73,162</u>
<i>Total Fund Balance</i>	<u><u>523,162</u></u>
 <i>Total Liabilities and Fund Balance</i>	 <u><u>\$523,162</u></u>

**Chillicothe City School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balance*  
*Nonmajor Permanent Fund*  
*For the Fiscal Year Ended June 30, 2008*

	<u>Alumni Library</u>
<b><i>Revenues:</i></b>	
Interest	<u>\$27,883</u>
<i>Total Revenues</i>	<u>27,883</u>
<b><i>Expenditures:</i></b>	
Current:	
Support Services:	
Instructional Staff	<u>6,570</u>
<i>Total Expenditures</i>	<u>6,570</u>
<i>Net Change in Fund Balance</i>	21,313
<i>Fund Balance at Beginning of Year</i>	<u>501,849</u>
<i>Fund Balance at End of Year</i>	<u><u>\$523,162</u></u>

**Chillicothe City School District  
Fund Descriptions**

**Agency Funds**

A fund category used to account for assets held by the School District in a trustee capacity or as an agency for individuals, private organizations, other governmental units and/or other funds.

*District Agency Fund*

A fund used to account for those assets held by a school district as an agent for individuals, private organization, other governmental units, and/or other funds.

*Student Activities Fund*

A fund provided to account for those student activity programs which have student participation in the activity and have students involved in the management of the program. This fund typically includes those student activities which consist of a student body, student president, student treasurer, and faculty advisor.



**Chillicothe City School District**  
*Statement of Changes in*  
*Assets and Liabilities*  
*Agency Funds*  
*Year Ended June 30, 2008*

	Balance 07/01/07	Additions	Deductions	Balance 06/30/08
<b>DISTRICT AGENCY FUND</b>				
<b>Assets</b>				
Equity in Pooled Cash and Investments	\$12,909	\$395	\$125	\$13,179
Total Assets	<u>\$12,909</u>	<u>\$395</u>	<u>\$125</u>	<u>\$13,179</u>
<b>Liabilities</b>				
Undistributed Monies	\$12,909	\$395	\$125	\$13,179
Total Liabilities	<u>\$12,909</u>	<u>\$395</u>	<u>\$125</u>	<u>\$13,179</u>
<b>STUDENT MANAGED ACTIVITIES</b>				
<b>Assets</b>				
Equity in Pooled Cash and Investments	\$79,183	\$148,969	\$135,955	\$92,197
Total Assets	<u>\$79,183</u>	<u>\$148,969</u>	<u>\$135,955</u>	<u>\$92,197</u>
<b>Liabilities</b>				
Due to Students	\$79,183	\$148,969	\$135,955	\$92,197
Total Liabilities	<u>\$79,183</u>	<u>\$148,969</u>	<u>\$135,955</u>	<u>\$92,197</u>
<b>TOTAL AGENCY FUNDS</b>				
<b>Assets</b>				
Equity in Pooled Cash and Investments	\$92,092	\$149,364	\$136,080	\$105,376
Total Assets	<u>\$92,092</u>	<u>\$149,364</u>	<u>\$136,080</u>	<u>\$105,376</u>
<b>Liabilities</b>				
Undistributed Monies	\$12,909	\$395	\$125	\$13,179
Due to Students	79,183	148,969	135,955	92,197
Total Liabilities	<u>\$92,092</u>	<u>\$149,364</u>	<u>\$136,080</u>	<u>\$105,376</u>

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

**Chillicothe City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balances - Budget and Actual*  
*(Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget: Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Debt Service Fund</b>				
Total Revenues and Other Sources	\$2,202,970	\$2,259,866	\$2,259,866	\$0
Total Expenditures and Other Uses	<u>2,777,321</u>	<u>2,834,217</u>	<u>2,170,487</u>	<u>663,730</u>
Net Change in Fund Balance	(574,351)	(574,351)	89,379	663,730
Fund Balance, July 1	<u>574,351</u>	<u>574,351</u>	<u>574,351</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$663,730</u></u>	<u><u>\$663,730</u></u>
<b>Permanent Improvement Fund</b>				
Total Revenues and Other Sources	\$1,155,640	\$1,264,344	\$1,265,338	\$994
Total Expenditures and Other Uses	<u>3,375,793</u>	<u>3,490,289</u>	<u>1,817,446</u>	<u>1,672,843</u>
Net Change in Fund Balance	(2,220,153)	(2,225,945)	(552,108)	1,673,837
Fund Balance, July 1	1,727,494	1,727,494	1,727,494	0
Prior Year Encumbrances Appropriated	<u>498,451</u>	<u>498,451</u>	<u>498,451</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$5,792</u></u>	<u><u>\$0</u></u>	<u><u>\$1,673,837</u></u>	<u><u>\$1,673,837</u></u>

**Chillicothe City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balances - Budget and Actual*  
*(Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget: Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Food Service Fund</b>				
Total Revenues and Other Sources	\$926,920	\$1,280,695	\$1,281,082	\$387
Total Expenditures and Other Uses	1,069,491	1,423,266	1,247,380	175,886
Net Change in Fund Balance	(142,571)	(142,571)	33,702	176,273
Fund Balance, July 1	133,968	133,968	133,968	0
Prior Year Encumbrances Appropriated	8,603	8,603	8,603	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$176,273</u>	<u>\$176,273</u>
<b>Uniform School Supplies Fund</b>				
Total Revenues and Other Sources	\$82,761	\$93,509	\$93,509	\$0
Total Expenditures and Other Uses	88,115	98,863	90,811	8,052
Net Change in Fund Balance	(5,354)	(5,354)	2,698	8,052
Fund Balance, July 1	895	895	895	0
Prior Year Encumbrances Appropriated	4,459	4,459	4,459	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$8,052</u>	<u>\$8,052</u>
<b>Rotary Fund</b>				
Total Revenues and Other Sources	\$0	\$0	\$0	\$0
Total Expenditures and Other Uses	972	972	337	635
Net Change in Fund Balance	(972)	(972)	(337)	635
Fund Balance, July 1	972	972	972	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$635</u>	<u>\$635</u>

**Chillicothe City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balances - Budget and Actual*  
*(Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget: Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Public School Support Fund</b>				
Total Revenues and Other Sources	\$184,834	\$370,535	\$385,811	\$15,276
Total Expenditures and Other Uses	<u>376,723</u>	<u>562,424</u>	<u>386,168</u>	<u>176,256</u>
Net Change in Fund Balance	(191,889)	(191,889)	(357)	191,532
Fund Balance, July 1	188,454	188,454	188,454	0
Prior Year Encumbrances Appropriated	<u>3,435</u>	<u>3,435</u>	<u>3,435</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$191,532</u></u>	<u><u>\$191,532</u></u>
<b>Other Local Grants Fund</b>				
Total Revenues and Other Sources	\$25,649	\$45,649	\$45,649	\$0
Total Expenditures and Other Uses	<u>41,207</u>	<u>61,207</u>	<u>60,197</u>	<u>1,010</u>
Net Change in Fund Balance	(15,558)	(15,558)	(14,548)	1,010
Fund Balance, July 1	8,968	8,968	8,968	0
Prior Year Encumbrances Appropriated	<u>6,590</u>	<u>6,590</u>	<u>6,590</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$1,010</u></u>	<u><u>\$1,010</u></u>
<b>District Managed Activities Fund</b>				
Total Revenues and Other Sources	\$119,713	\$138,412	\$139,658	\$1,246
Total Expenditures and Other Uses	<u>185,033</u>	<u>203,732</u>	<u>142,621</u>	<u>61,111</u>
Net Change in Fund Balance	(65,320)	(65,320)	(2,963)	62,357
Fund Balance, July 1	65,279	65,279	65,279	0
Prior Year Encumbrances Appropriated	<u>41</u>	<u>41</u>	<u>41</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$62,357</u></u>	<u><u>\$62,357</u></u>

**Chillicothe City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balances - Budget and Actual*  
*(Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget: Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Auxiliary Services Fund</b>				
Total Revenues and Other Sources	\$98,064	\$86,410	\$86,631	\$221
Total Expenditures and Other Uses	<u>120,023</u>	<u>108,369</u>	<u>99,444</u>	<u>8,925</u>
Net Change in Fund Balance	(21,959)	(21,959)	(12,813)	9,146
Fund Balance, July 1	4,021	4,021	4,021	0
Prior Year Encumbrances Appropriated	<u>17,938</u>	<u>17,938</u>	<u>17,938</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$9,146</u></u>	<u><u>\$9,146</u></u>
<b>Education Management Information Fund</b>				
Total Revenues and Other Sources	\$28,861	\$10,761	\$10,761	\$0
Total Expenditures and Other Uses	<u>29,546</u>	<u>11,446</u>	<u>11,446</u>	<u>0</u>
Net Change in Fund Balance	(685)	(685)	(685)	0
Fund Balance, July 1	0	0	0	0
Prior Year Encumbrances Appropriated	<u>685</u>	<u>685</u>	<u>685</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
<b>Public School Preschool Fund</b>				
Total Revenues and Other Sources	\$300,390	\$266,263	\$266,263	\$0
Total Expenditures and Other Uses	<u>303,061</u>	<u>268,934</u>	<u>266,937</u>	<u>1,997</u>
Net Change in Fund Balance	(2,671)	(2,671)	(674)	1,997
Fund Balance, July 1	1,140	1,140	1,140	0
Prior Year Encumbrances Appropriated	<u>1,531</u>	<u>1,531</u>	<u>1,531</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$1,997</u></u>	<u><u>\$1,997</u></u>

**Chillicothe City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balances - Budget and Actual*  
*(Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
<b>OneNet Network Fund</b>				
Total Revenues and Other Sources	\$18,000	\$18,000	\$18,000	\$0
Total Expenditures and Other Uses	18,000	18,000	18,000	0
Net Change in Fund Balance	0	0	0	0
Fund Balance, July 1	0	0	0	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Schoolnet Training Fund</b>				
Total Revenues and Other Sources	\$2,970	\$22,158	\$22,158	\$0
Total Expenditures and Other Uses	2,970	22,158	22,158	0
Net Change in Fund Balance	0	0	0	0
Fund Balance, July 1	0	0	0	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Ohio Reads Fund</b>				
Total Revenues and Other Sources	\$177,836	\$144,283	\$144,283	\$0
Total Expenditures and Other Uses	178,480	144,927	144,927	0
Net Change in Fund Balance	(644)	(644)	(644)	0
Fund Balance, July 1	(6,128)	(6,128)	(6,128)	0
Prior Year Encumbrances Appropriated	6,772	6,772	6,772	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Chillicothe City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balances - Budget and Actual*  
*(Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
<b>Poverty Based Aid Fund</b>				
Total Revenues and Other Sources	\$2,294,287	\$2,190,099	\$2,172,136	(\$17,963)
Total Expenditures and Other Uses	2,631,884	2,527,696	2,191,207	336,489
Net Change in Fund Balance	(337,597)	(337,597)	(19,071)	318,526
Fund Balance, July 1	301,310	301,310	301,310	0
Prior Year Encumbrances Appropriated	36,287	36,287	36,287	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$318,526</u>	<u>\$318,526</u>
<b>Miscellaneous State Grant Fund</b>				
Total Revenues and Other Sources	\$166,992	\$170,426	\$170,426	\$0
Total Expenditures and Other Uses	178,676	182,110	182,110	0
Net Change in Fund Balance	(11,684)	(11,684)	(11,684)	0
Fund Balance, July 1	9,535	9,535	9,535	0
Prior Year Encumbrances Appropriated	2,149	2,149	2,149	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Title VI-B Fund</b>				
Total Revenues and Other Sources	\$869,255	\$803,025	\$803,025	\$0
Total Expenditures and Other Uses	932,940	866,710	866,708	2
Net Change in Fund Balance	(63,685)	(63,685)	(63,683)	2
Fund Balance, July 1	57,549	57,549	57,549	0
Prior Year Encumbrances Appropriated	6,136	6,136	6,136	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$2</u>	<u>\$2</u>



**Chillicothe City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balances - Budget and Actual*  
*(Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget: Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Title I Fund</b>				
Total Revenues and Other Sources	\$875,700	\$736,061	\$736,061	\$0
Total Expenditures and Other Uses	<u>931,359</u>	<u>791,720</u>	<u>759,714</u>	<u>32,006</u>
Net Change in Fund Balance	(55,659)	(55,659)	(23,653)	32,006
Fund Balance, July 1	44,473	44,473	44,473	0
Prior Year Encumbrances Appropriated	<u>11,186</u>	<u>11,186</u>	<u>11,186</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$32,006</u></u>	<u><u>\$32,006</u></u>
<b>Title VI Fund</b>				
Total Revenues and Other Sources	\$6,776	\$9,658	\$9,658	\$0
Total Expenditures and Other Uses	<u>6,776</u>	<u>9,658</u>	<u>8,882</u>	<u>776</u>
Net Change in Fund Balance	0	0	776	776
Fund Balance, July 1	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$776</u></u>	<u><u>\$776</u></u>
<b>Drug Free School Fund</b>				
Total Revenues and Other Sources	\$15,651	\$17,285	\$17,285	\$0
Total Expenditures and Other Uses	<u>16,335</u>	<u>17,969</u>	<u>17,968</u>	<u>1</u>
Net Change in Fund Balance	(684)	(684)	(683)	1
Fund Balance, July 1	<u>684</u>	<u>684</u>	<u>684</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$1</u></u>	<u><u>\$1</u></u>

**Chillicothe City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balances - Budget and Actual*  
*(Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
<b>Improving Teacher Quality Fund</b>				
Total Revenues and Other Sources	\$388,228	\$369,032	\$369,032	\$0
Total Expenditures and Other Uses	397,624	378,428	315,599	62,829
Net Change in Fund Balance	(9,396)	(9,396)	53,433	62,829
Fund Balance, July 1	8,017	8,017	8,017	0
Prior Year Encumbrances Appropriated	1,379	1,379	1,379	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$62,829</u>	<u>\$62,829</u>
<b>Miscellaneous Federal Grant Fund</b>				
Total Revenues and Other Sources	\$29,941	\$28,418	\$28,418	\$0
Total Expenditures and Other Uses	32,236	30,713	28,985	1,728
Net Change in Fund Balance	(2,295)	(2,295)	(567)	1,728
Fund Balance, July 1	(2,930)	(2,930)	(2,930)	0
Prior Year Encumbrances Appropriated	5,225	5,225	5,225	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$1,728</u>	<u>\$1,728</u>

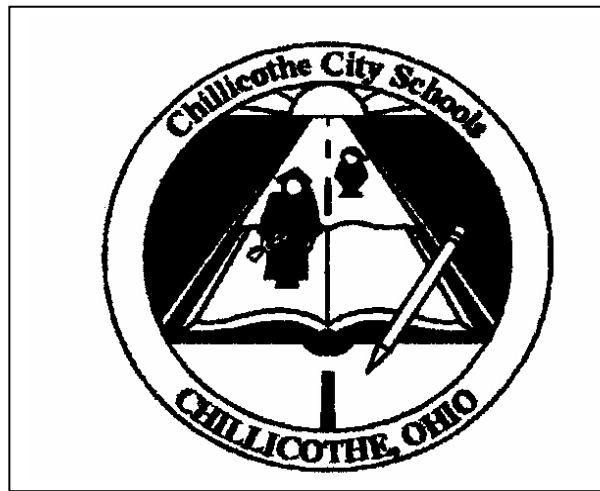
**Chillicothe City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balances - Budget and Actual*  
*(Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget: Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Construction Fund</b>				
Total Revenues and Other Sources	\$0	\$8,287	\$8,287	\$0
Total Expenditures and Other Uses	<u>2,438,548</u>	<u>3,500,121</u>	<u>3,500,121</u>	<u>0</u>
Net Change in Fund Balance	(2,438,548)	(3,491,834)	(3,491,834)	0
Fund Balance, July 1	2,032,595	2,032,595	2,032,595	0
Prior Year Encumbrances Appropriated	<u>1,459,239</u>	<u>1,459,239</u>	<u>1,459,239</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$1,053,286</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

**Chillicothe City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balances - Budget and Actual*  
*(Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget: Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Alumni Library Fund</b>				
Total Revenues and Other Sources	\$10,000	\$24,995	\$25,103	\$108
Total Expenditures and Other Uses	<u>61,374</u>	<u>76,369</u>	<u>6,570</u>	<u>69,799</u>
Net Change in Fund Balance	(51,374)	(51,374)	18,533	69,907
Fund Balance, July 1	<u>501,374</u>	<u>501,374</u>	<u>501,374</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$450,000</u></u>	<u><u>\$450,000</u></u>	<u><u>\$519,907</u></u>	<u><u>\$69,907</u></u>

# CHILlicothe CITY SCHOOL DISTRICT



## STATISTICAL SECTION

## STATISTICAL TABLES

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

<b>CONTENTS</b>	<b>PAGES</b>
Financial Trends	S-1 to S-7
These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.	
Revenue Capacity	S-8 to S-17
These schedules contain information to help the reader assess the School District's most significant local revenue sources.	
Debt Capacity	S-18 to S-25
These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	
Demographic and Economic Information	S-26 to S-27
These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.	
Operating information	S-28 to S-33
These schedules contain service and capital asset data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The School District implemented GASB Statement No. 34 during fiscal year 2003. Fiscal year 2006 was the School District's first year implementation of the GASB 44 statistical tables.



**Chillicothe City School District**  
*Net Assets by Component*  
*Last Six Fiscal Years*  
*(accrual basis of accounting)*  
 Governmental Activities

	2003	2004	2005*	2006*	2007**	2008
Invested in Capital Assets, Net of Related Debt	\$7,515,912	\$7,155,610	\$7,284,293	\$5,468,830	\$4,176,374	\$4,662,460
Restricted for:						
Capital Projects	643,402	637,768	989,145	1,361,950	4,005,186	1,731,774
Debt Service	1	0	0	377,202	750,181	870,494
Other Purposes	879,807	0	0	341,931	98,398	70,210
Permanent:						
Non-Expendable	450,000	450,000	450,000	450,000	450,000	450,000
Expendable	13,705	19,937	29,853	45,902	51,849	73,162
Unrestricted (Deficit)	(1,379,093)	(2,006,329)	(2,883,816)	(321,063)	195,016	2,382,837
<b>Total Net Assets</b>	<b>\$8,123,734</b>	<b>\$6,256,986</b>	<b>\$5,869,475</b>	<b>\$7,724,752</b>	<b>\$9,727,004</b>	<b>\$10,240,937</b>

Source: School District Financial Records.

\* Restated in fiscal year 2007

\*\* As restated, see note 3

Fiscal Year 2003 is the first year reported in accordance with GASB Statement No. 34.  
 The remaining years are not presented for that reason.



**Chillicothe City School District**  
*Changes in Net Assets of Governmental Activities*  
*Last Six Fiscal Years*  
*(accrual basis of accounting)*  
**Governmental Activities**

	2003	2004	2005*	2006*	2007	2008
<b>Expenses</b>						
Regular Instruction	\$12,163,589	\$12,621,430	\$12,795,621	\$13,449,213	\$13,859,140	\$16,852,376
Special Instruction	3,256,889	3,046,814	3,233,613	2,807,734	3,005,694	3,005,510
Vocational Instruction	9,408	4,067	4,424	4,094	5,539	5,892
Adult/Continuing	3,872	0	2,111	1,707	776	0
Other	169,954	177,316	177,912	464,322	742,123	614,995
Pupil Support	1,576,558	1,709,709	1,633,299	1,696,153	1,611,950	1,668,494
Instructional Staff Support	1,966,112	1,742,420	1,758,166	1,713,299	1,546,115	1,528,952
Board of Education	31,750	59,859	51,964	85,395	57,065	79,622
Administration	2,503,066	2,061,528	1,842,171	1,908,865	1,821,274	1,993,530
Fiscal	542,084	780,112	728,461	797,231	628,942	851,805
Business	129,933	111,094	58,209	101,697	139,816	131,676
Operation and Maintenance of Plant	2,510,074	2,509,503	2,262,677	2,608,949	2,335,077	2,958,034
Central	143,477	130,946	123,939	123,808	149,960	1,033,711
Pupil Transportation	955,208	865,188	874,516	812,874	689,553	319,951
Non-Instructional Services	1,733,371	1,601,095	1,538,412	1,534,833	1,347,824	1,539,225
Extracurricular Activities	579,848	595,741	479,251	554,034	471,279	553,444
Interest and Fiscal Charges	101,528	491,345	1,627,989	1,843,300	1,661,285	1,657,433
<i>Total Expenses</i>	<u>\$28,376,721</u>	<u>\$28,508,167</u>	<u>\$29,192,735</u>	<u>\$30,507,508</u>	<u>\$30,073,412</u>	<u>\$34,794,650</u>
<b>Program Revenues</b>						
Charges for Services and Sales						
Regular Instruction	\$713,198	\$611,412	\$963,130	\$1,060,067	\$667,405	\$698,208
Special	112,294	91,053	0	0	148,341	145,768
Vocational	0	22,257	0	0	0	0
Other	5,973	7,082	0	0	33,380	28,300
Pupil Support	66,456	59,491	47,959	10,938	78,898	80,597
Instructional Staff	138,434	140,285	175,686	58,815	70,285	68,002
Board of Education	1,195	3,035	0	0	3,331	4,513
Administration	134,873	91,731	0	1,482	92,883	99,427
Fiscal	29,865	35,409	0	0	39,898	41,816
Business	7,168	5,058	0	0	6,661	6,769
Pupil Transportation	58,536	38,445	0	0	36,637	38,360
Central	7,385	3,235	0	176	4,979	11,864
Operation and Maintenance of Plant	148,235	118,638	89,227	137,487	110,682	125,853
Non-Instructional Services	660,295	571,183	604,397	592,305	518,581	495,573
Extracurricular Activities	111,343	92,410	139,295	97,076	165,377	135,356
Interest & Fiscal Charges	0	0	0	0	2,220	3,385
<i>Total Charges for Services and Sales</i>	<u>\$2,195,250</u>	<u>\$1,890,724</u>	<u>\$2,019,694</u>	<u>\$1,958,346</u>	<u>\$1,979,558</u>	<u>\$1,983,791</u>

Source: School District Financial Records.

\* Restated in fiscal year 2007.

Fiscal Year 2003 is the first year reported in accordance with GASB Statement No. 34.  
The remaining years are not presented for that reason.

(1) Due to reclassification of intergovernmental revenue from program revenue to general revenue in fiscal year 2006.

(continued)

**Chillicothe City School District**  
*Changes in Net Assets of Governmental Activities*  
*Last Six Fiscal Years*  
*(accrual basis of accounting)*  
**Governmental Activities**

	2003	2004	2005*	2006*	2007	2008
<b>Operating Grants and Contributions</b>						
Regular Instruction	\$1,706,400	\$1,561,452	\$1,742,468 (1)	\$433,595	\$950,472	\$1,870,996
Special Instruction	1,482,159	1,452,216	1,423,095	1,152,485	997,846	1,522,946
Other	0	0	0	0	277,489	420,833
Pupil Support	461,774	549,446	511,660	622,593	277,489	494,763
Instructional Support	560,757	574,790	627,153	484,113	280,678	557,319
Administration	198,362	170,399	82,422	72,025	35,085	90,991
Fiscal	13,519	18,323	42,025	31,929	25,516	45,495
Non-Instructional Services	788,660	685,783	702,173	760,203	695,317	1,177,195
Extracurricular Activities	6,096	1,017	0	0	57,412	119,426
Operation and Maintenance of Plant	1,439	6,246	1,234	257	22,327	34,122
Pupil Transportation	354,092	413,514	355,160	38,420	54,441	53,816
Interest & Fiscal Charges	0	0	0	0	413,260	444,166
Central	12,693	18,541	13,882	10,292	6,379	11,374
<b>Total Operating Grants and Contributions</b>	<b>5,585,951</b>	<b>5,451,727</b>	<b>5,501,272</b>	<b>3,605,912</b>	<b>4,093,711</b>	<b>6,843,442</b>
<b>Capital Grants and Contributions</b>						
Regular Instruction	0	0	0	34,759	53,667	89,979
Pupil Support	0	0	0	0	319	226
Instructional Support	0	0	0	12,040	11,148	6,104
Administration	0	0	0	1,047	2,389	1,583
Fiscal	0	0	0	3,246	4,937	3,843
Pupil Transportation	0	0	0	39,262	24,048	32,555
Operation and Maintenance of Plant	500,000	0	0	209	56,536	80,258
Central	0	0	0	9,109	6,211	11,530
Operation Food Service	0	0	0	5,026	-	-
<b>Total Capital Grants and Contributions</b>	<b>500,000</b>	<b>0</b>	<b>0</b>	<b>104,698</b>	<b>159,255</b>	<b>226,078</b>
<i>Total Program Revenues</i>	<u>8,281,201</u>	<u>7,342,451</u>	<u>7,520,966</u>	<u>5,668,956</u>	<u>6,232,524</u>	<u>9,053,311</u>
<b>Net Expense</b>	<u>(\$20,095,520)</u>	<u>(\$21,165,716)</u>	<u>(\$21,671,769)</u>	<u>(\$24,838,552)</u>	<u>(\$23,840,888)</u>	<u>(\$25,741,339)</u>
<b>General Revenues</b>						
Property Taxes Levied for:						
General Purposes	\$11,974,340	\$12,197,565	\$10,767,539	\$12,449,460	\$11,778,185	\$11,785,635
Capital Projects	0	155,945	558,032	1,126,582	823,993	934,167
Debt Service	0	0	1,057,967	1,841,994	1,824,986	1,839,060
Payment in Lieu of Taxes	0	0	61,605	82,703	101,703	63,797
Gifts and Donations not Restricted to Specific Programs	0	26,833	24,476	63,273	3,750	32,500
Grants and Entitlements not Restricted to Specific Programs	6,733,797	6,545,788	7,793,690	9,574,690	11,226,182	10,999,338
Investment Earnings	116,855	171,276	925,457	1,323,394	868,942	445,516
Gain on Sale of Capital Assets	0	0	0	12,053	4,686	0
Miscellaneous	188,866	201,561	95,492	219,680	115,827	155,259
<b>Total General Revenues</b>	<u>19,013,858</u>	<u>19,298,968</u>	<u>21,284,258</u>	<u>26,693,829</u>	<u>26,748,254</u>	<u>26,255,272</u>
<b>Change in Net Assets</b>	<u>(\$1,081,662)</u>	<u>(\$1,866,748)</u>	<u>(\$387,511)</u>	<u>\$1,855,277</u>	<u>\$2,907,366</u>	<u>\$513,933</u>

**Chillicothe City School District**  
*Fund Balances, Governmental Funds*  
*Last Ten Fiscal Years*  
*(modified accrual basis of accounting)*

	1999	2000	2001	2002
General Fund				
Reserved	\$1,402,929	\$1,353,848	\$1,119,342	\$1,348,475
Unreserved, Designated	0	0	0	0
Unreserved	31,162	(635,792)	(639,757)	(1,133,099)
<i>Total General Fund</i>	<u>1,434,091</u>	<u>718,056</u>	<u>479,585</u>	<u>215,376</u>
All Other Governmental Funds				
Reserved	487,717	158,187	98,431	142,552
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	367,330	417,961	520,760	669,303
Debt Service Funds	0	(436)	0	0
Capital Projects Funds	933,036	639,498	691,107	650,578
Permanent Funds	0	0	0	0
<i>Total All Other Governmental Funds</i>	<u>1,788,083</u>	<u>1,215,210</u>	<u>1,310,298</u>	<u>1,462,433</u>
<i>Total Governmental Funds</i>	<u><u>\$3,222,174</u></u>	<u><u>\$1,933,266</u></u>	<u><u>\$1,789,883</u></u>	<u><u>\$1,677,809</u></u>

Source: School District Financial Records.

Fiscal Year 2003 is the first year reported in accordance with GASB Statement No. 34. Therefore, the amounts report for previous fiscal years do not include Permanent Funds.

(continued)

2003	2004	2005	2006	2007	2008
\$1,451,821	\$1,503,169	\$1,088,575	\$1,551,627	\$924,174	\$1,032,076
0	0	0	0	0	218,423
(1,846,805)	(1,686,553)	(1,543,184)	(1,491,014)	266,318	2,001,002
(394,984)	(183,384)	(454,609)	60,613	1,190,492	3,251,501
676,431	715,624	2,565,449	14,728,316	2,651,434	866,083
121,534	148,398	6,267	160,803	177,150	(110,876)
1	0	(324,813)	214,387	574,351	663,730
642,202	34,412,038	31,088,998	3,848,468	2,317,795	1,641,260
13,705	19,937	29,853	45,902	51,849	73,162
1,453,873	35,295,997	33,365,754	18,997,876	5,772,579	3,133,359
\$1,058,889	\$35,112,613	\$32,911,145	\$19,058,489	\$6,963,071	\$6,384,860

**Chillicothe City School District**  
*Changes in Fund Balances, Governmental Funds*  
*Last Ten Fiscal Years*  
*(modified accrual basis of accounting)*

	1999	2000	2001	2002
<b>Revenues</b>				
Property and Other Local Taxes	\$11,891,536	\$11,896,382	\$11,706,436	\$11,998,995
Intergovernmental	10,146,239	9,656,419	10,600,932	12,292,255
Interest	608,454	480,507	467,219	171,929
Decrease in Fair Value of Investments	0	0	0	0
Tuition and Fees	840,298	953,925	1,204,762	1,284,873
Extracurricular Activities	125,397	131,007	109,671	123,109
Gifts and Donations	49,787	54,848	64,204	75,578
Customer Sales and Services	688,971	770,089	780,809	714,190
Rentals	8,442	7,258	0	0
Payments in Lieu of Taxes	0	0	0	0
Miscellaneous	203,085	123,542	210,877	139,715
<i>Total Revenues</i>	<u>24,562,209</u>	<u>24,073,977</u>	<u>25,144,910</u>	<u>26,800,644</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	9,967,323	10,825,581	11,043,691	11,734,822
Special	2,574,668	2,596,420	2,580,557	3,049,064
Vocational	5,111	3,414	5,388	7,564
Adult/Continuing	701,900	0	0	0
Other	70,928	97,517	86,561	83,336
Support Services:				
Pupil	1,377,407	1,445,523	1,493,306	1,619,322
Instructional Staff	1,579,624	1,760,911	2,031,431	1,869,004
Board of Education	43,399	55,409	37,325	83,146
Administration	1,823,273	1,639,433	1,810,844	2,125,409
Fiscal	685,686	702,249	677,666	618,564
Business	178,512	95,117	109,533	129,340
Operation and Maintenance of Plant	2,168,837	2,230,774	2,293,238	2,380,901
Pupil Transportation	725,696	880,186	739,880	788,834
Central	19,556	85,094	86,571	94,515
Operation of Non-Instructional Services	1,099,469	1,345,072	1,394,526	1,333,413
Extracurricular Activities	601,365	592,865	594,118	568,273
Capital Outlay	2,645,946	607,625	68,335	10,646
Debt Service:				
Principal Retirement	230,286	236,038	251,084	291,468
Interest and Fiscal Charges	151,156	151,385	128,434	109,334
Issuance Costs	106,312	6,708	0	0
<i>Total Expenditures</i>	<u>26,756,454</u>	<u>25,357,321</u>	<u>25,432,488</u>	<u>26,896,955</u>
<i>Excess of Revenues Over</i> <i>(Under) Expenditures</i>	<u>(2,194,245)</u>	<u>(1,283,344)</u>	<u>(287,578)</u>	<u>(96,311)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	0	337	0	0
General Obligation/Refunding Bonds Issued	2,390,000	0	0	0
Premium on Bonds Issued	0	0	0	0
Inception of Capital Lease	57,622	0	0	0
Payments to Refunded Bond Escrow Agent	0	0	0	0
Transfers In	23,719	0	19,664	34,946
Transfers Out	(23,719)	0	(19,664)	(34,946)
<i>Total Other Financing Sources (Uses)</i>	<u>2,447,622</u>	<u>337</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>\$253,377</u>	<u>(\$1,283,007)</u>	<u>(\$287,578)</u>	<u>(\$96,311)</u>
Debt Service as a Percentage of				
Noncapital Expenditures (1)	2.02%	1.59%	1.50%	1.49%

(1) Calculation represents debt service expenditures divided by the product of the remaining balance of total expenditures minus capital asset additions.

\* Restated in fiscal year 2007

Source: School District Financial Records.

The Fiscal Year 2003 is the first year reported in accordance with GASB Statement No. 34. Therefore, the amounts reported in previous fiscal years do not include permanent funds.

(continued)

2003	2004	2005*	2006*	2007	2008
\$11,822,240	\$12,163,791	\$12,195,648	\$15,385,072	\$14,453,512	\$14,567,886
12,016,887	12,634,706	13,285,366	13,210,606	15,438,875	17,901,577
116,855	171,276	925,457	1,323,394	959,700	445,516
0	0	0	0	(90,758)	0
1,355,234	1,146,858	1,186,038	1,105,160	1,176,712	1,268,441
106,853	117,161	140,032	148,858	157,503	148,001
45,809	76,488	85,350	91,413	17,798	64,944
720,499	608,401	604,397	567,987	537,333	518,438
7,839	53,141	89,227	136,341	108,527	48,910
0	0	61,605	82,703	101,703	63,797
169,237	166,368	95,492	219,680	115,827	155,259
<u>26,361,453</u>	<u>27,138,190</u>	<u>28,668,612</u>	<u>32,271,214</u>	<u>32,976,732</u>	<u>35,182,769</u>
11,787,158	12,108,259	12,379,826	13,217,600	13,598,942	14,721,014
3,266,115	3,029,400	3,209,971	2,794,946	3,039,979	3,040,467
6,038	4,073	3,794	3,691	5,370	5,675
0	0	0	0	0	0
106,646	156,157	168,528	464,322	735,798	612,634
1,581,864	1,669,538	1,638,912	1,662,491	1,667,164	1,669,855
1,907,409	1,683,990	1,742,270	1,713,774	1,547,212	1,441,853
25,561	58,091	50,539	83,481	55,873	79,622
2,383,631	2,018,895	1,892,468	1,838,339	1,886,825	1,984,445
662,294	744,725	740,973	784,972	810,791	844,195
125,002	107,230	55,133	98,495	125,657	127,767
2,477,462	2,394,198	2,323,731	2,468,571	2,563,425	2,939,638
1,069,752	808,505	847,452	746,551	861,823	939,390
124,093	111,583	108,264	111,639	139,945	311,019
1,528,211	1,466,085	1,330,986	1,307,943	1,340,524	1,358,329
571,440	584,211	480,731	550,001	507,713	549,340
9,002	576,464	2,280,864	16,314,126	14,197,086	2,737,500
135,000	140,000	34,262,779	258,126	615,000	985,000
95,000	88,250	1,871,408	1,796,791	1,465,088	1,413,237
0	0	561,254	0	418,907	0
<u>27,861,678</u>	<u>27,749,654</u>	<u>65,949,883</u>	<u>46,215,859</u>	<u>45,583,122</u>	<u>35,760,980</u>
<u>(1,500,225)</u>	<u>(611,464)</u>	<u>(37,281,271)</u>	<u>(13,944,645)</u>	<u>(12,606,390)</u>	<u>(578,211)</u>
164	525,500	39,549	91,990	10,927	0
0	34,000,000	34,000,000	0	27,920,000	0
0	0	1,040,254	0	1,797,026	0
0	0	0	0	0	0
0	0	0	0	(29,298,119)	0
0	550,493	693,730	1,031,871	827,979	109,035
0	(550,493)	(693,730)	(1,031,871)	(746,841)	(109,035)
<u>164</u>	<u>34,525,500</u>	<u>35,079,803</u>	<u>91,990</u>	<u>510,972</u>	<u>0</u>
<u>(\$1,500,061)</u>	<u>\$33,914,036</u>	<u>(\$2,201,468)</u>	<u>(\$13,852,655)</u>	<u>(\$12,095,418)</u>	<u>(\$578,211)</u>
0.83%	0.84%	57.99%	6.95%	6.88%	7.08%

**Chillicothe City School District**  
*Assessed and Estimated Actual Value of Taxable Property*  
*Last Ten Years*

Tax Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial/ Industrial/PU		Assessed Value	Estimated Actual Value
1999	\$189,574,300	\$94,251,000	\$810,929,429	\$29,991,920	\$34,081,727
2000	191,276,140	94,316,940	815,980,229	28,519,710	32,408,761
2001	192,073,680	95,070,020	820,410,571	30,062,090	34,161,466
2002	218,310,870	104,215,340	921,503,457	26,393,230	29,992,307
2003	220,094,350	104,646,760	927,831,743	28,059,280	31,885,545
2004	221,756,900	106,334,440	937,403,829	24,417,050	27,746,648
2005	241,749,430	112,892,600	1,013,262,943	24,280,980	27,592,023
2006	242,723,230	114,472,050	1,020,557,943	22,037,170	25,042,239
2007	243,633,510	114,967,220	1,024,573,514	20,891,800	23,740,682
2008	264,305,780	127,730,510	1,120,103,686	15,982,540	18,161,977

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

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. 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. The listing percentage is 18.75 percent for 2006, 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

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.

**Source:** Office of the County Auditor, Ross County, Ohio

(continued)

Tangible Personal Property		Total			Weighted Average Tax Rate
General Business		Assessed	Estimated	Ratio	
Assessed Value	Estimated Actual Value	Value	Actual Value		
\$129,782,920	\$519,131,680	\$443,600,140	\$1,364,142,836	32.52%	\$27.90
133,870,322	535,481,288	447,983,112	1,383,870,278	32.37%	27.88
138,865,100	555,460,400	456,070,890	1,410,032,437	32.34%	27.97
135,568,200	564,867,500	484,487,640	1,516,363,264	31.95%	26.66
125,725,980	546,634,696	478,526,370	1,506,351,984	31.77%	26.45
136,938,100	595,383,043	489,446,490	1,560,533,520	31.36%	26.60
99,095,610	430,850,478	478,018,620	1,471,705,444	32.48%	32.11
88,627,710	472,681,120	467,860,160	1,518,281,302	30.82%	37.72
61,654,660	493,237,280	441,147,190	1,541,551,476	28.62%	36.90
39,342,600	629,481,600	447,361,430	1,767,747,263	25.31%	34.14



**Chillicothe City School District**  
*Property Tax Rates Direct and Overlapping Governments (Scioto Township)*  
(per \$1,000 of assessed value)  
*Last Ten Years*

	1999	2000	2001	2002
<b>Unvoted Millage</b>				
Operating	3.50	3.50	3.50	3.50
Permanent Improvement	-	-	-	-
Debt	-	-	-	-
<b>Voted Millage - by levy</b>				
1976 Operating - continuing				
Residential/Agricultural Real	12.00	12.00	12.01	11.70
Commercial/Industrial and Public Utility Real	15.11	15.10	15.17	13.91
General Business and Public Utility Personal	27.00	27.00	27.00	27.00
Federal Donated Commodities				
1994 Current Expense - continuing				
Residential/Agricultural Real	5.24	5.24	5.24	4.80
Commercial/Industrial and Public Utility Real	6.60	6.59	6.62	6.07
General Business and Public Utility Personal	7.20	7.20	7.20	7.20
2005 Current Expense-continuing				
Residential/Agricultural Real	-	-	-	-
Commercial/Industrial and Public Utility Real	-	-	-	-
General Business and Public Utility Personal	-	-	-	-
1985 Bond Levy (debt service)	0.10	0.04	-	-
2004 Bond Levy (debt service)	-	-	-	-
2004 Permanent Improvement (23 Years)				
Residential/Agricultural Real	-	-	-	-
Commercial/Industrial and Public Utility Real	-	-	-	-
General Business and Public Utility Personal	-	-	-	-
<b>Total voted millage by type of property</b>				
Residential/Agricultural Real	17.34	17.28	17.24	16.50
Commercial/Industrial and Public Utility Real	21.81	21.73	39.03	19.97
General Business and Public Utility Personal	34.30	34.24	34.20	34.20
<b>Overlapping Rates by Taxing District</b>				
Scioto Township				
Residential/Agricultural Real	4.50	4.50	4.50	4.22
Commercial/Industrial and Public Utility Real	5.09	5.10	5.09	4.76
General Business and Public Utility Personal	5.50	5.50	5.50	5.50
City of Chillicothe				
Residential/Agricultural Real	-	-	-	-
Commercial/Industrial and Public Utility Real	-	-	-	-
General Business and Public Utility Personal	-	-	-	-
Pickaway-Ross JVSD				
Residential/Agricultural Real	2.00	2.00	2.00	2.00
Commercial/Industrial and Public Utility Real	2.00	2.00	2.00	2.00
General Business and Public Utility Personal	3.20	3.20	3.20	3.20
Ross County				
Residential/Agricultural Real	7.11	7.05	6.99	6.44
Commercial/Industrial and Public Utility Real	0.08	0.08	0.08	0.08
General Business and Public Utility Personal	9.40	9.40	9.40	9.40

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.

Rates may only be raised by obtaining the approval of a majority of the voters at a public election.

**Source:** Ohio Department of Taxation

2003	2004	2005	2006	2007	2008
3.50	3.50	3.50	3.50	3.50	3.50
-	-	-	-	-	-
-	-	-	-	-	-
11.70	11.70	11.89	11.90	11.89	10.99
13.91	13.93	13.51	13.44	13.50	12.48
27.00	27.00	27.00	27.00	27.00	27.00
4.80	4.80	4.61	4.61	4.60	4.26
6.07	6.08	5.90	5.87	5.59	5.44
7.20	7.20	7.20	7.20	7.20	7.20
-	-	-	6.00	6.00	5.55
-	-	-	5.97	6.00	5.54
-	-	-	6.00	6.00	6.00
-	-	-	-	-	-
-	-	4.47	4.47	4.47	4.47
-	-	2.30	2.30	2.30	2.13
-	-	2.43	2.41	2.42	2.24
-	-	2.50	2.50	2.50	2.50
16.51	16.50	23.27	29.28	29.26	27.40
19.98	20.00	26.30	32.16	31.98	30.17
34.20	34.20	41.17	47.17	47.17	47.17
4.22	4.81	4.60	4.61	4.60	4.54
4.73	5.09	4.80	4.79	4.79	4.50
5.50	5.50	5.50	5.50	5.50	5.50
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2.00	2.00	2.00	2.00	2.99	2.80
2.00	2.00	2.00	2.00	3.03	2.87
3.20	3.20	3.20	3.20	4.20	4.20
7.59	8.44	9.11	9.09	9.06	8.56
0.08	0.09	0.10	0.10	9.59	9.15
9.40	9.80	10.40	10.40	10.40	10.60

**Chillicothe City School District**  
*Property Tax Rates Direct and Overlapping Governments (City of Chillicothe)*  
(per \$1,000 of assessed value)  
*Last Ten Years*

	1999	2000	2001	2002	2003
<b>Unvoted Millage</b>					
Operating	3.50	3.50	3.50	3.50	3.50
Permanent Improvement	-	-	-	-	-
Debt	-	-	-	-	-
<b>Voted Millage - by levy</b>					
1976 Operating - continuing					
Residential/Agricultural Real	12.00	12.00	12.01	11.70	11.70
Commercial/Industrial and Public Utility Real	15.11	15.10	15.17	13.91	13.91
General Business and Public Utility Personal	27.00	27.00	27.00	27.00	27.00
1994 Current Expense - continuing					
Residential/Agricultural Real	5.24	5.24	5.24	4.80	4.80
Commercial/Industrial and Public Utility Real	6.60	6.59	6.62	6.07	6.07
General Business and Public Utility Personal	7.20	7.20	7.20	7.20	7.20
2005 Current Expense-continuing					
Residential/Agricultural Real	-	-	-	-	-
Commercial/Industrial and Public Utility Real	-	-	-	-	-
General Business and Public Utility Personal	-	-	-	-	-
1985 Bond Levy (debt service)					
	0.10	0.04	-	-	-
2004 Bond Levy (debt service)					
	-	-	-	-	-
2004 Permanent Improvement (23 Years)					
Residential/Agricultural Real	-	-	-	-	-
Commercial/Industrial and Public Utility Real	-	-	-	-	-
General Business and Public Utility Personal	-	-	-	-	-
<b>Total voted millage by type of property</b>					
Residential/Agricultural Real	17.34	17.28	17.24	16.50	16.51
Commercial/Industrial and Public Utility Real	21.81	21.73	39.03	19.97	19.98
General Business and Public Utility Personal	34.30	34.24	34.20	34.20	34.20
<b>Overlapping Rates by Taxing District</b>					
Scioto Township					
Residential/Agricultural Real	0.48	0.48	0.48	0.44	0.44
Commercial/Industrial and Public Utility Real	0.55	0.55	0.55	0.52	0.52
General Business and Public Utility Personal	0.60	0.60	0.60	0.60	0.60
City of Chillicothe					
Residential/Agricultural Real	3.20	3.20	3.20	3.20	3.20
Commercial/Industrial and Public Utility Real	3.20	3.20	3.20	3.20	3.20
General Business and Public Utility Personal	3.20	3.20	3.20	3.20	3.20
Pickaway-Ross JVSD					
Residential/Agricultural Real	2.00	2.00	2.00	2.00	2.00
Commercial/Industrial and Public Utility Real	2.00	2.00	2.00	2.00	2.00
General Business and Public Utility Personal	3.20	3.20	3.20	3.20	3.20
Ross County					
Residential/Agricultural Real	7.11	7.05	6.99	6.44	7.59
Commercial/Industrial and Public Utility Real	8.25	8.21	8.17	7.65	8.37
General Business and Public Utility Personal	9.40	9.40	9.40	9.40	9.40

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.

Rates may only be raised by obtaining the approval of a majority of the voters at a public election.

Source: Ohio Department of Taxation

(continued)

2004	2005	2006	2007	2008
3.50	3.50	3.50	3.50	3.50
-	-	-	-	-
-	-	-	-	-
11.70	11.89	11.90	11.89	10.99
13.93	13.51	13.44	13.50	12.48
27.00	27.00	27.00	27.00	27.00
4.80	4.61	4.61	4.60	4.26
6.08	5.90	5.87	5.89	5.44
7.20	7.20	7.20	7.20	7.20
-	-	6.00	6.00	5.55
-	-	5.97	6.00	5.54
-	-	6.00	6.00	6.00
-	-	-	-	-
-	4.47	4.47	4.47	4.47
-	2.30	2.30	2.30	2.13
-	2.43	2.41	2.42	2.24
-	2.50	2.50	2.50	2.50
16.50	23.27	29.28	29.26	27.40
20.00	26.30	32.16	32.28	30.17
34.20	41.17	47.17	47.17	47.17
0.44	0.42	0.42	0.42	0.57
0.52	0.51	0.51	0.51	0.57
0.60	0.60	0.60	0.60	0.60
3.20	3.20	3.20	3.20	3.20
3.20	3.20	3.20	3.20	3.20
3.20	3.20	3.20	3.20	3.20
2.00	2.00	2.00	2.99	2.80
2.00	2.00	2.00	3.03	2.87
3.20	3.20	3.20	4.20	4.20
8.44	9.11	9.09	9.06	8.56
9.01	9.63	9.57	9.59	9.15
9.80	10.40	10.40	10.40	10.60

**Chillicothe City School District**  
*Property Tax Levies and Collections*  
*Last Ten Years*

Collection Year	Current Tax Levy (1)	Current Tax Collections (1)	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections	Total Tax Collections (1)	Percent of Total Tax Collections to Current Tax Levy
1999	\$13,067,744	\$12,889,906	98.64%	\$175,828	\$13,065,734	99.98%
2000	12,684,857	12,494,811	98.50	208,017	12,702,828	100.14
2001	12,632,642	12,456,295	98.60	272,722	12,729,017	100.76
2002	12,547,558	12,226,466	97.44	186,907	12,413,373	98.93
2003	13,077,318	12,841,127	98.19	242,376	13,083,503	100.05
2004	11,590,767	11,140,708	96.12	274,920	11,415,628	98.49
2005	14,887,701	14,558,609	97.79	385,815	14,944,424	100.38
2006	16,267,151	15,867,842	97.55	508,327	16,376,169	100.67
2007	* 14,962,303	14,816,599	99.03	515,674	15,332,273	102.47
2008	14,109,638	13,668,184	96.87	738,387	14,406,571	102.10

**Source:** Office of the County Auditor, Ross County, Ohio

(1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental revenue.

\* Current tax levies declined due to the phase out of personal property tax, which resulted in lower tax collections.

**Chillicothe City School District**

*Principal Taxpayers*

*Real Estate Tax*

*2008 and 1999 (1)*

Name of Taxpayer	2008	
	Assessed Value	Percent of Real Property Assessed Value
Glatfelter Company	\$23,020,490	5.87%
DDR Ohio Opportunity II LLC	4,471,030	1.14%
Chillicothe Mall Inc.	4,185,670	1.07%
Central Center LTD	3,101,500	0.79%
Sam's Real Estate Business	2,629,020	0.67%
Zane Plaza LLC	2,360,590	0.60%
K Mart Corporation	2,311,240	0.59%
RG Chillicothe Associates LTD	1,811,430	0.46%
Traditions at Chillicothe	1,669,940	0.43%
Chillicothe Shopping Center, LP	1,622,290	0.41%
Totals	<u>\$47,183,200</u>	<u>12.04%</u>
Total Assessed Valuation	<u>\$392,036,290</u>	

Name of Taxpayer	1999	
	Assessed Value	Percent of Real Property Assessed Value
Mead Corporation	\$25,810,410	9.09%
Developers Diversified Realty Corp.	3,037,030	1.07%
Chillicothe Mall, Inc.	2,731,250	0.96%
Real Estate Finance Trust	2,175,600	0.77%
Shawnee Group LTD Partnership	2,115,170	0.75%
Central Center LTD	1,798,500	0.63%
RG Chillicothe Associates LTD	1,497,290	0.53%
ABCO Land Development Corp. & Beerman Corp.	1,349,640	0.48%
Rodney Winegardner	1,327,110	0.47%
Hermanson Limited Partnership	1,060,710	0.37%
Totals	<u>\$42,902,710</u>	<u>15.12%</u>
Total Assessed Valuation	<u>\$283,825,300</u>	

(1) The amounts presented represent the assessed values for tax years 2008 and 1999 collections were based.

**Source:** Office of the County Auditor, Ross County, Ohio

**Chillicothe City School District**  
*Principal Taxpayers*  
*Tangible Personal Property Tax*  
*2008 and 1999 (1)*

Name of Taxpayer	2008	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Glatfelter Company	\$15,086,630	38.35%
Chillicothe Telephone Company	3,939,190	10.01%
Horizon Persantl Communications	2,431,270	6.18%
QNP Holdings Inc.	1,232,260	3.13%
Wal-Mart	1,119,990	2.85%
Lowe's Home Center	833,450	2.12%
Standard Car Truck Company	705,460	1.79%
Herrnstein Chrysler Inc.	644,000	1.64%
Kroger Company	454,820	1.16%
Specialty Minterals Inc.	452,230	1.15%
<b>Total</b>	<b>\$26,899,300</b>	<b>68.37%</b>
<b>Total Assessed Valuation</b>	<b>\$39,342,600</b>	

Name of Taxpayer	1999	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Mead Corporation	\$87,546,150	67.46%
BLC Corporation	2,635,970	2.03%
Lowe's Companies Incorporated	1,791,250	1.38%
Devon Tax Group LLC	1,500,540	1.16%
Wal-Mart Stores East Incorporated	1,419,020	1.09%
Union Spring & Mfg. Corporation	1,039,570	0.80%
Sears Roebuck Company	991,970	0.76%
Union Spring & Mfg. Corporation	946,570	0.73%
Specialty Mineral Incorporated	873,180	0.67%
Kroger Company	857,210	0.66%
<b>Total</b>	<b>\$99,601,430</b>	<b>76.74%</b>
<b>Total Assessed Valuation</b>	<b>\$129,782,920</b>	

(1) The amounts presented represent the assessed values for tax years 2008 and 1999 collections were based.

Source: Office of the County Auditor, Ross County, Ohio

**Chillicothe City School District**

*Principal Taxpayers*

*Public Utilities Tax*

*2008 and 1999 (1)*

Name of Taxpayer	2008	
	Assessed Value	Percent of Public Utility Assessed Value
Columbus Southern Power Company	\$13,901,750	86.98%
Columbia Gas of Ohio Incorporated	1,536,710	9.61%
Norfolk Southern Combined Railroad	414,230	2.59%
CSX Transportation	116,510	0.73%
Total	<u>\$15,969,200</u>	<u>99.92%</u>
Total Assessed Valuation	<u>\$15,982,540</u>	

Name of Taxpayer	1999	
	Assessed Value	Percent of Public Utility Assessed Value
Columbus Southern Power Company	\$14,587,430	48.64%
Chillicothe Telephone	7,718,130	25.73%
Columbia Gas of Ohio Incorporated	4,409,140	14.70%
Horzon Personal Communication	1,697,120	5.66%
Norfolk Southern Combined Railroad Subsidiaries	981,580	3.27%
Total	<u>\$29,393,400</u>	<u>98.00%</u>
Total Assessed Valuation	<u>\$29,991,920</u>	

(1) The amounts presented represent the assessed values for tax years 2008 and 1999 collections were based.

**Source:** Office of the County Auditor, Ross County, Ohio



**Chillicothe City School District**  
*Ratio of Outstanding Debt By Type*  
*Last Ten Fiscal Years*

Fiscal Year	Governmental Activities			Total Primary Government	(2) Percentage of Personal Income	(2) Per Capita
	(1) General Obligation Bonds	(1) Energy Conservation	(1) Capital Leases*			
1999	\$312,000	\$2,265,000	\$455,094	\$3,032,094	1.09%	\$136.73
2000	161,000	2,150,000	316,269	2,627,269	0.92%	119.20
2001	0	2,030,000	166,354	2,196,354	0.79%	99.65
2002	0	1,900,000	0	1,900,000	0.68%	86.20
2003	0	1,765,000	0	1,765,000	0.42%	80.08
2004	0	1,625,000	0	1,625,000	0.39%	73.73
2005	34,000,000	1,475,000	0	35,475,000	8.52%	1,609.50
2006	35,067,599	1,320,000	0	36,387,599	7.22%	1,650.91
2007	35,122,564	1,155,000	0	36,277,564	7.20%	1,645.91
2008	34,458,413	985,000	0	35,443,413	7.11%	1,626.41

(1)- See notes to the basic financial statements regarding the School District's debt obligations and capital leases

(2)- See Schedule "Demographic and Economic Statistics, Last Ten Fiscal Years" for personal income and population information

\* - Amount Restated in fiscal year 2005

**Chillicothe City School District**  
*Ratio of General Bonded Debt Outstanding*  
*Last Ten Fiscal Years*

Fiscal Year	(1) General Bonded Debt	(1) Resources Available to Pay Principal	Net General Bonded Debt	(2) Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1999	\$312,000	\$0	\$312,000	0.07%	\$14
2000	161,000	0	161,000	0.04%	7
2001	0	0	0	0.00%	0
2002	0	0	0	0.00%	0
2003	0	0	0	0.00%	0
2004	0	0	0	0.00%	0
2005	34,000,000	18,029	33,981,971	7.11%	1,559
2006	35,067,599	214,388	34,853,211	7.45%	1,581
2007	35,122,564	574,351	34,548,213	7.83%	1,567
2008	34,458,413	663,730	33,794,683	7.55%	1,550

(1) - See notes to the basic financial statements and the basic financial statements regarding the School District's debt obligations and resources available to pay principal.

(2) - Assessed values provided by County Auditor - See schedule "Assessed and Estimated Actual Value of Taxable Property".

**Chillicothe City School District**  
*Ratio of Debt*  
*to Estimated Actual Value and Debt per Capita*  
*Last Ten Fiscal Years*

Fiscal Year	Population (1)	Estimated Actual Value of Taxable Property(2)	General Bonded Debt				Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt per Capita
			General Obligation Debt Outstanding #	Resources Available to Pay Principal	Net General Bonded Debt			
1999	22,176 a	\$1,364,142,836	\$2,577,000	\$0	\$2,577,000	0.19%	\$116.21	
2000	22,041 b	1,383,870,278	2,311,000	0	2,311,000	0.17%	104.85	
2001	22,041 b	1,410,032,437	2,030,000	0	2,030,000	0.14%	92	
2002	22,041 b	1,516,363,264	1,900,000	0	1,900,000	0.13%	86	
2003	22,041 b	1,506,351,984	1,765,000	0	1,765,000	0.12%	80	
2004	22,041 b	1,560,533,520	1,625,000	0	1,625,000	0.10%	74	
2005	22,041 b	1,471,705,444	35,475,000	18,029	35,456,971	2.41%	1,608.68	
2006*	22,041 b	1,518,281,302	36,387,599	214,388	36,173,211	2.38%	1,641.18	
2007	22,041 b	1,541,551,476	36,277,564	574,351	35,703,213	2.32%	1,619.85	
2008	21,796 c	1,767,747,263	35,443,413	663,730	34,779,683	2.01%	1,595.69	

**Sources:** (1) U.S. Bureau of Census, Census of Population  
(a ) 1990 Federal Census  
(b ) 2000 Federal Census  
(c ) Ohio Valley Regional Commission

(2) Ross County Auditor

# - Includes General Obligation Bonds and Energy Conservation Notes

\* - Amount restated in fiscal year 2007

(continued)

General Debt				
General Bonded Debt Outstanding	Capital Leases	Total Debt	Ratio of General Debt to Estimated Actual Value	General Debt Per Capita
\$2,577,000	\$455,094	\$3,032,094	0.22%	\$136.73
2,311,000	316,269	2,627,269	0.19%	119.20
2,030,000	166,354	2,196,354	0.16%	99.65
1,900,000	0	1,900,000	0.13%	86.20
1,765,000	0	1,765,000	0.12%	80.08
1,625,000	0	1,625,000	0.10%	73.73
35,475,000	0	35,475,000	2.41%	1,608.68
36,387,599	0	36,387,599	2.38%	1,641.18
36,277,564	0	36,277,564	2.32%	1,619.85
34,779,683	0	34,779,683	1.97%	1,595.69

**Chillicothe City School District**  
*Computation of Direct and Overlapping*  
*Debt Attributable to Governmental Activities*  
*June 30, 2008*

	Debt Attributable to Governmental Activities	Percentage Applicable to School District	Amount of Direct and Overlapping Debt
Overlapping Debt:			
Payable from Property Taxes			
Ross County	\$13,770,915	38.14%	\$5,252,227
City of Chillicothe	2,005,000	91.88%	1,842,194
Scioto Township	<u>40,701</u>	84.14%	<u>34,246</u>
Total Overlapping Debt	\$15,816,616		\$7,128,667
Direct Debt	<u>35,443,413</u>	100.00%	<u>35,443,413</u>
Total Direct and Overlapping Debt	<u><u>\$51,260,029</u></u>		<u><u>\$42,572,080</u></u>

Source: Office of the Auditor, Ross County, Ohio



**Chillicothe City School District**  
*Computation of Legal Debt Margin*  
*Last Ten Fiscal Years*

	1999	2000	2001	2002
Tax Valuation	<u>\$443,600,140</u>	<u>\$448,565,882</u>	<u>\$456,070,890</u>	<u>\$489,487,640</u>
Debt Limit - 9% of Taxable Valuation (1)	<u>39,924,013</u>	<u>40,370,929</u>	<u>41,046,380</u>	<u>44,053,888</u>
Amount of Debt Applicable to Debt Limit General Obligation Bonds Less Amount Available in Debt Service	<u>312,000</u>	<u>161,000</u>	<u>0</u>	<u>0</u>
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Legal Debt Margin	<u>\$39,924,013</u>	<u>\$40,370,929</u>	<u>\$41,046,380</u>	<u>\$44,053,888</u>
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%	100.00%
Energy Conservation Debt Limit- .90% of assessed value (1)	3,992,401	4,037,093	4,104,638	4,405,389
Amount of Debt Subject to Limit	<u>2,265,000</u>	<u>2,150,000</u>	<u>2,030,000</u>	<u>1,900,000</u>
Unvoted Legal Debt Margin	<u>\$6,257,401</u>	<u>\$6,187,093</u>	<u>\$6,134,638</u>	<u>\$6,305,389</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	156.73%	153.26%	149.46%	143.13%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	443,600	448,566	456,071	489,488
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Legal Debt Margin	<u>\$443,600</u>	<u>\$448,566</u>	<u>\$456,071</u>	<u>\$489,488</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%

**Source:** Ross County Auditor and School District Financial Records

(1) Ohio Bond Law sets a limit of 9% for overall debt and 1/10 of 1% for unvoted debt.

**Note:** The amount of debt presented as subject to the limit should be the balances used to compute the margin as specified by statute, i.e. the gross balances, not amounts that are net of premiums or discounts. On deep discount or capital appreciation bonds, this would be the original issue amount.

**Note:** The definition of tax valuation for the purpose of calculating the debt margin was modified by H.B. 530, effective 3/30/06, to exclude tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, or personal property owned or leased by a railroad company and used in railroad operations.

(continued)

2003	2004	2005	2006	2007	2008
<u>\$478,446,490</u>	<u>\$489,446,490</u>	<u>\$478,018,620</u>	<u>\$467,860,160</u>	<u>\$441,147,190</u>	<u>\$447,361,430</u>
43,060,184	44,050,184	43,021,676	42,107,414	39,703,247	40,262,529
0	0	34,000,000	33,995,000	33,545,000	32,066,270
0	0	34,000,000	33,995,000	33,545,000	32,066,270
<u>\$43,060,184</u>	<u>\$44,050,184</u>	<u>\$9,021,676</u>	<u>\$8,112,414</u>	<u>\$6,158,247</u>	<u>\$8,196,259</u>
100.00%	100.00%	20.97%	19.27%	15.51%	20.36%
4,306,018	4,405,018	4,302,168	4,210,741	3,970,325	4,026,253
1,765,000	1,625,000	1,475,000	1,320,000	1,155,000	985,000
<u>\$6,071,018</u>	<u>\$6,030,018</u>	<u>\$5,777,168</u>	<u>\$5,530,741</u>	<u>\$5,125,325</u>	<u>\$5,011,253</u>
140.99%	136.89%	134.29%	131.35%	129.09%	124.46%
478,446	489,446	478,019	467,860	441,147	447,361
0	0	0	0	0	0
<u>\$478,446</u>	<u>\$489,446</u>	<u>\$478,019</u>	<u>\$467,860</u>	<u>\$441,147</u>	<u>\$447,361</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%



**Chillicothe City School District**  
*Demographic and Economic Statistics*  
*Last Ten Years*

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Year	Population (1)	Personal Income (2) (in thousands)	Per Capita Personal Income	Unemployment Rate (3)
1999	22,176	\$284,734,054	12,840	4.90%
2000	22,041	284,734,054	12,918	4.40%
2001	22,041	276,151,689	12,529	5.70%
2002	22,041	276,151,689	12,529	6.40%
2003	22,041	416,325,396	18,889	6.20%
2004	22,041	416,325,396	18,889	7.10%
2005	22,041	416,325,396	18,889	9.10%
2006	22,041	503,988,908	22,866	7.30%
2007	22,041	503,988,908	22,866	6.20%
2008	21,796	498,387,336	22,866	8.00%

**Sources:** 1) Bureau of Census/Ohio Valley Regional Commission  
2) City of Chillicothe  
3) Ohio Department of Job and Family Services

**Chillicothe City School District**  
*Principal Employers*  
*Current Year and Nine Years Ago*

Employer	Nature of Business	2008			1999		
		Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Glatfelter Paper Company	Specialty and Carbonless Paper	1,500	1	4.63%	2,500	1	(1)
Ross County	County Government	577	2	1.78%	547	2	(1)
Wal-Mart	Retail	210	5	0.65%	N/A	N/A	(1)
Chillicothe City Schools	Education	356	3	1.10%	418	3	(1)
City of Chillicothe	City Government	290	4	0.90%	319	5	(1)
Ohio University-Chillicothe	Regional College Campus	170	7	0.52%	170	6	(1)
Horizon Family of Companies	Communications	200	6	0.62%	374	4	(1)
Lowe's	Retail	150	8	0.46%	130	8	(1)
Time Warner/Adelphia	Cable TV/Internet	83	10	0.26%	65	10	(1)
Mead Central Research			N/A	N/A	107	9	(1)
AEP	Regional Utility Center	96	9	0.30%	150	7	(1)
Total		<u>3,632</u>			<u>4,780</u>		
Total Employment within the School District (2)		<u>32,400</u>			<u>(1)</u>		

Source: Auditor of Ross County, City of Chillicothe, Ross-Chillicothe Chamber of Commerce

- (1)- Information Not Available
- (2) - Labor Market Information Website

**Chillicothe City School District**  
*School District Employees by Function/Program*  
*Last Five Fiscal Years*

Function/Program	2004	2005	2006	2007	2008
<b>Regular Instruction</b>					
Elementary Classroom Teachers	83.57	83.54	86.90	87.34	86.70
Middle School Classroom Teachers	30.16	30.06	30.23	28.72	36.88
High School Classroom Teachers	43.38	42.54	42.00	40.30	40.20
<b>Special Instruction</b>					
Elementary Classroom Teachers	23.50	24.62	21.77	21.50	17.51
Middle School Classroom Teachers	5.00	5.00	5.00	5.00	7.51
Gifted Education Teachers	2.00	2.00	2.00	2.00	1.70
High School Classroom Teachers	6.00	6.00	6.00	7.00	7.00
<b>Pupil Support Services</b>					
Guidance Counselors	6.00	6.00	6.00	4.00	4.00
Librarians	3.00	2.00	2.00	2.00	1.00
Psychologists	2.00	4.00	3.56	3.00	4.00
Speech and Language Pathologists	2.00	2.00	2.00	2.00	2.00
Nurse	2.00	1.90	1.81	1.81	2.00
Teacher Aides	25.72	23.43	20.93	26.00	29.72
Technology	2.50	3.00	3.00	2.00	0.00
Secretaries	14.85	16.75	16.75	15.75	11.71
<b>Administrators</b>					
District	3.00	3.00	4.00	4.50	4.50
Elementary	4.00	4.00	5.00	5.00	4.00
Middle School	2.00	1.75	1.75	1.75	1.75
High School	2.14	2.14	3.14	3.14	2.39
Secretaries	14.00	13.79	13.79	13.79	14.79
<b>Fiscal Services</b>					
	6.00	6.00	6.00	6.00	6.00
<b>Operation of Plant</b>					
Custodians	20.00	18.00	18.00	18.00	19.67
Maintenance	8.00	8.00	8.00	8.00	8.00
<b>Pupil Transportation</b>					
Bus Drivers	20.00	19.00	19.00	19.00	18.00
<b>Extracurricular Activities</b>					
Secretaries	0.86	0.86	0.86	0.86	0.86
<b>Food Service Program</b>					
Cooks	25.41	24.35	24.37	24.37	23.35
<b>Totals:</b>	<u>357.09</u>	<u>353.73</u>	<u>353.86</u>	<u>352.83</u>	<u>355.24</u>

**Method:** Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee. The count is performed on September 1 of each year.

Information prior to 2004 is not available.

Source: School District Records

**Chillicothe City School District**  
*Operating Statistics*  
*Last Six Fiscal Years*

Fiscal Year	Expenses	Enrollment	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/ Teacher Ratio
2003	\$28,376,721	3,564	\$7,962	N/A	187	19.1
2004	28,508,167	3,387	8,417	5.71%	174	19.4
2005	29,192,735	3,196	9,134	8.52%	178	18.0
2006*	30,507,508	3,069	9,941	8.84%	177	17.4
2007	30,073,412	3,030	9,925	0.17%	177	17.1
2008	34,794,650	3,075	11,316	14.11%	198	15.5

Source: School District Records. Expense information is not available prior to 2003.

N/A - Not Applicable

\* - Restated in fiscal year 2007

**Chillicothe City School District**

*Building Statistics  
Last Ten Fiscal Years*

	1999	2000	2001	2002
<b>Allen Elementary School</b>				
Constructed in 1961				
Total Building Square Footage	30,251			
Enrollment Grades K-6	258	265	251	247
Student Capacity	375	375	375	375
Regular Instruction Classrooms 15	12	12	12	12
Regular Instruction Teachers	12	12	12	12
Special Instruction Classrooms	3	3	3	3
Special Instruction Teachers	4	5	3	3
<b>Central Elementary</b>				
Constructed in 1960				
Total Building Square Footage	29,850			
Enrollment Grades K-6	289	316	318	264
Student Capacity	400	400	400	400
Regular Instruction Classrooms	12	14	14	14
Regular Instruction Teachers	11	14	14	14
Special Instruction Classrooms	4	2	3	2
Special Instruction Teachers	4	3	3	5
<b>Hopewell Elementary</b>				
Constructed in 1954				
Total Building Square Footage	39,416			
Enrollment Grades K-6	267	250	265	254
Student Capacity	425	425	425	425
Regular Instruction Classrooms	12	12	12	12
Regular Instruction Teachers	12	12	12	12
Special Instruction Classrooms	5	5	5	5
Special Instruction Teachers	5	8	8	8
<b>McArthur Elementary</b>				
Constructed in 1961				
Total Building Square Footage	30,178			
Enrollment Grades K-6	303	279	269	283
Student Capacity	375	375	375	375
Regular Instruction Classrooms	14	14	14	12
Regular Instruction Teachers	14	14	14	12
Special Instruction Classrooms	1	1	1	3
Special Instruction Teachers	5	6	6	6

(continued)

2003	2004	2005	2006	2007	2008
270	308	306	338	347	341
375	375	375	375	375	375
12	14	14	15	15	17
12	14	14	15	15	17
3	1	1	0	0	0
5	3	4	3	3	3
242	Closed	Closed	Closed	Closed	Closed
400					
13					
13					
3					
5					
244	Closed	Closed	Closed	Closed	Closed
425					
11					
11					
6					
8					
275	Closed	Closed	Closed	Closed	Closed
375					
13					
13					
2					
6					

**Chillicothe City School District**

*Building Statistics  
Last Ten Fiscal Years*

	1999	2000	2001	2002
<b>Mt. Logan Elementary School</b>				
Constructed in 1977				
Total Building Square Footage	60,389			
Enrollment Grades K-6	352	359	357	350
Student Capacity	600	600	600	600
Regular Instruction Classrooms	17	20	20	20
Regular Instruction Teachers	16	20	20	20
Special Instruction Classrooms	7	4	4	4
Special Instruction Teachers	7	8	8	4
<b>Tiffin Elementary School</b>				
Constructed in 1952				
Total Building Square Footage	36,135			
Enrollment Grades K-5	318	307	285	282
Student Capacity	425	425	425	425
Regular Instruction Classrooms	13	15	15	14
Regular Instruction Teachers	13	15	15	14
Special Instruction Classrooms	4	2	2	3
Special Instruction Teachers	6	6	6	6
<b>Worthington Elementary School</b>				
Constructed in 1951				
Total Building Square Footage	39,774			
Enrollment Grades K-5	297	292	300	318
Student Capacity	350	350	350	350
Regular Instruction Classrooms	12	14	14	14
Regular Instruction Teachers	12	14	14	16
Special Instruction Classrooms	2	0	0	0
Special Instruction Teachers	2	2	2	2
<b>J.A. Smith Middle School</b>				
Constructed in 1931				
Total Building Square Footage	103,456			
Enrollment Grades 6-8	476	449	480	461
Student Capacity	775	775	775	775
Regular Instruction Classrooms	31	29	29	30
Regular Instruction Teachers	31	29	29	26
Special Instruction Classrooms	4	6	6	5
Special Instruction Teachers	6	6	6	5
<b>Chillicothe Middle School</b>				
Constructed in 1963, Renovated in 2007				
Total Building Square Footage				
Enrollment Grades 6-8				
Student Capacity				
Regular Instruction Classrooms				
Regular Instruction Teachers				
Special Instruction Classrooms				
Special Instruction Teachers				
<b>Chillicothe High School</b>				
Constructed in 1963				
Total Building Square Footage	165,317			
Enrollment Grades 9-12	1,177	1,182	1,215	1,192
Student Capacity	970	970	970	970
Regular Instruction Classrooms	48	48	48	48
Regular Instruction Teachers	51	51	46	45
Special Instruction Classrooms	6	6	6	6
Special Instruction Teachers	6	6	6	6

(continued)

Source: School District Capital Asset and Average Daily Membership Records.

2003	2004	2005	2006	2007	2008
333	544	500	494	525	428
600	600	600	600	600	600
17	21	26	25	25	23
17	21	26	25	25	23
5	3	9	9	9	9
5	5	9	10	10	7
242	380	384	332	325	303
425	425	425	425	425	425
14	11	17	18	18	18
14	11	17	17	17	14
3	6	0	0	0	0
8	9	7	5	5	5
316	377	357	363	337	335
350	350	350	350	350	350
14	14	14	14	14	14
15	14	16	15	15	16
0	0	0	0	0	4
2	3	3	4	4	4
430	631	576	550	584	Closed
775	775	775	775	775	
25	22	24	25	25	
25	22	24	25	25	
5	4	6	10	10	
5	4	6	10	10	
					126,499
					689
					800
					25
					25
					11
					11
1,133	1,099	970	940	912	979
970	970	970	970	970	970
48	48	48	48	48	48
41	42	41	41	41	42
6	6	6	6	6	7
6	6	6	6	6	7









**Mary Taylor, CPA**  
Auditor of State

**CHILLICOTHE CITY SCHOOL DISTRICT**

**ROSS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 16, 2009**