

City of Chillicothe
Ross County, Ohio
Single Audit
For the Year Ended December 31, 2012



Millhuff-Stang, CPA, Inc.
1428 Gallia Street, Suite 2
Portsmouth, Ohio 45662
Phone: 740.876.8548 ■ Fax: 888.876.8549
Website: www.milhuffstangcpa.com ■ Email: natalie@milhuffstangcpa.com



Dave Yost • Auditor of State

City Council
City of Chillicothe
35 S. Paint Street
Chillicothe, Ohio 45601

We have reviewed the *Independent Auditor's Report* of the City of Chillicothe, Ross County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2012 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 7, 2013

This page intentionally left blank.

City of Chillicothe
Table of Contents
For the Year Ended December 31, 2012

Title	Page
Schedule of Expenditures of Federal Awards	1
Notes to the Schedule of Expenditures of Federal Awards	2
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	3 – 4
Report on Compliance For Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133	5 – 7
Schedule of Findings and Questioned Costs OMB Circular A-133 Section .505	8 – 9
Schedule of Prior Audit Findings OMB Circular A-133 Section .315(b)	10

City of Chillicothe
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Number	CFDA	Disbursements
<u>U.S. Department of Housing and Urban Development</u>			
<i>Passed through Ohio Department of Development:</i>			
Community Development Block Grants/State's Program	A-F-11-2AW-1	14.228	\$63,749
Community Development Block Grants/State's Program	A-C-10-2AW-1	14.239	41,797
Comprehensive Downtown Revitalization Program	A-T-10-2AW-1	14.228	<u>163,728</u>
Total Community Development Block Grants/State's Program			269,274
HOME Investments Partnership Program	A-C-10-2AW-2	14.239	142,349
<i>Passed through Ross County, Ohio:</i>			
Neighborhood Stabilization Program	B-Z-08-066-1	14.228	<u>54,903</u>
Total U.S. Department of Housing and Urban Development			466,526
<u>U.S. Environmental Protection Agency</u>			
<i>Direct:</i>			
Brownfields Assessment and Cleanup Cooperative	EPA 560-F-08-130	66.818	<u>8</u>
Total U.S. Environmental Protection Agency			8
<u>U.S. Department of Homeland Security</u>			
<i>Direct:</i>			
Assistance to Firefighters Grant	EMW-2011-FO-01247	97.044	120,387
Assistance to Firefighters Grant	EMW-2010-FH-00121	97.044	<u>422,042</u>
Total Assistance to Firefighters Grant			<u>542,429</u>
Total U.S. Department of Homeland Security			542,429
<u>U.S. Department of Justice</u>			
<i>Direct:</i>			
Public Safety Partnership and Community Policing Grants	2010UMWX0248	16.710	214,816
<i>Passed through Ohio Office of Attorney General:</i>			
Crime Victim Assistance	2012VAGENE539	16.575	22,034
Crime Victim Assistance	2013VAGENE539	16.575	6,544
Crime Victim Assistance	2012SAGENE539	16.575	2,032
Crime Victim Assistance	2013SAGENE539	16.575	<u>688</u>
Total Crime Victim Assistance			31,298
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	2011-JG-A02-6903	16.738	10,632
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	2011-DJ-BX-3252	16.738	<u>16,614</u>
Total Edward Byrne Memorial Justice Assistance Grant (JAG) Program			<u>27,246</u>
Total U.S. Department of Justice			273,360
<u>U.S. Department of Transportation</u>			
<i>Passed through Ohio Department of Transportation:</i>			
Formula Grants for Other Than Urbanized Areas	RPT-4071-032-121	20.509	1,081,183
Formula Grants for Other Than Urbanized Areas	RPT-0071-031-112	20.509	26,274
Formula Grants for Other Than Urbanized Areas	RPT-0071-032-122	20.509	<u>111,412</u>
Total Formula Grants for Other Than Urbanized Areas			<u>1,218,869</u>
Total U.S. Department of Transportation			1,218,869
Total Federal Awards Expenditures			<u>2,501,192</u>

Total accompanying notes are an integral part of this schedule.

City of Chillicothe
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2012

Note 1 – Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the schedule) summarizes activity of the City's federal award programs. The schedule has been prepared 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*.

Note 2 – Formula Grants for Other Than Urbanized Areas

Cash receipts from the Ohio Department of Transportation are commingled with State grants and other local monies. It is assumed federal monies are expended first.

Note 3 – Matching Requirements

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

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*

Independent Auditor's Report

City Council
City of Chillicothe
35 South Paint Street
Chillicothe, Ohio 45601

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Chillicothe, Ross County (the City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 27, 2013, wherein we noted the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2012-1 and 2012-2 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2012-3 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

June 27, 2013

**Report on Compliance For Each Major Program; Report on Internal Control Over Compliance; and
Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

Independent Auditor's Report

City Council
City of Chillicothe
35 South Paint Street
Chillicothe, Ohio 45601

Report on Compliance for Each Major Federal Program

We have audited the City of Chillicothe's, Ross County (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 27, 2013, which contained unmodified opinions on those financial statements, wherein we noted the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and also noted there are raise a substantial doubt about the City's ability to continue as a going concern. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of

City of Chillicothe, Ohio

Report on Compliance For Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Page 3

federal awards 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink, reading "Natalie Millhuff-Stang". The signature is written in a cursive, flowing style.

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

June 27, 2013

City of Chillicothe
Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
For the Year Ended December 31, 2012

Section I – Summary of Auditor’s Results

<i>Financial Statements</i>		
Type of financial statement opinion:		Unqualified
Internal control over financial reporting:		
	Material weakness(es) identified?	Yes
	Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?		No
<i>Federal Awards</i>		
Internal control over major program(s):		
	Material weakness(es) identified?	No
	Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Type of auditor’s report issued on compliance for major programs:		Unqualified
Any auditing findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?		No
Identification of major program(s):		Formula Grants for Other Than Urbanized Areas, CFDA #20.509 Assistance to Firefighters Grant, CFDA #97.044
Dollar threshold used to distinguish between type A and type B programs:		\$300,000
Auditee qualified as low-risk auditee?		No

Section II – Financial Statement Findings

Finding 2012-1 – Material Weakness – Bank Reconciliations

A sound internal control environment is pertinent to ensure that financial information is accurate and complete. A significant control in a properly functioning control environment is the periodic performance of bank reconciliations. Bank reconciliations aid in the detection of errors and irregularities. There was no evidence that bank reconciliations were being performed by the Treasurer’s office throughout 2012 and a year-end reconciliation had to be recreated during the compilation of the annual financial report to detect and correct identified variances. Although significant variances were identified and corrected in 2013, the City’s financial reports were improperly stated during 2012. Such information was provided to Council, members of administration, and department heads to aid in decision-making processes. The City should prepare monthly reconciliations and incorporate monitoring controls, such as reviews of monthly reconciliations prepared by staff members, to ensure that bank reconciliations are being performed both timely and accurately.

Client Response:

The City Treasurer will work to implement processes which ensure that reconciliations occur in a timely and accurate fashion. The Treasurer will also look to purge old reconciliation items within the parameters identified by the Revised Code.

City of Chillicothe
Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
For the Year Ended December 31, 2012

Finding 2012-2 – Material Weakness – Financial Reporting

A monitoring system by the City should be in place to prevent or detect misstatements to help ensure the accurate presentation of the City's financial statements. Errors were identified in the financial statements related to accruals, cash balances, presentation of long-term versus short-term notes, and the presentation of cash in segregated accounts. Restatements of beginning balances were also reported to correct certain errors identified to previously reported balances. Certain errors were corrected in the financial statements to ensure the financial statements were not materially misstated. Other errors were immaterial to the financial statements and were not deemed necessary to correct. These adjustments were the result of varying interpretations of complex accounting principles and/or erroneous computations within the compilation process. The City should implement monitoring procedures over the financial reporting process to ensure that financial information presented adheres to generally accepted accounting principles.

Client Response:

The City is aware of the issue and will closely monitor processes internally to assure compliance. The City will also discuss the issue with the compilers to find a resolution to the problem.

Finding 2012-3 – Significant Deficiency – Financial Planning, Financial Monitoring, and Budgetary Processes

Sound internal controls over financial planning, financial monitoring and budgetary processes are pertinent to help ensure the City's improved financial position and future stability. In October 2012, the City was declared to be in Fiscal Caution by the Auditor of State. At the end of 2012, the City had several GAAP-basis negative fund balances, including in the general fund. The general fund also experienced significant reductions in GAAP-basis fund balance and cash balances of \$1.9 million. A large portion of this was attributed to the expenditure of funds in the bank for municipal court building renovations, but another large portion of this decrease was a significant reduction in local government funds received. During economic downturns, management needs to take additional steps to ensure its improved financial position and future stability. Additional steps might include additional financial planning measures to attempt to increase revenues or further decrease expenditures, and additional financial monitoring to ensure management is intimately aware of the City's financial position to help ensure that effective financial strategies are developed and initiated. The City should review its financial planning, financial monitoring, and budgetary processing procedures to ensure that sufficient steps are taken that will positively impact the City's current financial position.

Client Response:

The City recognizes the gravity of the Fiscal Caution designation and is working to improve its current financial position with equal focus on future stability. The City cut spending in the 2013 budget by over \$900,000 from 2012's actuals and also looked at ways to raise revenue in the 2013 budget. An evaluation of the City's refuse department reflected a need to increase fees and the result was an increase in monthly fees from \$10 to \$15 for a projected \$500,000 increase in revenue in 2013. Beginning in 2013, management began holding monthly budget review meetings with the Auditor, Mayor and Council. The Mayor and Auditor, with the assistance of the Auditor of State's office, are working on a five year budget plan which will help the City in furthering its financial stability and better preparing the City for economic downturns or other loss in revenue.

City of Chillicothe
Schedule of Prior Audit Findings
OMB Circular A-133 Section .315(b)
For the Year Ended December 31, 2012

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding 2011-1	Material Weakness – Bank Reconciliations	No	Reissued as Finding 2012-1
Finding 2011-2	Significant Deficiency – Financial Reporting	No	Reissued as Finding 2012-2
Finding 2011-3	Noncompliance/Significant Deficiency – Community Development Block Grant Federal Program – Fifteen Day Rule	No	Reissued in management letter

This page intentionally left blank.

City of Chillicothe, Ohio Comprehensive Annual Financial Report

For the Year Ended December 31, 2012



Luke Feeney

Chillicothe City Auditor

CITY OF CHILLICOTHE, OHIO
 Comprehensive Annual Financial Report
 For the Year Ended December 31, 2012

TABLE OF CONTENTS **Page**

INTRODUCTORY SECTION

Transmittal Letter	1
GFOA Certificate of Achievement	7
Listing of Elected Officials	8
Listing of Appointed Officials	9
Organizational Chart	10
2012 City Auditor's Staff	11

FINANCIAL SECTION

Independent Auditors' Report

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

Basic Financial Statements:

Government-Wide Financial Statements:

Statements of Net Position	21
Statement of Activities	22

Fund Financial Statements:

Balance Sheet - Governmental Funds	24
Reconciliation of Total Governmental Fund Balances To Net Position of Governmental Activities	25
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	26
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Statement of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual (Budget Basis)	
General Fund	28
Bus Transit Fund	29
Street Construction Maintenance & Repair Fund	30
HUD Fund	31
Statement of Fund Net Position - Proprietary Funds	32
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	33
Statement of Cash Flows - Proprietary Funds	34
Statement of Fiduciary Net Position - Fiduciary Funds	36
Notes to the Basic Financial Statements	37

TABLE OF CONTENTS - Continued

Page

FINANCIAL SECTION - Continued

Combining Statements and Individual Fund Schedules:

Combining Statements - Nonmajor Funds:	
Description of Funds.....	68
Combining Balance Sheet - Nonmajor Governmental Funds	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	73
Combining Balance Sheet - Nonmajor Special Revenue Funds	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	77
Combining Balance Sheet - Nonmajor Capital Project Funds	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds.....	81
Individual Fund Schedules of Revenues, Expenditures/Expenses and Changes in Fund Balances/Equity - Budget and Actual (Budget Basis):	
General Fund.....	82
Bus Transit Fund.....	88
Street Construction Maintenance & Repair Fund	89
HUD Fund.....	90
State Highway Fund.....	91
Parks and Recreation Fund	92
Grants Fund.....	93
Cablevision Fund	94
Law Enforcement Fund.....	95
Indigent Driver's Alcohol Treatment Fund.....	96
OMVI Enforcement and Education Fund	97
Mandatory Drug Fines Fund	98
Parking Fund.....	99
Police Pension Fund.....	100
Fire Pension Fund	101
Bond Retirement Fund.....	102
Capital Improvement Fund	103
Issue II Fund	104
Safety Levy Capital Fund	105
Parks and Recreation Capital Fund	106
Carlisle Hill Fund.....	107
Floodwall Fund	108
Income Tax Fund.....	109
Landfill Closure Fund.....	110
Streetscape Fund	111
Unclaimed Monies Fund.....	112
Description of Enterprise Funds.....	113
Water Fund.....	114
Sewer Fund	115
Description of Agency Funds.....	116
Statement of Changes in Assets and Liabilities - Agency Funds.....	117

TABLE OF CONTENTS - Continued

Page

STATISTICAL SECTION

Statistical Table Description	118
Net Position by Component, Last Ten Years, (Accrual Basis of Accounting).....	119
Changes in Net Position, Last Ten Years (Accrual Basis of Accounting)	120
Fund Balances, Governmental Funds, Last Ten Years (Modified Accrual Basis of Accounting)	123
Changes in Fund Balances, Governmental Funds, Last Ten Years (Modified Accrual Basis of Accounting)	124
Assessed Valuation and Estimated Actual Values of Taxable Property, Last Ten Years	125
Property Tax Rates - Direct and Overlapping Governments, Last Ten Years	126
Property Tax Levies and Collections, Last Ten Years	127
Principal Taxpayers - Real Estate and PU-PP Tax, 2012 and 2003	128
Income Tax Revenue Base and Collections, Last Ten Years	129
Ratio of Outstanding Debt to Total Personal Income and Debt Per Capita, Last Ten Years	130
Ratio of General Obligation Bonded Debt to Assessed Value and Bonded Debt Per Capita, Last Ten Years.....	131
Computation of Direct and Overlapping Governmental Activities Debt	132
Legal Debt Margin, Last Ten Years	133
Pledged Revenue Coverage, Water System Mortgage Revenue Bonds, Last Ten Years	134
Pledged Revenue Coverage, Sewer System Mortgage Revenue Bonds, Last Ten Years	135
Demographic and Economic Statistics, Last Ten Years.....	136
Principal Employers, Current Year and Six Years Ago	137
Capital Assets Statistics by Function Program, Last Seven Years	138
Full-Time Equivalent City Government Employees by Function Program, Last Ten Years.....	139
Operating Indicators by Function Program, Last Seven Years	140



CHILICOTHE
OHIO'S FIRST CAPITAL

LUKE M. FEENEY
CITY AUDITOR

June 27, 2013

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

FROM: City Auditor Luke Feeney and Staff

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Chillicothe for the year ended December 31, 2012. This report, prepared by the City Auditor's Office, contains a comprehensive analysis of the City's financial position and activities for the year 2012. It is intended to provide all pertinent and necessary financial information to the citizens of Chillicothe.

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

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

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

Audit

The 2012 basic financial statements were audited by Millhuff-Stang C.P.A., Inc. This audit was conducted according to generally accepted auditing standards and Government Auditing Standards and included a legal and financial compliance audit, a review of internal controls, and tests of transactions. The Independent Auditor's opinion letter is at the beginning of the financial section.

Reporting Entity

In accordance with the Governmental Accounting Standards Board (GASB) Statement 14 as amended by GASB Statement No. 39, the following is a brief definition of the reporting entity. This report includes all funds, agencies, boards, and commissions for which the City is financially accountable. In considering that responsibility the City must determine whether an entity is fiscally independent of the City and whether it has the ability to significantly influence operations, select the governing authority, designate management, and maintain accountability over fiscal matters of the entity. The reporting entity is discussed in more detail in Note 1 of the Notes to the Basic Financial Statements.

History and City Organization

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

The City has operated under the Mayor - Council form of Government since 1965 and functions as such under the Ohio Revised Code statutes of law. The Mayor is elected to four-year terms and serves as the Chief Executive and Administrative Officer of the City. The Mayor is charged with enforcing the laws of Ohio and all City ordinances, and appoints and removes all heads of departments except other elected officials and their employees. The Mayor has the authority to veto any legislation passed by City Council. Such veto may be overturned by a two-thirds vote of City Council. The beginning of 2012 saw, for the first time in twenty-five years, the swearing in of a Republican mayor.

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

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

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

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

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

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

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

The City employs 245 people, both full-time and permanent part-time, to serve the citizens of Chillicothe in the various departments described as follows: Public Safety (Police, Fire, and School Patrol), Recreation (Parks and Recreation), Utilities (Water, Sewer, and Sanitation), Transportation (Bus System), Community Environment (Planning, Zoning, and Economic Development), Streets (Engineering and Service Departments), General Government (Administrative services, including Municipal Court), and Finance (Auditor, Tax Auditor, and Treasurer).

Economic Outlook

During 2012, the City of Chillicothe followed state and national trends with a declining unemployment rate. According to the Bureau of Labor Statistics the unemployment rate in December of 2012 was 8.2%, down from 8.7% in December of 2011 and 10.8% in December of 2010. By comparison the unemployment rate statewide in December of 2012 was 6.7%, and 7.8% in 2011 and 9.2% in 2010. While the employment rate in Chillicothe improved in 2012, it lagged behind the statewide rate.

Tax revenues increased from 2011 by 1.23%, but fell slightly short of projections. The City faced further budget pressures due to further reductions by the state in local government funds and a drop-off in inheritance tax which combined for lost revenue of over \$800,000. In short, the local economy continued to rebound but outside forces continued to strain the City's budget.

While not as dramatic as the increase seen in 2011, the local housing market held steady with an increase in dollar volume of over \$2 million. Through April of 2013 the market reflected a 15.2% increase in homes sold, 311 in 2013 versus 270 through the same time period in 2012. After a dramatic decline in foreclosure filings in 2011, Ross County saw a slight increase of 6% in 2012.

In the private sector a new McDonalds was constructed on Western Avenue, new grain bins were installed by Countrymark on South Watt Street and a new Kingston National Bank opened on Western Avenue. The building department issued 1,099 building permits which was an increase of 232 or 27%.

In January of 2012, City Council approved income tax incentives for a Kenworth supplier, Pegasus Industries. The new business brought approximately 40 manufacturing jobs to the City in a move that supports one of the region's top employers.

The regional health care industry had a very good year. Adena Hospital opened its new \$21 million Regional Cancer Center and the VA Medical Center opened a new biomass plant, becoming the first VA in the country to use a biomass boiler which is expected to save \$500,000 annually.

Looking into 2013 and beyond as the unemployment rate continues a steady decline, income tax receipts continue to increase and positive housing trends continue, Chillicothe is on the right path toward economic recovery. While economic development in Chillicothe continues, the City entered 2013 still trying to recover from the swift departure of government funds and brace itself for the last year of the estate tax. The cuts made at the end of 2012 were a big step toward positioning the City in such a way that it can withstand the unexpected and plan for its growth and development.

Major Initiatives

- The garbage collection fee was raised from \$10 to \$15 in late 2012 which is projected to raise revenue by \$500,000.
- North High Street and South Paint Street were repaved as a part of a project funded 90% by ODOT and 10% by the City. The City paid for its share with grant funds received from the Ohio Public Works Commission.
- The Chillicothe Fire Department received and began using two new pumper trucks, which had been purchased in late 2011.
- The Chillicothe Utilities Department purchased a new software package and server, which will eventually enable online bill-paying for customers.
- The Chillicothe Utilities Department began the Neenah Garden sewer project and project significant savings by doing the work in-house.
- Construction of the new Chillicothe Municipal Court building was almost complete at the end of 2012 and the building opened to the public in early 2013.
- A proposal was made by Michael Chesler of the Chesler Group, LLC to renovate the vacant Carlisle Building in downtown Chillicothe. The proposal involved the Chesler Group leasing space in the building to the City and/or Adena Hospital. No agreement is final but negotiations are ongoing.

Future Initiatives

- In the 2013 budget City Council approved the purchase of new software for the Auditor's office for a much-needed upgrade of the accounting and payroll systems.
- Grant funding from the Ohio Department of Transportation will permit work to begin in the summer of 2013 which will improve the safety of certain streets, including Main Street, by improving intersections, and turn lanes.
- The City Council is considering legislation which would permit Chillicothe to enter into an agreement with the City of Cleveland to become a special member of their Division of Taxation Central Collection Agency. Through the agreement the City of Chillicothe would gain access to IRS data for the first time thus improving income tax collections and revenue.
- City Council is investigating the lease or purchase of two garbage trucks, as the three currently used by the refuse department are on their last legs.

Long-Term Financial Planning

While income tax revenues in 2012 did not reach their projected levels, they did reflect an increase from 2011. A balanced budget for 2013 was achieved through personnel cuts, which took the form of layoffs at the end of the calendar year. The City is adjusting to the loss of the tangible personal property tax, local government funds, and the impending loss of the estate tax, all the while doing more with less. Chillicothe's long-term financial planning is tied closely to local and regional economic development.

The beginning of 2013 has seen new retail development along North Bridge Street with more anticipated later in the year. While retail growth was strong in 2012, Chillicothe would also greatly benefit from higher-paying, long-lasting, manufacturing jobs.

The City sits in a strong position with a relatively small amount of debt as compared to the past 10 years. The City will look to take advantage of advantageous financial conditions and turn several of their bond anticipation notes into bonds in 2013 thus securing historically low interest rates.

In October 2012, in an attempt to head off greater financial difficulties and to avoid a harsher watch or emergency declaration, the Auditor of State issued a Fiscal Caution declaration for the City of Chillicothe. Concerned with the financial condition of the City, the State issued the Fiscal Caution status in an early attempt to help the City restore its deficit fund balances and bring the City back into more sound fiscal health.

Relevant Financial Policies

The City formally adopted an investment policy by City Ordinance #100-96 which makes it the City Auditor's responsibility to invest all the City's funds in certificates of deposit, money markets, and Treasury Notes with local approved banks. These certificates of deposit range in length from 30 days to one year and are awarded on a bid basis to the institution having the best bid whenever an investment is to be made. The policy further encourages the City to take advantage of every opportunity to earn interest on other funds, including the float on outstanding checks and funds being held by bond trustees. Interest earned on all investments is designated to the General Fund by law. The only exception is for specifically designated trustee funds and borrowed funds for major projects such as those within the Water and Sewer funds.

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

Budgetary Controls

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

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

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

Internal Controls

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

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Chillicothe for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The City of Chillicothe has now received a Certificate of Achievement for each of the years ended December 31, 1991 through December 31, 2011. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgement

This Comprehensive Annual Financial Report for the City of Chillicothe is the 22nd for our City and represents not only a tremendous effort on the part of the Auditor's staff but is indicative of the professionalism of all the people involved. With this report our taxpayers may now better understand the operation of our City and its basic financial structure.

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

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

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

Respectfully yours,



Luke M. Feeney

Chillicothe City Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Chillicothe
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

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.



Christopher P. Morrell

President

Jeffrey R. Emer

Executive Director

THIS PAGE LEFT BLANK INTENTIONALLY

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

MAYOR

Jack A. Everson
Term Expires 12-31-15

CITY COUNCIL

Eric Rinehart II
President
Term Expires 12-31-13

Thomas Trutschel
1st Ward Council
Term Expires 12-31-13

Nancy Ames
2nd Ward Council
Term Expires 12-31-13

Alicia Gray
3rd Ward Council
Term Expires 12-31-13

Dave Tatman
4th Ward Council
Term Expires 12-31-13

Jeremy Siberell
5th Ward Council
Term Expires 12-31-13

Patricia Patrick
6th Ward Council
Term Expires 12-31-13

Dustin Proehl
Council At Large
Term Expires 12-31-13

Bill Bonner
Council At Large
Term Expires 12-31-13

Beth Neal
Council At Large
Term Expires 12-31-13

CITY AUDITOR

Luke M. Feeney
Term Expires 12-31-13

CITY TREASURER

David A. Neal
Term Expires 12-31-13

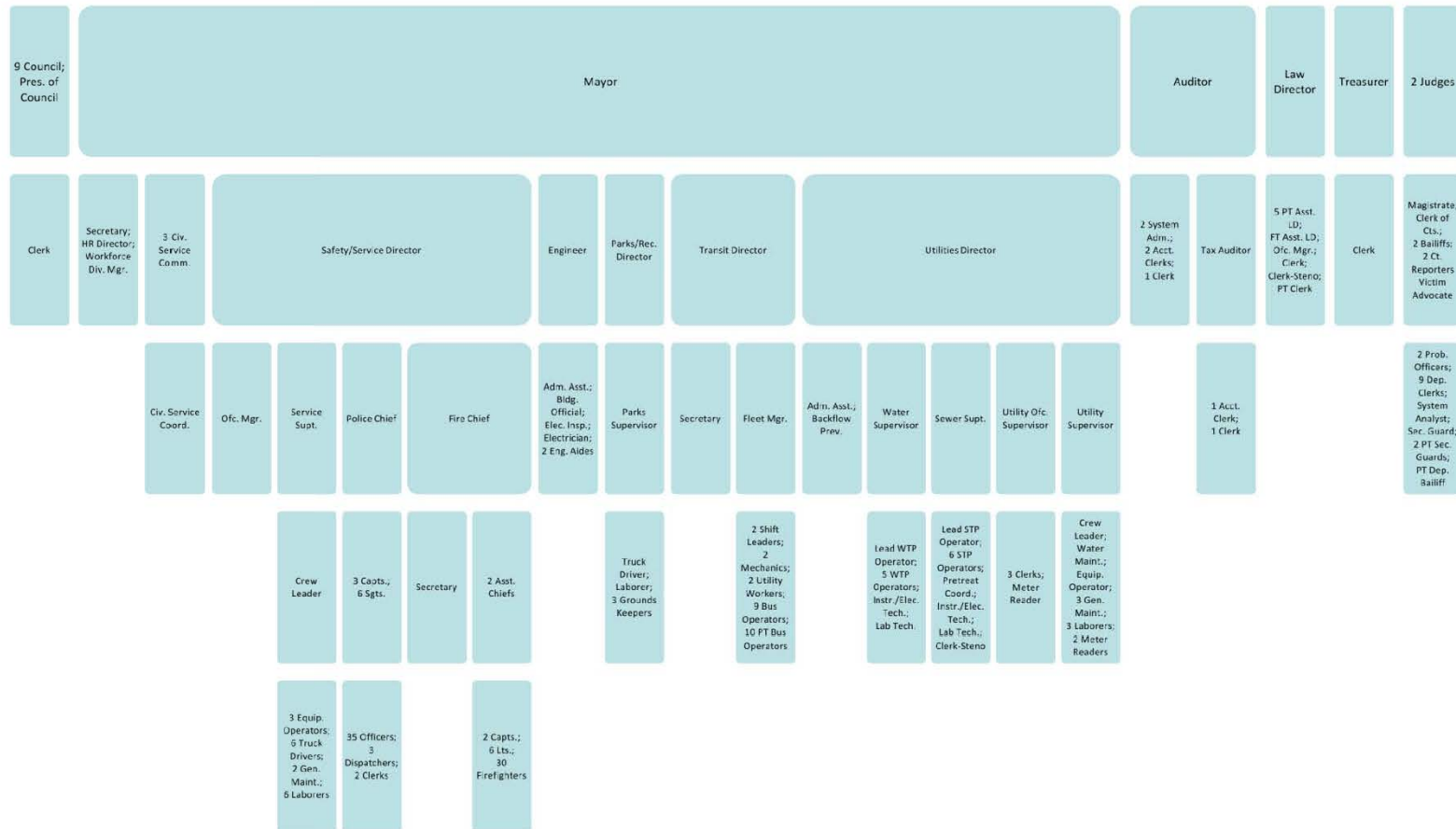
DIRECTOR OF LAW

Sherri Rutherford
Term Expires 12-31-15

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

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

GENERAL PUBLIC



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

CITY AUDITOR	Luke M. Feeney
TAX AUDITOR	Julie A. Parker
SYSTEM ADMINISTRATOR	Heidi Leasure
SYSTEM ADMINISTRATOR	Kathy L. Knece
ACCOUNTING CLERK	Holly Cousins
ACCOUNTING CLERK	Mary Schmidt
AUDITOR'S CLERK	Katherine Flechtner
AUDITOR'S CLERK	Aubrey Cameron

THIS PAGE LEFT BLANK INTENTIONALLY

This page intentionally left blank.

Independent Auditor's Report

City Council
City of Chillicothe
35 South Paint Street
Chillicothe, Ohio 45601

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chillicothe, Ross County (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chillicothe, Ross County, as of December 31, 2012, and the respective changes in financial position and the respective budgetary comparisons for the General Fund, Bus Transit Fund, Street Construction, Maintenance and Repair Fund, and HUD Fund, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 5 to the financial statements, during 2012, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12–20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



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

June 27, 2013

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

The discussion and analysis of the City of Chillicothe's financial performance provides an overall review of its financial activities for the year ended December 31, 2012. The purpose of this discussion and analysis is to look at the City's financial performance and discuss pertinent points to better help the reader understand our performance.

Financial Highlights

1. The City of Chillicothe's total net position decreased \$2,745,933; net position of the governmental activities decreased \$2,096,637; and net position of the business-type activities decreased \$649,296.
2. The General Fund balance of (\$134,004) decreased \$1,926,272 or 107.48%, from the previous year's balance of \$1,792,268. This was a result of an increase in expenditures for General Government, Security of Persons and Property: Fire, and Basic Utility Services.

Overview of the Financial Statements

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

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

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

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

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

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

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

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

However, the Auditor establishes many other funds to help control and manage money for particular purposes or to show that the City of Chillicothe is meeting legal responsibilities for using certain taxes, grants, and other money. All of the funds of the City of Chillicothe can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

The City of Chillicothe maintains 26 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances, for the General Fund, Bus Transit Fund, Street Construction Maintenance & Repair Fund, and HUD Fund, which are considered to be major funds. Data from the other 22 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

Government-Wide Financial Analysis

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

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

The City of Chillicothe as a Whole

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

	Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2012	2011*	2012	2011*	2012	2011*
Assets						
Current and Other Assets	\$8,494,944	\$11,313,006	\$9,166,088	\$11,699,405	\$17,661,032	\$23,012,411
Capital Assets, Net	42,112,442	42,060,652	39,208,109	38,766,805	81,320,551	80,827,457
<i>Total Assets</i>	<u>50,607,386</u>	<u>53,373,658</u>	<u>48,374,197</u>	<u>50,466,210</u>	<u>98,981,583</u>	<u>103,839,868</u>
Liabilities						
Current and Other Liabilities	6,899,270	7,296,094	961,601	1,168,226	7,860,871	8,464,320
Long-Term Liabilities:						
Due within One Year	985,349	1,060,011	1,582,692	1,541,404	2,568,041	2,601,415
Due in More Than one Year	1,937,154	2,145,309	5,368,000	6,645,380	7,305,154	8,790,689
<i>Total Liabilities</i>	<u>9,821,773</u>	<u>10,501,414</u>	<u>7,912,293</u>	<u>9,355,010</u>	<u>17,734,066</u>	<u>19,856,424</u>
Deferred Inflows of Resources	<u>1,122,544</u>	<u>1,112,538</u>	<u>0</u>	<u>0</u>	<u>1,122,544</u>	<u>1,112,538</u>
Net Position						
Net investments in Capital Assets	37,188,766	37,577,135	32,431,229	30,558,748	69,619,995	68,135,883
Restricted for:						
Debt Service	14,956	14,670	1,283,936	1,283,936	1,298,892	1,298,606
Capital Projects	587,122	2,433,951	1,818,467	1,818,467	2,405,589	4,252,418
Other Purposes	2,142,557	1,997,673	0	0	2,142,557	1,997,673
Permanent Fund Purpose:						
Expendable	2,250	2,235	0	0	2,250	2,235
Nonexpendable	1,000	1,000	0	0	1,000	1,000
Unrestricted (Deficit)	<u>(273,582)</u>	<u>(266,958)</u>	<u>4,928,272</u>	<u>7,450,049</u>	<u>4,654,690</u>	<u>7,183,091</u>
Total Net Position	<u><u>39,663,069</u></u>	<u><u>41,759,706</u></u>	<u><u>40,461,904</u></u>	<u><u>41,111,200</u></u>	<u><u>80,124,973</u></u>	<u><u>82,870,906</u></u>

*As Restated. See Note 5 to the basic financial statements. In addition, certain liabilities reported for 2011 were reclassified for consistency with current year presentation.

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Current and other assets of governmental activities decreased by \$2,818,062 or 24.91% due to a decrease in equity in pooled cash and cash equivalents, which was partially offset by an increase in income taxes receivables. Capital assets of the governmental activities increased due to construction in progress. Total liabilities of the governmental activities decreased by \$679,641 or 6.47% due to scheduled debt payments being made by the City.

Current and other assets of business-type activities decreased by \$2,533,317 or 21.65% due to a decrease in equity in pooled cash and cash equivalents and accounts receivable. Capital assets increased by \$441,304 or 1.14% due to infrastructure additions and construction in progress. Total liabilities of business-type activities decreased by \$1,442,717 or 15.42% due to scheduled debt payments being made by the City.

The City of Chillicothe's total net position decreased from \$82,870,906 at the beginning of 2012 to \$80,124,973 at the end of the year, a change of \$2,745,933 or 3.31%. This decrease is the result of a decrease in the net position of the governmental activities of \$2,096,637 or 5.02% and a decrease in the net position of the business-type activities of \$649,296 or 1.58%.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for years 2012 and 2011.

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011*	2012	2011*	2012	2011*
Revenues						
Program Revenues:						
Charges for Services	\$5,655,165	\$5,637,987	\$6,405,813	\$7,704,515	\$12,060,978	\$13,342,502
Operating Grants and Contributions	3,898,720	4,259,697	0	0	3,898,720	4,259,697
Capital Grants and Contributions	464,966	336,199	0	0	464,966	336,199
General Revenues:						
Property Taxes	1,092,594	1,115,450	0	0	1,092,594	1,115,450
Income and Other Taxes	11,397,227	11,258,729	0	0	11,397,227	11,258,729
Grants and Entitlements	979,018	1,937,176	0	0	979,018	1,937,176
Other	581,419	391,845	123,752	120,893	705,171	512,738
<i>Total Revenues</i>	<u>24,069,109</u>	<u>24,937,083</u>	<u>6,529,565</u>	<u>7,825,408</u>	<u>30,598,674</u>	<u>32,762,491</u>
Program Expenses						
General Government	5,699,394	5,714,391	0	0	5,699,394	5,714,391
<i>Security of Persons and Property:</i>						
Police	5,537,262	5,347,177	0	0	5,537,262	5,347,177
Fire	5,692,471	5,486,905	0	0	5,692,471	5,486,905
Transportation	6,321,374	6,504,578	0	0	6,321,374	6,504,578
Leisure Time Activities	933,458	863,046	0	0	933,458	863,046
Community Environment	930,752	1,432,828	0	0	930,752	1,432,828
Basic Utility Services	920,910	673,426	0	0	920,910	673,426
Interest and Fiscal Charges	115,936	116,032	0	0	115,936	116,032
Water and Sewer	0	0	7,193,050	8,323,746	7,193,050	8,323,746
<i>Total Expenses</i>	<u>26,151,557</u>	<u>26,138,383</u>	<u>7,193,050</u>	<u>8,323,746</u>	<u>33,344,607</u>	<u>34,462,129</u>

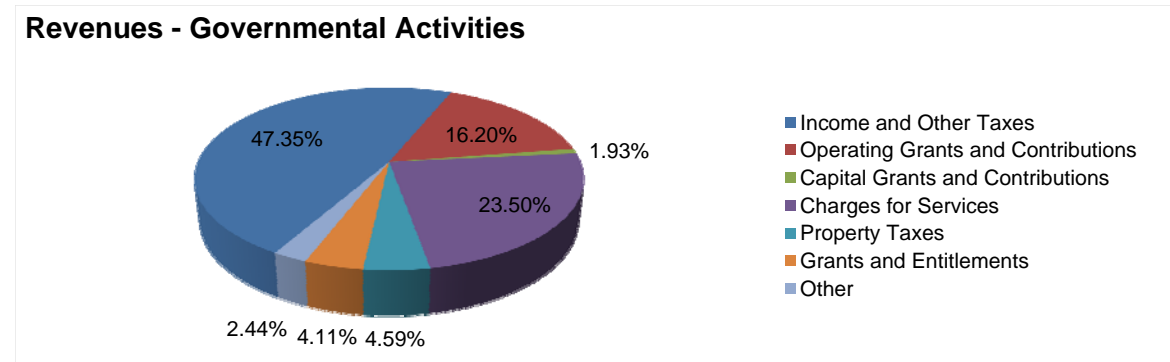
City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Increase (Decrease) in Net Position						
Before Transfers	(2,082,448)	(1,201,300)	(663,485)	(498,338)	(2,745,933)	(1,699,638)
Net Transfers In (Out)	<u>(14,189)</u>	<u>(14,352)</u>	<u>14,189</u>	<u>14,352</u>	<u>0</u>	<u>0</u>
Increase (Decrease) in Net Position	(2,096,637)	(1,215,652)	(649,296)	(483,986)	(2,745,933)	(1,699,638)
Net position at Beginning of Year	<u>41,759,706</u>	<u>42,975,358</u>	<u>41,111,200</u>	<u>41,595,186</u>	<u>82,870,906</u>	<u>84,570,544</u>
Net position at End of Year	<u>\$39,663,069</u>	<u>\$41,759,706</u>	<u>\$40,461,904</u>	<u>\$41,111,200</u>	<u>\$80,124,973</u>	<u>\$82,870,906</u>

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

Governmental Activities

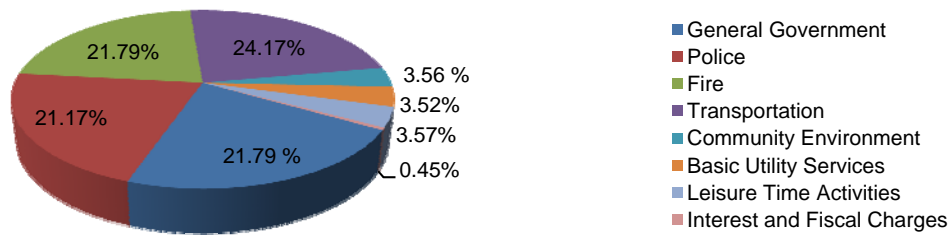
Governmental activities decreased the City of Chillicothe's net position by \$2,096,637. The primary reason for the decrease in net position relates to an increase in expenses for basic utility services of \$247,484, security of persons and property: fire of \$205,566 and security of persons and property: police of \$190,085. Also contributing to the decrease in net position is a decrease in operating grants and contributions of \$360,977 and unrestricted grants and entitlements of \$958,158.



Of the \$24,069,109 in total revenues, income and other taxes account for 47.35%; charges for services of \$5,655,165 account for 23.50%; operating grants and contributions account for 16.20%; capital grants and contributions account for 1.93%; and unrestricted grants and entitlements, property taxes, and other revenue make up the remaining 11.02%. The income and other tax revenue for 2012 was \$11,397,227, which was an increase of \$138,498 or 1.23%.

**City of Chillicothe, Ohio
 Management’s Discussion and Analysis
 For the Year Ended December 31, 2012
 Unaudited**

Expenses - Governmental Activities

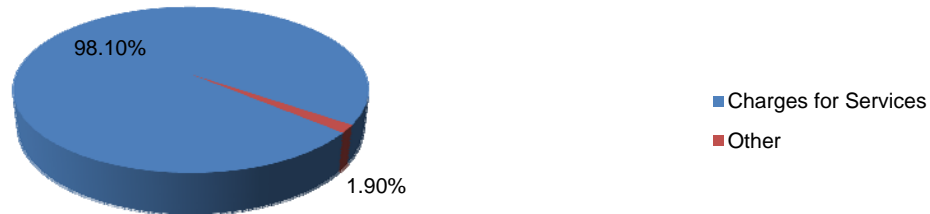


The largest functional expense for the City of Chillicothe was for security of persons and property, which includes the Police and Fire departments.

Business-Type Activities

The business-type activities of the City of Chillicothe, which include its water and sewer operations, decreased the net position by \$649,296. The majority of the decrease in net position is due to a decrease in charges for services which is the result of a decrease in accounts receivable.

Revenues - Business-Type Activities



Financial Analysis of the City of Chillicothe’s Funds

Governmental Funds

The focus of the City of Chillicothe’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the year. These funds are accounted for by using the modified accrual basis of accounting. The General Fund is the chief operating fund of the City of Chillicothe. At the end of 2012, the total fund balance for the General Fund was (\$134,004) of which (\$520,457) was unassigned.

During the current year, the fund balance of the General Fund decreased by \$1,926,272. The decrease in the General Fund balance was the result of an increase in expenditures for General Government, Fire, Capital Outlay and Basic Utility Services and because of a decrease in intergovernmental funds.

At the end of 2012, the Bus Transit Fund had a fund deficit of (\$930,713), which is an increase of \$224,309. This was the result of a decrease in capital outlay and other expenditures.

The Street Construction Maintenance & Repair Fund had a fund deficit of (\$422,960) at the end of 2012, which is an increase of \$162,515. This was the result of a decrease in expenditures.

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

The HUD Fund had a fund balance of \$87,600, which is a decrease of \$268,484. This was the result of a revenues decreasing significantly more than the expenditures.

Proprietary Funds

During the current year, the net position of the City of Chillicothe's Water Fund decreased by \$262,007 or 1.18%. The decrease in the Water Fund net position is due mostly to an increase for the loss on disposal of capital assets.

During the current year, the net position of the Sewer Fund decreased by \$387,289 or 2.06%. The decrease in the Sewer Fund net position is also due to a decrease in charges for services which is the result of a decrease in accounts receivable.

General Fund Budgeting Highlights

The City of Chillicothe's budget is prepared according to Ohio law and is based on accounting for certain transactions on a budget basis of cash receipts (revenues), and disbursements and encumbrances (expenditures). The most significant budgeted fund is the General Fund. During 2012, the City of Chillicothe amended its General Fund budget on various occasions. All recommendations for budget changes come to the Finance Committee of City Council for review before going to the whole Council for an ordinance on the change. The City of Chillicothe does allow small budget changes that modify line items within departments within the same fund.

For the General Fund, the original budgeted revenues were \$16,764,673 and the final budgeted revenue amount was \$16,574,420.

The difference between the General Fund's final budget and actual revenues in the Local Taxes was \$223,176 or 2.17%. This was due to a decrease in the receipt of property taxes from expectations.

The differences between the General Fund's original budget and final amended budget of expenditures amounted to a \$791,319 increase, which included \$599,795 additional appropriation in General Government.

The difference between the General Fund's final budget and actual for the General Government expenditures was \$425,947 or 5.89%. This decrease in actual expenditures was the result of decreases in materials and supplies and contractual services, particularly in Municipal Court.

Capital Assets and Debt Administration

CAPITAL ASSETS AT DECEMBER 31
(NET OF DEPRECIATION)

	Governmental Activities		Business-Type Activities	
	2012	2011*	2012	2011*
Land	\$6,864,490	\$6,864,490	\$1,889,017	\$1,889,017
Construction in Progress	1,185,816	0	1,105,320	790,529
Land Improvements	42,159	77,303	0	0
Buildings, Structures and Improvements	10,399,317	10,741,826	1,705,323	1,814,355
Plant and Facilities	0	0	14,598,587	14,340,383
Furniture, Fixtures, & Equipment	3,294,847	2,671,760	379,373	548,594
Infrastructure	20,325,813	21,705,273	19,530,489	19,383,927
Total	\$42,112,442	\$42,060,652	\$39,208,109	\$38,766,805

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

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

Total capital assets for governmental activities of the City of Chillicothe for the year 2012 were \$42,112,442 or \$51,790 more than in 2011. This increase was mostly due to the current year additions.

The increase in capital assets for business-type activities of \$441,304 was due primarily to the current year additions and construction in progress. Additional information concerning capital assets can be found in Note 9 of the notes to the basic financial statements.

As of December 31, 2012, the City of Chillicothe had \$11,771,225 in bonds, OPWC loan, and notes outstanding.

OUTSTANDING DEBT AT DECEMBER 31

	<u>2012</u>	<u>2011</u>
Governmental Activities		
General Obligation Bonds:		
Various Purpose	\$0	\$75,000
Police and Fire Pension	355,000	375,000
Street Improvement Note	800,000	800,000
Bus Garage Facility Note	1,100,000	1,200,000
Safety Vehicles Note	840,000	1,100,000
Municipal Court Building Note	1,900,000	2,000,000
OPWC Loan	<u>25,225</u>	<u>37,838</u>
Total Governmental Activities	5,020,225	5,587,838
Business-Type Activities		
Water Revenue Bonds	2,390,000	3,520,000
Sewer General Obligation Bonds	1,320,000	1,415,000
ARMC Water Note	2,441,000	2,441,000
Neenah Gardens Sewer Note	<u>600,000</u>	<u>800,000</u>
Total Business-Type Activities	<u>6,751,000</u>	<u>8,176,000</u>
Total	<u><u>\$11,771,225</u></u>	<u><u>\$13,763,838</u></u>

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

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

There is \$2,390,000 in water revenue bonds.

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

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

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

The \$1,100,000 general obligation note is for the new bus transit facility.

The \$600,000 general obligation note is for sewer system improvements in the Neenah Gardens area.

The \$840,000 general obligation note is for new vehicles for the police and fire departments.

The \$1,900,000 general obligation note is for the new Municipal Court building.

The \$25,225 OPWC loan was for street improvements.

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

Current Known Facts and Conditions

City income tax collections increased in 2012 due to improvements in the local job market, including significant rounds of hiring at Kenworth Truck Company and Glatfelter. There was also an increase in building permits, which points to a turnaround in the local economy.

In early 2013 City Council approved a rezoning request which will allow for a Pilot Travel Center to be constructed on East Main Street in 2013. It is anticipated that the new travel center will bring as many as 75 new jobs to Chillicothe. Multiple retail zones were constructed or are in construction on North Bridge Street with construction expected to be completed in 2013. All of which support the continuing trend of a rebounding economy in Chillicothe.

Contacting the City's Financial Management

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

THIS PAGE LEFT BLANK INTENTIONALLY

City of Chillicothe, Ohio
Statement of Net Position
December 31, 2012

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$3,238,646	\$5,599,082	\$8,837,728
Cash and Cash Equivalents in Segregated Accounts	138,387	0	138,387
Cash and Cash Equivalents with Escrow Agents	0	66,959	66,959
Investments	1,000	0	1,000
Materials and Supplies Inventory	87,532	39,699	127,231
Accrued Interest Receivable	2,374	0	2,374
Accounts Receivable	69,409	307,788	377,197
Intergovernmental Receivable	1,542,700	0	1,542,700
Prepaid Items	161,041	49,379	210,420
Income Taxes Receivable	1,931,516	0	1,931,516
Property Taxes Receivable	1,141,352	0	1,141,352
Other Taxes Receivable	137,489	0	137,489
Special Assessments Receivable	43,498	778	44,276
<i>Restricted Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	0	1,818,467	1,818,467
Cash and Cash Equivalents with Fiscal Agents	0	1,283,936	1,283,936
Non-Depreciable Capital Assets	8,050,306	2,994,337	11,044,643
Depreciable Capital Assets, net	34,062,136	36,213,772	70,275,908
<i>Total Assets</i>	<u>50,607,386</u>	<u>48,374,197</u>	<u>98,981,583</u>
Liabilities:			
Accounts Payable	443,641	106,025	549,666
Accrued Wages and Benefits	412,065	84,873	496,938
Contracts Payable	256,069	15,653	271,722
Intergovernmental Payable	1,132,462	115,373	1,247,835
Accrued Interest Payable	15,033	39,677	54,710
Notes Payable	4,640,000	600,000	5,240,000
<i>Long-Term Liabilities:</i>			
Due Within One Year	985,349	1,582,692	2,568,041
Due in More Than One Year	1,937,154	5,368,000	7,305,154
<i>Total Liabilities</i>	<u>9,821,773</u>	<u>7,912,293</u>	<u>17,734,066</u>
Deferred Inflows of Resources	<u>1,122,544</u>	<u>0</u>	<u>1,122,544</u>
Net Position:			
Net Investments in Capital Assets	37,188,766	32,431,229	69,619,995
<i>Restricted for:</i>			
Debt Service	14,956	1,283,936	1,298,892
Capital Outlay	587,122	1,818,467	2,405,589
Street Maintenance and Repair	597,155	0	597,155
Bus Transit	144,362	0	144,362
Housing and Urban Development	630,777	0	630,777
Other Purposes	770,263	0	770,263
<i>Permanent Fund Purpose:</i>			
Expendable	2,250	0	2,250
Nonexpendable	1,000	0	1,000
Unrestricted (Deficit)	(273,582)	4,928,272	4,654,690
<i>Total Net Position</i>	<u>\$39,663,069</u>	<u>\$40,461,904</u>	<u>\$80,124,973</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Activities
For the Year Ended December 31, 2012

	Program Revenues			
	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Expenses				
Governmental Activities:				
General Government	\$5,699,394	\$2,198,878	\$225,772	\$0
<i>Security of Persons and Property:</i>				
Police	5,537,262	62,719	29,330	0
Fire	5,692,471	1,128,525	155,117	0
Transportation	6,321,374	1,200,451	2,341,454	464,966
Leisure Time Services	933,458	125,053	19,877	0
Community Environment	930,752	0	1,127,170	0
Basic Utility Services	920,910	939,539	0	0
Interest and Fiscal Charges	115,936	0	0	0
<i>Total Governmental Activities</i>	<u>26,151,557</u>	<u>5,655,165</u>	<u>3,898,720</u>	<u>464,966</u>
Business-Type Activities:				
Sewer	3,103,909	2,658,330	0	0
Water	4,089,141	3,747,483	0	0
<i>Total Business-Type Activities</i>	<u>7,193,050</u>	<u>6,405,813</u>	<u>0</u>	<u>0</u>
<i>Totals</i>	<u>\$33,344,607</u>	<u>\$12,060,978</u>	<u>\$3,898,720</u>	<u>\$464,966</u>

General Revenues

Property Taxes Levied for:

General Purposes
Police and Fire Pension

Municipal Income Taxes Levied for:

General Purposes
Transportation
Capital Outlay
Other Taxes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings
Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

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

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(3,274,744)	\$0	(\$3,274,744)
(5,445,213)	0	(5,445,213)
(4,408,829)	0	(4,408,829)
(2,314,503)	0	(2,314,503)
(788,528)	0	(788,528)
196,418	0	196,418
18,629	0	18,629
(115,936)	0	(115,936)
<u>(16,132,706)</u>	<u>0</u>	<u>(16,132,706)</u>
0	(445,579)	(445,579)
<u>0</u>	<u>(341,658)</u>	<u>(341,658)</u>
0	(787,237)	(787,237)
<u>(16,132,706)</u>	<u>(787,237)</u>	<u>(16,919,943)</u>
880,624	0	880,624
211,970	0	211,970
9,598,751	0	9,598,751
697,395	0	697,395
862,151	0	862,151
238,930	0	238,930
979,018	0	979,018
31,662	1,911	33,573
<u>549,757</u>	<u>121,841</u>	<u>671,598</u>
14,050,258	123,752	14,174,010
<u>(14,189)</u>	<u>14,189</u>	<u>0</u>
<u>14,036,069</u>	<u>137,941</u>	<u>14,174,010</u>
(2,096,637)	(649,296)	(2,745,933)
<u>41,759,706</u>	<u>41,111,200</u>	<u>82,870,906</u>
<u>\$39,663,069</u>	<u>\$40,461,904</u>	<u>\$80,124,973</u>

City of Chillicothe, Ohio
Balance Sheet
Governmental Funds
December 31, 2012

	General	Bus Transit	Street Construction Maintenance & Repair Fund	HUD	All Other Governmental Funds	Total Governmental Funds
Assets:						
Equity in Pooled Cash and Cash Equivalents	\$1,307,363	\$340,117	\$266,620	\$87,600	\$1,236,946	\$3,238,646
Cash and Cash Equivalents in Segregated Accounts	109,993	27,282	0	0	1,112	138,387
Investments in City Treasury	0	0	0	0	1,000	1,000
Accrued Interest Receivable	2,374	0	0	0	0	2,374
Accounts Receivable	68,744	158	0	0	507	69,409
Interfund Receivable	63,249	0	0	0	0	63,249
Intergovernmental Receivable	429,747	0	431,452	543,177	138,324	1,542,700
Income Taxes Receivable	1,569,356	120,720	0	0	241,440	1,931,516
Property Taxes Receivable	920,416	0	0	0	220,936	1,141,352
Other Taxes Receivable	137,489	0	0	0	0	137,489
Special Assessments Receivable	43,498	0	0	0	0	43,498
Materials and Supplies Inventory	53,559	19,354	14,619	0	0	87,532
Prepaid Items	142,403	12,913	38	0	5,687	161,041
<i>Total Assets</i>	<u>\$4,848,191</u>	<u>\$520,544</u>	<u>\$712,729</u>	<u>\$630,777</u>	<u>\$1,845,952</u>	<u>\$8,558,193</u>
Liabilities:						
Accounts Payable	\$351,242	\$44,899	\$6,402	\$0	\$41,098	\$443,641
Accrued Wages and Benefits	323,064	43,301	15,672	0	30,028	412,065
Contracts Payable	103,281	127,996	0	0	24,792	256,069
Intergovernmental Payable	401,373	56,639	20,230	0	654,220	1,132,462
Accrued Interest Payable	950	5,680	5,750	0	963	13,343
Interfund Payable	0	20,833	0	0	42,416	63,249
Notes Payable	1,900,000	1,100,000	800,000	0	840,000	4,640,000
<i>Total Liabilities</i>	<u>3,079,910</u>	<u>1,399,348</u>	<u>848,054</u>	<u>0</u>	<u>1,633,517</u>	<u>6,960,829</u>
Deferred Inflows of Resources	<u>1,902,285</u>	<u>51,909</u>	<u>287,635</u>	<u>543,177</u>	<u>380,110</u>	<u>3,165,116</u>
Fund Balances:						
Nonspendable	261,459	32,267	14,657	0	6,687	315,070
Restricted	0	0	0	87,600	1,114,780	1,202,380
Committed	110,387	0	0	0	0	110,387
Assigned	14,607	0	0	0	5,765	20,372
Unassigned	(520,457)	(962,980)	(437,617)	0	(1,294,907)	(3,215,961)
<i>Total Fund Balances</i>	<u>(134,004)</u>	<u>(930,713)</u>	<u>(422,960)</u>	<u>87,600</u>	<u>(167,675)</u>	<u>(1,567,752)</u>
<i>Total Liabilities, Deferred Inflows and Fund Balances</i>	<u>\$4,848,191</u>	<u>\$520,544</u>	<u>\$712,729</u>	<u>\$630,777</u>	<u>\$1,845,952</u>	<u>\$8,558,193</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio

Reconciliation of Total Governmental Fund Balances to

Net Position of Governmental Activities

December 31, 2012

Total Governmental Fund Balances (S1,567,752)

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

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds 42,112,442

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

Property and Other Taxes	43,475
Income Taxes	830,540
Intergovernmental	1,149,726
Special Assessments	<u>18,831</u>

Total 2,042,572

Some interest is not due and payable in the current period and
therefore is not reported in the funds. (1,690)

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

Police & Fire Pension Bonds	(355,000)
OPWC Loan Payable	(25,225)
Capital Leases Payable	(258,451)
Landfill Postclosure Costs	(415,071)
Compensated Absences Payable	<u>(1,868,756)</u>

Total (2,922,503)

Net Position of Governmental Activities \$39,663,069

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	General	Bus Transit	Street Construction Maintenance & Repair Fund	HUD	All Other Governmental Funds	Total Governmental Funds
Revenues:						
Property Taxes	\$877,562	\$0	\$0	\$0	\$211,178	\$1,088,740
Income Taxes	8,816,964	678,229	0	0	1,356,457	10,851,650
Other Local Taxes	238,930	0	0	0	0	238,930
Charges for Services	2,782,284	1,192,363	0	0	22,375	3,997,022
Fines, Licenses, and Permits	1,548,114	0	0	0	83,640	1,631,754
Intergovernmental	1,287,774	1,372,677	1,167,220	291,774	1,055,941	5,175,386
Special Assessments	7,558	0	0	0	0	7,558
Interest	31,647	0	0	0	15	31,662
Other	417,924	62,895	64,118	0	102,121	647,058
<i>Total Revenues</i>	<u>16,008,757</u>	<u>3,306,164</u>	<u>1,231,338</u>	<u>291,774</u>	<u>2,831,727</u>	<u>23,669,760</u>
Expenditures:						
<i>Current:</i>						
General Government	5,766,533	0	0	0	0	5,766,533
<i>Security of Persons and Property:</i>						
Police	4,774,096	0	0	0	663,474	5,437,570
Fire	4,680,813	0	0	0	680,096	5,360,909
Transportation	259,130	3,048,837	852,318	0	132,434	4,292,719
Leisure Time Services	85,717	0	0	0	654,924	740,641
Community Environment	41,147	0	0	560,258	18,125	619,530
Basic Utility Services	892,274	0	0	0	0	892,274
Capital Outlay	1,271,451	0	342,430	0	1,558,957	3,172,838
<i>Debt Service:</i>						
Principal Retirements	64,773	2,155	12,613	0	96,150	175,691
Interest and Fiscal Charges	41,089	21,393	11,462	0	42,278	116,222
<i>Total Expenditures</i>	<u>17,877,023</u>	<u>3,072,385</u>	<u>1,218,823</u>	<u>560,258</u>	<u>3,846,438</u>	<u>26,574,927</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,868,266)</u>	<u>233,779</u>	<u>12,515</u>	<u>(268,484)</u>	<u>(1,014,711)</u>	<u>(2,905,167)</u>
Other Financing Sources and Uses:						
Proceeds from the Sale of Capital Assets	15,632	10,200	0	0	0	25,832
Inception of Capital Lease	62,645	0	0	0	0	62,645
Transfers In	929,602	0	150,000	0	885,885	1,965,487
Transfers Out	(1,065,885)	(19,670)	0	0	(894,121)	(1,979,676)
<i>Total Other Financing Sources and Uses</i>	<u>(58,006)</u>	<u>(9,470)</u>	<u>150,000</u>	<u>0</u>	<u>(8,236)</u>	<u>74,288</u>
<i>Net Change in Fund Balance</i>	<u>(1,926,272)</u>	<u>224,309</u>	<u>162,515</u>	<u>(268,484)</u>	<u>(1,022,947)</u>	<u>(2,830,879)</u>
<i>Fund Balance (Deficit) at Beginning of Year, Restated</i>	<u>1,792,268</u>	<u>(1,155,022)</u>	<u>(585,475)</u>	<u>356,084</u>	<u>855,272</u>	<u>1,263,127</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>(\$134,004)</u>	<u>(\$930,713)</u>	<u>(\$422,960)</u>	<u>\$87,600</u>	<u>(\$167,675)</u>	<u>(\$1,567,752)</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended December 31, 2012

Net Change in Fund Balances - Total Governmental Funds (\$2,830,879)

**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	3,331,919	
Current Year Depreciation	(3,232,748)	
Total		99,171

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

(47,381)

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

Delinquent Property Taxes	3,854	
Delinquent Special Assessments	(12,700)	
Intergovernmental	101,548	
Income Taxes	306,647	
Total		399,349

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

Principal Retirement	175,691	
Capital Leases Traded-In	6,795	
Total		182,486

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

286

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

Inception of Capital Lease		(62,645)
----------------------------	--	----------

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

47,985

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

Compensated Absences		114,991
----------------------	--	---------

Change in Net Position - Governmental Activities (\$2,096,637)

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$10,265,408	\$10,274,155	\$10,050,979	(\$223,176)
Charges for Services	2,854,990	2,835,990	2,855,424	19,434
Fines, Licenses and Permits	1,604,810	1,579,810	1,577,511	(2,299)
Intergovernmental	1,557,965	1,361,965	1,382,384	20,419
Special Assessments	50,000	10,000	7,558	(2,442)
Investment Earnings	75,000	40,000	32,582	(7,418)
Miscellaneous	356,500	472,500	413,024	(59,476)
Total Revenue	16,764,673	16,574,420	16,319,462	(254,958)
Expenditures:				
<i>Current:</i>				
General Government	6,631,846	7,231,641	6,805,694	425,947
Security of Persons and Property				
Police	4,931,641	4,875,556	4,835,209	40,347
Fire	4,641,160	4,789,921	4,742,039	47,882
Transportation	265,000	265,000	259,130	5,870
Community Environment	375	375	57	318
Basic Utility Services	995,376	984,313	882,897	101,416
Leisure Time Activities	0	109,911	85,752	24,159
<i>Debt Service:</i>				
Principal Retirement	2,000,000	2,000,000	2,000,000	0
Interest and Fiscal Charges	25,000	25,000	24,931	69
Total Expenditures	19,490,398	20,281,717	19,635,709	646,008
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(2,725,725)</i>	<i>(3,707,297)</i>	<i>(3,316,247)</i>	<i>391,050</i>
Other Financing Sources and Uses:				
Proceeds from Sale of Capital Assets	5,000	12,000	15,632	3,632
Issuance of Notes	1,900,000	1,900,000	1,900,000	0
Transfers In	751,461	816,461	929,601	113,140
Transfers Out	(1,770,317)	(1,472,789)	(1,414,824)	57,965
Total Other Financing Sources and Uses	886,144	1,255,672	1,430,409	174,737
<i>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</i>	<i>(1,839,581)</i>	<i>(2,451,625)</i>	<i>(1,885,838)</i>	<i>565,787</i>
<i>Fund Balances at Beginning of Year</i>	<i>2,750,937</i>	<i>2,750,937</i>	<i>2,750,937</i>	<i>0</i>
<i>Prior Year Encumbrances Appropriated</i>	<i>37,563</i>	<i>37,563</i>	<i>37,563</i>	<i>0</i>
Fund Balances at End of Year	\$948,919	\$336,875	\$902,662	\$565,787

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Budget Basis)
Bus Transit Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Local Taxes	\$702,500	\$702,500	\$688,128	(\$14,372)
Charges for Services	909,000	1,209,000	1,192,363	(16,637)
Intergovernmental	1,819,710	1,696,710	1,372,677	(324,033)
Other	64,000	64,000	75,997	11,997
<i>Total Revenues</i>	<u>3,495,210</u>	<u>3,672,210</u>	<u>3,329,165</u>	<u>(343,045)</u>
Expenditures:				
<i>Current:</i>				
Transportation	3,416,338	3,646,519	3,349,211	297,308
Debt Service	1,224,000	1,224,000	1,223,933	67
<i>Total Expenditures</i>	<u>4,640,338</u>	<u>4,870,519</u>	<u>4,573,144</u>	<u>297,375</u>
<i>Excess of Revenues (Under) Expenditures</i>	(1,145,128)	(1,198,309)	(1,243,979)	(45,670)
Other Financing Sources and Uses:				
Issuance of Notes	1,200,000	1,100,000	1,100,000	0
Proceeds from Sale of Capital Assets	0	0	10,200	10,200
Transfers-Out	(19,675)	(19,675)	(19,670)	5
<i>Total Other Financing Sources and Uses</i>	<u>1,180,325</u>	<u>1,080,325</u>	<u>1,090,530</u>	<u>10,205</u>
<i>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</i>	35,197	(117,984)	(153,449)	(35,465)
<i>Fund Balances at Beginning of Year</i>	343,912	343,912	343,912	0
<i>Prior Year Encumbrances Appropriated</i>	<u>11,294</u>	<u>11,294</u>	<u>11,294</u>	<u>0</u>
<i>Fund Balances at End of Year</i>	<u>\$390,403</u>	<u>\$237,222</u>	<u>\$201,757</u>	<u>(\$35,465)</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Budget Basis)
Street Construction Maintenance & Repair Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$945,000	\$1,206,148	\$1,172,197	(\$33,951)
Other	17,000	53,800	64,118	10,318
<i>Total Revenues</i>	<u>962,000</u>	<u>1,259,948</u>	<u>1,236,315</u>	<u>(23,633)</u>
Expenditures:				
<i>Current:</i>				
Transportation	1,417,967	1,234,604	977,449	257,155
Capital Outlay	0	342,430	342,430	0
Debt Service	826,053	826,053	826,053	0
<i>Total Expenditures</i>	<u>2,244,020</u>	<u>2,403,087</u>	<u>2,145,932</u>	<u>257,155</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,282,020)	(1,143,139)	(909,617)	233,522
Other Financing Sources:				
Issuance of Notes	800,000	800,000	800,000	0
Transfers In	450,000	150,000	150,000	0
<i>Total Other Financing Sources</i>	<u>1,250,000</u>	<u>950,000</u>	<u>950,000</u>	<u>0</u>
<i>Excess of Revenues and Other Sources Over (Under) Expenditures</i>	(32,020)	(193,139)	40,383	233,522
<i>Fund Balances at Beginning of Year</i>	110,409	110,409	110,409	0
<i>Prior Year Encumbrances Appropriated</i>	84,486	84,486	84,486	0
<i>Fund Balances at End of Year</i>	<u>\$162,875</u>	<u>\$1,756</u>	<u>\$235,278</u>	<u>\$233,522</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Budget Basis)
HUD Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$510,000	\$428,000	\$431,275	\$3,275
<i>Total Revenues</i>	<u>510,000</u>	<u>428,000</u>	<u>431,275</u>	<u>3,275</u>
Expenditures:				
Current:				
Community Environment	506,924	644,447	592,096	52,351
<i>Total Expenditures</i>	<u>506,924</u>	<u>644,447</u>	<u>592,096</u>	<u>52,351</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	3,076	(216,447)	(160,821)	55,626
<i>Fund Balances at Beginning of Year</i>	63,876	63,876	63,876	0
<i>Prior Year Encumbrances Appropriated</i>	<u>152,709</u>	<u>152,709</u>	<u>152,709</u>	<u>0</u>
<i>Fund Balances at End of Year</i>	<u>\$219,661</u>	<u>\$138</u>	<u>\$55,764</u>	<u>\$55,626</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2012

	Enterprise Funds		Total
	Water	Sewer	
Assets:			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$1,736,063	\$3,863,019	\$5,599,082
Cash and Cash Equivalents with Escrow Agents	66,959	0	66,959
Accounts Receivable	182,936	124,852	307,788
Special Assessments Receivable	778	0	778
Materials and Supplies Inventory	34,629	5,070	39,699
Prepaid Items	29,162	20,217	49,379
<i>Total Current Assets</i>	<u>2,050,527</u>	<u>4,013,158</u>	<u>6,063,685</u>
<i>Noncurrent Assets:</i>			
<i>Restricted Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	1,200,000	618,467	1,818,467
Cash and Cash Equivalents with Fiscal Agents	1,283,936	0	1,283,936
Non-Depreciable Capital Assets	2,517,840	476,497	2,994,337
Depreciable Capital Assets, Net	20,353,252	15,860,520	36,213,772
<i>Total Noncurrent Assets</i>	<u>25,355,028</u>	<u>16,955,484</u>	<u>42,310,512</u>
<i>Total Assets</i>	<u>27,405,555</u>	<u>20,968,642</u>	<u>48,374,197</u>
Liabilities:			
<i>Current:</i>			
Accounts Payable	39,442	66,583	106,025
Accrued Wages and Benefits	39,258	45,615	84,873
Contracts Payable	11,069	4,584	15,653
Intergovernmental Payable	62,376	52,997	115,373
Accrued Interest Payable	34,159	5,518	39,677
Notes Payable	0	600,000	600,000
Compensated Absences Payable	138,042	169,650	307,692
General Obligation Bonds Payable	0	100,000	100,000
Revenue Bonds Payable	1,175,000	0	1,175,000
<i>Total Current Liabilities</i>	<u>1,499,346</u>	<u>1,044,947</u>	<u>2,544,293</u>
<i>Noncurrent Liabilities:</i>			
Compensated Absences Payable	210,234	255,886	466,120
General Obligation Bonds Payable	0	1,220,000	1,220,000
Revenue Bonds Payable	1,240,880	0	1,240,880
Note Payable	2,441,000	0	2,441,000
<i>Total Noncurrent Liabilities</i>	<u>3,892,114</u>	<u>1,475,886</u>	<u>5,368,000</u>
<i>Total Liabilities</i>	<u>5,391,460</u>	<u>2,520,833</u>	<u>7,912,293</u>
Net Position:			
Net Investments in Capital Assets	18,014,212	14,417,017	32,431,229
Restricted for Debt Service	1,283,936	0	1,283,936
Restricted for Capital Outlay	1,200,000	618,467	1,818,467
Unrestricted	1,515,947	3,412,325	4,928,272
<i>Total Net Position</i>	<u>\$22,014,095</u>	<u>\$18,447,809</u>	<u>\$40,461,904</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Revenues, Expenses and
Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2012

	Enterprise Funds		Total
	Water	Sewer	
Operating Revenues:			
Charges for Services	\$3,747,483	\$2,658,330	\$6,405,813
Other	85,579	36,262	121,841
<i>Total Operating Revenues</i>	<u>3,833,062</u>	<u>2,694,592</u>	<u>6,527,654</u>
Operating Expenses:			
Personal Services	1,229,834	1,091,382	2,321,216
Fringe Benefits	803,008	624,072	1,427,080
Contractual Services	210,321	222,097	432,418
Materials and Supplies	218,435	171,336	389,771
Depreciation	763,207	657,289	1,420,496
Other	308,545	273,367	581,912
<i>Total Operating Expenses</i>	<u>3,533,350</u>	<u>3,039,543</u>	<u>6,572,893</u>
<i>Operating Income (Loss)</i>	<u>299,712</u>	<u>(344,951)</u>	<u>(45,239)</u>
Non-Operating Revenues (Expenses):			
Interest	1,911	0	1,911
Interest and Fiscal Charges	(150,952)	(62,256)	(213,208)
Loss on Disposal of Capital Assets	(385,135)	(2,110)	(387,245)
Bond Issuance Costs	(19,704)	0	(19,704)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(553,880)</u>	<u>(64,366)</u>	<u>(618,246)</u>
<i>Income (Loss) Before Contributions and Transfers</i>	<u>(254,168)</u>	<u>(409,317)</u>	<u>(663,485)</u>
Transfers In	0	30,000	30,000
Transfers Out	(7,839)	(7,972)	(15,811)
<i>Change in Net Position</i>	<u>(262,007)</u>	<u>(387,289)</u>	<u>(649,296)</u>
<i>Net Position at Beginning of Year, As Restated (See Note 5)</i>	<u>22,276,102</u>	<u>18,835,098</u>	<u>41,111,200</u>
<i>Net Position at End of Year</i>	<u>\$22,014,095</u>	<u>\$18,447,809</u>	<u>\$40,461,904</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012

	Enterprise Funds		Total
	Water	Sewer	
Cash Flows from (Used by) Operating Activities:			
Cash Received from Customers	\$4,403,404	\$3,112,140	\$7,515,544
Cash Received from Other Receipts	83,291	38,061	121,352
Cash Payments to Employees	(2,025,534)	(1,728,186)	(3,753,720)
Cash Payments for Contractual Services	(212,009)	(219,980)	(431,989)
Cash Payments for Supplies and Materials	(238,743)	(151,179)	(389,922)
Cash Payments for Other Expenses	(317,574)	(241,136)	(558,710)
<i>Net Cash Provided by Operating Activities</i>	<u>1,692,835</u>	<u>809,720</u>	<u>2,502,555</u>
Cash Flows from (Used by) Non-Capital Financing Activities:			
Transfers In from Other Funds	0	30,000	30,000
Transfers Out to Other Funds	(7,839)	(7,972)	(15,811)
<i>Net Cash Provided (Used) by Non-Capital Financing Activities</i>	<u>(7,839)</u>	<u>22,028</u>	<u>14,189</u>
Cash Flows from (Used by) Capital and Related Financing Activities:			
Proceeds Received from Bonds and Notes	2,441,000	600,000	3,041,000
Interest Paid on Bonds and Notes	(193,438)	(64,488)	(257,926)
Principal Paid on Bonds and Notes	(3,571,000)	(895,000)	(4,466,000)
Cash Paid to Acquire/Construct Capital Assets	(1,735,095)	(525,249)	(2,260,344)
Cash Received from Sale of Assets	2,447	8,852	11,299
<i>Net Cash Used by Capital and Related Financing</i>	<u>(3,056,086)</u>	<u>(875,885)</u>	<u>(3,931,971)</u>
Cash Flows from (Used by) Investing Activities:			
Interest Received on Investments	1,911	0	1,911
<i>Net Cash Provided by Investing Activities</i>	<u>1,911</u>	<u>0</u>	<u>1,911</u>
<i>Net Decrease In Cash and Cash Equivalents</i>	(1,369,179)	(44,137)	(1,413,316)
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>5,656,137</u>	<u>4,525,623</u>	<u>10,181,760</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$4,286,958</u></u>	<u><u>\$4,481,486</u></u>	<u><u>\$8,768,444</u></u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012

	Enterprise Funds		Total
	Water	Sewer	
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$299,712	(\$344,951)	(\$45,239)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation Expense	763,207	657,289	1,420,496
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	647,051	453,810	1,100,861
(Increase) Decrease in Special Assessments Receivable	6,582	1,799	8,381
(Increase) Decrease in Material & Supply Inventory	3,403	(1,600)	1,803
(Increase) Decrease in Prepaid Items	(9,901)	(847)	(10,748)
Increase (Decrease) in Accounts Payable	(33,916)	54,048	20,132
Increase (Decrease) in Contracts Payable	9,389	2,904	12,293
Increase (Decrease) in Accrued Wages Payable	(2,003)	(20,173)	(22,176)
Increase (Decrease) in Compensated Absences Payable	5,425	9,364	14,789
Increase (Decrease) in Intergovernmental Payable	3,886	(1,923)	1,963
Net Cash Provided by Operating Activities	<u>\$1,692,835</u>	<u>\$809,720</u>	<u>\$2,502,555</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2012

	<u>Agency Funds</u>
Assets:	
<i>Current Assets:</i>	
Equity in Pooled Cash & Cash Equivalents	\$30,347
Cash and Cash Equivalents in Segregated Accounts	<u>147,444</u>
<i>Total Assets</i>	<u>177,791</u>
Liabilities:	
<i>Current Liabilities:</i>	
Intergovernmental Payable	52,235
Undistributed Monies	95,209
Deposits Held and Due to Others	<u>30,347</u>
<i>Total Liabilities</i>	<u><u>\$177,791</u></u>

See accompanying notes to the basic financial statements

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1 - DESCRIPTION OF THE CITY OF CHILLICOTHE

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

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-Wide Financial Statements

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

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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

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

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

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

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

CITY OF CHILlicothe, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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

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

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

Proprietary Funds

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

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

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

Fiduciary Funds

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

Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include municipal income taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from municipal income taxes is recognized in the period in which the income is earned (See Note 16).

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

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

Expenditures/Expenses

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

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

Budgetary Accounting and Control

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

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

The City maintains budgetary control by object and ordinance does not permit expenditures and encumbrances to exceed appropriations for each object. Unencumbered and unexpended appropriations lapse at year-end in all budgeted funds.

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

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

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

Cash and Cash Equivalents

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

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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

Following the local ordinance of the City as well as Ohio statutes, the City has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during 2012 amounted to \$31,647, which includes \$25,379 assigned from other City funds.

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

The City has bank accounts for monies held in escrow which will be used to pay vendors of the City upon completion of contracts. These accounts are presented on the statement of net position as "cash and cash equivalents with escrow agent."

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

Inventory

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

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

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2012 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

Restricted Assets

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

Capital Assets

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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

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

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

Compensated Absences

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

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

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

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

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

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance

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

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

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

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

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

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

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

Net position

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

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water and sanitary sewer services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

Interfund Transactions

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

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

Interfund Balances

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

Extraordinary and Special Items

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

Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2012.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

Estimates

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

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

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

	General Fund	Bus Transit Fund	Street Construction Maintenance & Repair Fund	HUD Fund
GAAP Basis	(\$1,926,272)	\$224,309	\$162,515	(\$268,484)
<i>Adjustments:</i>				
Net Adjustment for Revenue Accruals	319,828	23,001	4,977	139,501
Net Adjustments for Expenditure Accruals	(2,047,767)	(1,362,401)	(895,767)	0
Encumbrances	(141,357)	(138,358)	(31,342)	(31,838)
Net Adjustment for Other Sources (Uses)	1,837,355	1,100,000	800,000	0
<i>Prospective Difference:</i>				
Activity of Funds Reclassified For GAAP Reporting Purposes	<u>72,375</u>	<u>0</u>	<u>0</u>	<u>0</u>
Budget Basis	<u>(\$1,885,838)</u>	<u>(\$153,449)</u>	<u>\$40,383</u>	<u>(\$160,821)</u>

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

Deficit Fund Balances

<u>Major Funds</u>	<u>Deficit</u>
General	\$134,004
Bus Transit	930,713
Street Construction Maintenance & Repair	422,960
<u>Nonmajor Funds</u>	<u>Deficit</u>
Police Pension	\$261,554
Fire Pension	344,633
Safety Levy Capital	685,682

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

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

During 2012, the City implemented GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans," GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements," GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements," GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions," and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities."

GASB Statement Number 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans." The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The requirements of this Statement have been implemented by the City, which did not result in any change in the City's financial statements.

GASB Statement Number 60, "Accounting and Financial Reporting for Service Concession Arrangements." The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The requirements of this Statement have been implemented by the City, which did not result in any change in the City's financial statements.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

GASB Statement Number 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.” The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements which does not conflict with or contradict GASB pronouncements. The requirements of this Statement have been implemented by the City, which did not result in any change in the City’s financial statements.

GASB Statement Number 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.” The Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The requirements of this Statement have been implemented by the City, which resulted in classification changes and description modifications in the City’s financial statements. The implementation did not result in any restatement of prior year balances.

GASB Statement Number 64, “Derivative Instruments: Application of Hedge Accounting Termination Provisions.” The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The requirements of this Statement have been implemented by the City, which did not result in any change in the City’s financial statements.

GASB Statement Number 65, “Items Previously Reported as Assets and Liabilities.” This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement have been implemented by the City, which did not result in any change in the City’s financial statements.

Restatement of Prior Year’s Fund Balance and Net position: During 2012, the City restated capital assets for corrections to accumulated depreciation and construction in progress from prior years and for errors discovered with recording of income tax accruals which resulted in the following prior period adjustments:

	General Fund	Bus Transit Fund	All Other Governmental Funds	Governmental Activities
Fund Balance/Net Position, December 31, 2011	\$2,077,309	(\$1,133,095)	\$899,126	\$40,914,890
Restatement of Capital Assets	0	0	0	671,745
Income Taxes	(285,041)	(21,927)	(43,854)	173,071
Adjusted Fund Balance/Net Position, December 31, 2011	<u>\$1,792,268</u>	<u>(\$1,155,022)</u>	<u>\$855,272</u>	<u>\$41,759,706</u>

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Water Fund	Sewer Fund	Business Type Activities
Net Position, December 31, 2011	\$21,499,227	\$18,803,969	\$40,303,196
Restatement of Capital Assets	<u>776,875</u>	<u>31,129</u>	<u>808,004</u>
Adjusted Net Position, December 31, 2011	<u>\$22,276,102</u>	<u>\$18,835,098</u>	<u>\$41,111,200</u>

NOTE 6 - CASH, DEPOSITS, AND INVESTMENTS

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

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

The amount available for deposit and investment are as follows:

Cash and Cash Equivalents	
-Pooled	\$10,686,542
-Segregated	285,831
-Fiscal & Escrow Agents	1,350,895
Investment (Carrying Amount)	1,000
Reconciling items (net) to arrive at bank balances for deposits	<u>218,314</u>
Total available for deposit and investment	<u>\$12,542,582</u>

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

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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

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

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

At December 31, 2012, the carrying amount of all City deposits was \$11,039,332. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosures,” as of December 31, 2012, the City’s bank balance of \$11,257,646 was either covered by the Federal Deposit Insurance or collateralized by the financial institution’s public entity deposit pools in the manner described above.

Investments: As of December 31, 2012, the City had the following investments and maturities:

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

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

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City limits its investments to those authorized by state statute. Moody’s has assigned the Federated Treasury Obligations Money Market Mutual Fund an “Aaa” rating.

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

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 7 - RECEIVABLES

Receivables at December 31, 2012 consisted of property and other taxes, municipal income taxes, interest, accounts (billings for user charged services), special assessments, and intergovernmental grants. All receivables are considered fully collectible. A summary of the principal items of intergovernmental receivables follows:

Governmental Activities

General Fund:

Local Government Distributions	\$351,766
State Property Tax Reimbursements	59,129
Estate Taxes and Other Revenues	<u>18,852</u>
Total General Fund	429,747
Street Construction Maintenance & Repair Distributions	431,452
HUD	543,177
<i>Nonmajor Special Revenue Funds:</i>	
State Highway Distributions	34,983
State Grants	88,727
Law Enforcement	100
OMVI Enforcements and Education	392
Police & Fire Pension State Property Tax Reimbursements	<u>14,122</u>
Total Nonmajor Special Revenue Funds	<u>138,324</u>
Total Intergovernmental Receivables	<u><u>\$1,542,700</u></u>

NOTE 8 – DEFERRED INFLOW/OUTFLOW

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The City had no such activity as of December 31, 2012.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2012, but which were levied to finance year 2013 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements.

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Governmental Type Funds					Totals
	General	Bus	Street Construction Maintenance and Repair	HUD	Other Governmental Funds	
Property Tax	\$920,416	\$0	\$0	\$0	\$220,936	\$1,141,352
Shared Revenue	59,129	0	0	0	14,122	73,251
Grants and Entitlements	204,429	0	287,635	543,177	41,234	1,076,475
Special Assesment	43,498	0	0	0	0	43,498
Income Taxes	674,813	51,909	0	0	103,818	830,540
Total Deferred Inflows of Resources	\$1,902,285	\$51,909	\$287,635	\$543,177	\$380,110	\$3,165,116

NOTE 9 - CAPITAL ASSETS

The following table provides a summary of the changes in capital assets during 2012 for the governmental activities:

	Restated Balance 1/1/2012	Additions	Deletions	Balance 12/31/2012
Governmental Activities:				
Nondepreciable Capital Assets				
Land	\$6,864,490	\$0	\$0	\$6,864,490
Construction in Progress	0	1,185,816	0	1,185,816
Total Nondepreciable Capital Assets	6,864,490	1,185,816	0	8,050,306
Depreciable Capital Assets				
Land Improvements	4,827,698	0	0	4,827,698
Buildings, Structures, & Improvements	18,903,552	28,000	0	18,931,552
Furniture, Fixtures, Equipment, & Vehicles	11,682,725	1,650,037	(646,964)	12,685,798
Infrastructure	57,619,126	468,066	0	58,087,192
Total Depreciable Capital Assets	93,033,101	2,146,103	(646,964)	94,532,240
Less Accumulated Depreciation:				
Land Improvements	(4,750,395)	(35,144)	0	(4,785,539)
Buildings, Structures, & Improvements	(8,161,726)	(370,509)	0	(8,532,235)
Furniture, Fixtures, Equipment, & Vehicles	(9,010,965)	(979,569)	599,583	(9,390,951)
Infrastructure	(35,913,853)	(1,847,526)	0	(37,761,379)
Total Accumulated Depreciation	(57,836,939)	(3,232,748)	599,583	(60,470,104)
Total Capital Assets Being Depreciated, Net	35,196,162	(1,086,645)	(47,381)	34,062,136
Governmental Activities Capital Assets, Net	\$42,060,652	\$99,171	(\$47,381)	\$42,112,442

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

CITY OF CHILlicothe, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

Governmental Activities

General Government	\$131,229
<i>Security of Persons and Property:</i>	
Police	260,581
Fire	397,908
Transportation	2,004,180
Community Environment	311,222
Leisure Time Activities	<u>127,628</u>

Governmental Activities Depreciation Expense \$3,232,748

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

	Restated Balance 1/1/2012	Additions	Deletions	Balance 12/31/2012
Business-Type Activities:				
Nondepreciable Capital Assets				
Land	\$1,889,017	\$0	\$0	\$1,889,017
Construction in Progress	<u>790,529</u>	<u>960,540</u>	<u>(645,749)</u>	<u>1,105,320</u>
Total Nondepreciable Capital Assets	<u>2,679,546</u>	<u>960,540</u>	<u>(645,749)</u>	<u>2,994,337</u>
Depreciable Capital Assets				
Land Improvements	272,721	0	0	272,721
Buildings, Structures, & Improvements	3,859,275	0	0	3,859,275
Plant & Facilities	25,072,722	764,543	0	25,837,265
Furniture, Fixtures, Equipment, & Vehicles	3,108,362	30,769	(239,088)	2,900,043
Infrastructure	<u>29,866,741</u>	<u>1,150,241</u>	<u>(550,989)</u>	<u>30,465,993</u>
Total Depreciable Capital Assets	<u>62,179,821</u>	<u>1,945,553</u>	<u>(790,077)</u>	<u>63,335,297</u>
Less Accumulated Depreciation:				
Land Improvements	(272,721)	0	0	(272,721)
Buildings, Structures, & Improvements	(2,044,920)	(109,032)	0	(2,153,952)
Plant & Facilities	(10,732,339)	(506,339)	0	(11,238,678)
Furniture, Fixtures, Equipment, & Vehicles	(2,559,768)	(199,990)	239,088	(2,520,670)
Infrastructure	<u>(10,482,814)</u>	<u>(605,135)</u>	<u>152,445</u>	<u>(10,935,504)</u>
Total Accumulated Depreciation	<u>(26,092,562)</u>	<u>(1,420,496)</u>	<u>391,533</u>	<u>(27,121,525)</u>
Total Capital Assets Being Depreciated, Net	<u>36,087,259</u>	<u>525,057</u>	<u>(398,544)</u>	<u>36,213,772</u>
Business-Type Activities Capital Assets, Net	<u><u>\$38,766,805</u></u>	<u><u>\$1,485,597</u></u>	<u><u>(\$1,044,293)</u></u>	<u><u>\$39,208,109</u></u>

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 10 - NOTES PAYABLE

The City's note transactions for the year ended December 31, 2012, were as follows:

Purpose	Balance 1/1/2012*	Additions	Deletions	Balance 12/31/2012
Governmental Activities:				
Bond Anticipation Notes Payable:				
Street Improvement, 1.68%	\$800,000	\$0	\$800,000	\$0
Street Improvement, 1.25%	0	800,000	0	800,000
Bus Garage Facility, 2.00%	1,200,000	0	1,200,000	0
Bus Garage Facility, 1.43%	0	1,100,000	0	1,100,000
Safety Vehicles, 1.75%	1,100,000	0	1,100,000	0
Safety Vehicles, 1.25%	0	840,000	0	840,000
Municipal Court Building, 1.25%	2,000,000	0	2,000,000	0
Municipal Court Building, 1.50%	0	1,900,000	0	1,900,000
Governmental Activities Notes Payable	\$5,100,000	\$4,640,000	\$5,100,000	\$4,640,000
Business-Type Activities:				
Bond Anticipation Notes Payable:				
Neenah Gardens Sewer, 1.449%	800,000	0	800,000	0
Neenah Gardens Sewer, 0.74%	0	600,000	0	600,000
Business-Type Activities Notes Payable	\$800,000	\$600,000	\$800,000	\$600,000

*Beginning balances were restated to recognize certain renewed Bond Anticipation Notes in accordance with GASB Codification 2200.182-189.

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

In June, the City reissued \$800,000 in notes; in August, the City paid \$100,000 of the \$1,200,000 in outstanding notes for the new Bus Garage Facility and reissued \$1,100,000 in notes; in September, the City paid \$200,000 of the \$800,000 in outstanding notes for improvements to the sewer system in the Neenah Gardens subdivision and reissued \$600,000; in November, the City paid \$260,000 of the \$1,100,000 in outstanding notes to purchase new vehicles for the police and fire departments and reissued \$840,000; and in December, the City paid \$100,000 of the \$2,000,000 in notes outstanding for the new Municipal Court building and reissued \$1,900,000 in notes. Therefore, the City had \$5,240,000 in bond anticipation notes outstanding at December 31, 2012.

NOTE 11 - LONG-TERM OBLIGATIONS

The City's long-term obligations activity for the year ended December 31, 2012 was as follows:

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

Governmental Activities General Obligation Bonds and Other Long-Term Obligations

Purpose	Balance 1/1/2012	Additions	Deletions	Balance 12/31/2012	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds Payable:					
Various Purpose G.O. Bonds, \$2,125,000, 3.31%, 2003 - 2012	\$75,000	\$0	(\$75,000)	\$0	\$0
Police & Fire Pension Bonds, \$575,000, 3.75% - 5.625%, 1999-2024	375,000	0	(20,000)	355,000	20,000
OPWC Term Loan Payable \$126,126, 0.00%, 2005 - 2014	37,838	0	(12,613)	25,225	12,612
Other Long-Term Obligations:					
Compensated Absences	1,983,747	830,808	(945,799)	1,868,756	831,497
Capital Leases	270,679	62,645	(74,873)	258,451	70,867
Landfill Post-Closure Care	463,056	0	(47,985)	415,071	50,373
Governmental Activities Long-Term Obligations	<u>\$3,205,320</u>	<u>\$893,453</u>	<u>(\$1,176,270)</u>	<u>\$2,922,503</u>	<u>\$985,349</u>

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

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

In 2005, the City of Chillicothe borrowed \$126,126 in Issue II funds for street improvements. The OPWC loan will be paid from the Street Construction Maintenance & Repair Fund. Compensated absences will be paid from the fund from which the employees' salaries are paid, which include the General, Street Construction Maintenance & Repair, Parks & Recreation, Parking, and Bus Transit funds. Capital lease obligations will be paid from the fund that maintains custody of the related asset. The landfill post-closure care liability will be paid from the General Fund. For a description of the bond anticipation notes see Note 10.

Business-Type Activities Bonds and Other Long-Term Obligations

Purpose	Balance 1/1/2012*	Additions	Deletions	Balance 12/31/2012	Amounts Due Within One Year
Business-Type Activities:					
Revenue Bonds Payable:					
Municipal Water System Refunding \$11,350,000, 5.22%, 2003 - 2014	\$3,520,000	\$0	(\$1,130,000)	\$2,390,000	\$1,175,000
Issuance Premium on Bonds	51,761	0	(25,881)	25,880	0

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

General Obligation Bonds Payable:					
Municipal Sewer Bond					
\$2,095,000, 3.31%, 2003 - 2023	1,415,000	0	(95,000)	1,320,000	100,000
Bond Anticipation Notes Payable:					
ARMC Water, 1.90%	2,441,000	0	(2,441,000)	0	0
ARMC Water, 1.90%	0	2,441,000	0	2,441,000	0
Other Long-Term Obligations:					
Compensated Absences	<u>759,023</u>	<u>265,173</u>	<u>(250,384)</u>	<u>773,812</u>	<u>307,692</u>
Business-Type Activities					
Long-Term Obligations	<u>\$8,186,784</u>	<u>\$2,706,173</u>	<u>\$3,942,265</u>	<u>\$6,950,692</u>	<u>\$1,582,692</u>

*Beginning balances were restated to recognize certain renewed Bond Anticipation Notes in accordance with GASB Codification 2200.182-189.

In March of 2012, the City issued \$2,441,000 in notes for improvements to the water system near the Adena Regional Medical Center (ARMC). These bond anticipation notes were issued to extend water lines and construct a water tower near the ARMC. These bond anticipation notes will be retired from the City's Water Fund or refinanced into general obligation bonds of the Water Fund.

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

Revenue and general obligation bonds issued for business-type activities are retired through the respective enterprise funds. The City has pledged gross revenues to be derived from the City's water system, after provision of reasonable expenses of operation and maintenance of the system, and certain funds held by the City's trustee. Total principal and interest remaining on these bonds is \$2,555,563, payable through December 1, 2014. For the current year, total principal and interest paid was \$1,277,188 and pledged revenues, net of operation expenses, was \$979,251. General obligation bonds also require the City to generate revenues from the enterprise operations that are sufficient to meet debt service requirements.

Enterprise fund assets, whose use is restricted under bond indentures, are presented as restricted assets on the statement of net position. Restricted assets relating to the revenue bonds at December 31, 2012 are as follows:

Business-Type Activities

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

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

CITY OF CHILlicothe, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

Debt service requirements are as follows:

For year ended December 31	Police & Fire Pension Bonds		OPWC Loan Payable
	Principal	Interest	Principal Only
2013	\$20,000	\$19,903	\$12,612
2014	25,000	18,844	12,613
2015	25,000	17,437	0
2016	25,000	16,031	0
2017	25,000	14,625	0
2018 – 2022	160,000	48,937	0
2023 – 2026	75,000	6,496	0
	<u>\$355,000</u>	<u>\$142,273</u>	<u>\$25,225</u>

For year Ended December 31	Water Revenue Bonds		Sewer G.O. Bonds		Bond Anticipation Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$1,175,000	\$104,813	\$100,000	\$50,015	\$0	\$0
2014	1,215,000	60,750	100,000	46,765	2,441,000	17,575
2015	0	0	105,000	43,415	0	0
2016	0	0	110,000	39,792	0	0
2017	0	0	115,000	35,888	0	0
2018 – 2022	0	0	645,000	110,827	0	0
2023 – 2026	0	0	145,000	6,090	0	0
	<u>\$2,390,000</u>	<u>\$165,563</u>	<u>\$1,320,000</u>	<u>\$332,792</u>	<u>\$2,441,000</u>	<u>\$17,575</u>

NOTE 12 - CAPITAL LEASES

The City has entered into various agreements to lease equipment. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Lease payments are made in accordance with the amortization schedule. At the end of the lease the City has the option of purchasing the asset or trade-in the asset for credit on another purchase. New capital leases are reflected in the statement of revenues, expenditures, and changes in fund balance for governmental funds as a functional expenditure and "inception of capital lease." Capital lease payments are reflected as debt service expenditures in the General, Bus Transit, Street Construction Maintenance & Repair, and Parks and Recreation funds. These capital leased assets, consisting of equipment, have been capitalized in the amount of \$430,368 in the governmental funds, which represents the present value of the minimum lease payments at the time of acquisition. Principal payments in 2012 were \$68,078 in the governmental funds. The City also received credit on the trade-in of leased assets in the amount of \$6,795.

The City's future minimum lease payments and present value of net minimum lease payments required under these capital lease obligations as of December 31, 2012 are as follows:

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

Year Ended December 31,	Governmental Activities
2013	\$85,010
2014	77,771
2015	66,237
2016	55,661
2017	6,176
Total Future Minimum Lease Payments	290,855
Less: Amount Representing Interest	(32,404)
Present Value of Net Minimum Lease Payments	<u>\$258,451</u>

NOTE 13 - PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

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

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

The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and vested employer contributions, plus any investment earnings.

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

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

Funding Policy: The Ohio Revised Code provides statutory authority for member and employer contribution rates. For 2012, member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety divisions exist only within the Traditional Pension Plan. Plan members, other than those engaged in law enforcement, are required to contribute 10.0% of their annual covered salary. Public safety and law enforcement members contributed 11.0% and 11.6%, respectively.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. The employer contribution rate for pension benefits for 2012 was 14.0% of covered payroll, except for those plan members in law enforcement or public safety. For those classifications, the employer's pension contribution was 18.1% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for State and local employer units and 18.1% of covered payroll for law enforcement and public safety employer units. The City's required contributions to OPERS for the years ending December 31, 2012, 2011, and 2010 were \$1,173,128, \$1,017,529, and \$1,065,694, respectively; 93.95% has been contributed for 2012, 100% for years 2011 and 2010. Of the 2012 amount, \$70,976 was unpaid at December 31, 2012 and is recorded as a fund liability in the basic financial statements.

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

A portion of each employer's contribution to OPERS is set aside for the funding of post-employment health care benefits. The Ohio Revised Code provides statutory authority for employer contributions. The OPERS law enforcement program was separated into two divisions, law enforcement and public safety, with separate employee contribution rates and benefits. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. Active members do not make contributions to the OPEB plan.

In 2012, the portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% and the portion of employer contributions allocated to health care for members in the Combined Plan was 6.05%.

OPERS' Post Employment Healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Of the employer contributions made by the City for the year 2012, \$281,172 was the amount used to fund post-employment health care. The actual contribution and the actuarially required contribution amounts are the same.

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

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

Ohio Police and Fire Pension Fund

Plan Description: The City of Chillicothe contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium, and long-term care to retirees, qualifying benefit recipients, and their eligible dependents.

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

Funding Policy: Plan members are required to contribute 10.0% of their annual covered salary to fund pension benefits, while the City is required to contribute 19.5% and 24.0%, respectively, for police officers and firefighters. Contributions are authorized by state statute. The City's contributions to OP&F for the years ending December 31, 2012, 2011 and 2010 were \$1,186,930, \$1,196,485, and \$1,161,462, respectively; 46.55% has been contributed for 2012 and 100% for years 2011 and 2010. Of the 2012 amount \$634,375 was unpaid at December 31, 2012 and is recorded as a fund liability in the basic financial statements.

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

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Post-Employment Benefits: The OP&F System of Ohio provides access to post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check, or who is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Active members do not make contributions to the OPEB Plan. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F shall be included in the employer's contribution rate, which is 19.5% of covered payroll for police officers and 24.0% of covered payroll for firefighters. Of these employer contribution rates for the City, 6.75% was applied to the post-employment health care program. Of the employer contributions made by the City for the year 2012, 2011, and 2010 were \$223,795, \$357,813, and \$359,758, respectively was the amount used to fund post-employment health care; 46.55% has been contributed for 2012 and 100% for years 2011 and 2010.

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

The Ohio Revised Code provides the statutory authority allowing the OP&F Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree healthcare expenses. The Board defined allocation was 6.75% of covered payroll in 2011 and 6.75% in 2012. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of the Internal Revenue Code Section 115 and the Internal Revenue Code Section 401(h). In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

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

NOTE 14 - COMPENSATED ABSENCE

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

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

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

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

NOTE 15 - PROPERTY TAXES

Property taxes include amounts levied against real, public utility, and tangible personal (business) property. The assessed value by property classification upon which the 2012 tax levy was based follows:

<u>Property Tax Classification</u>	<u>Assessed Value</u>
Real Property	\$383,333,450
Public Utility Property	<u>20,775,130</u>
Total	<u><u>\$404,108,580</u></u>

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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

In 2012, real property taxes were levied on January 1, 2012, on assessed values as of January 1, 2011, the lien date. Real estate taxes were due and payable on February 11 and July 8, 2012.

The County Treasurer collects property taxes on behalf of all taxing districts within the City. The County Auditor periodically remits to the taxing districts their portions of the taxes collected. Accrued property taxes receivable represent current taxes which were levied, measurable, and unpaid, as well as delinquent taxes outstanding as of December 31, 2012.

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

NOTE 16 - MUNICIPAL INCOME TAXES

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

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

In 2012, these municipal income taxes generated a combined total of \$11,158,297 in local tax revenue.

NOTE 17 - INTERFUND ACTIVITY

As of December 31, 2012, receivables and payables that resulted from various interfund transactions were as follows:

	Interfund Receivables	Interfund Payables
Governmental Activities		
General Fund	\$63,249	\$0
Bus Transit Fund	0	20,833
<i>Nonmajor Capital Projects Funds:</i>		
Safety Levy Capital		21,583
Parks and Recreation Capital	0	20,833
Total Nonmajor Capital Projects Fund	<u>0</u>	<u>42,416</u>
<i>Total</i>	<u>\$63,249</u>	<u>\$63,249</u>

CITY OF CHILlicothe, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

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

A summary of interfund transfers for 2012 are as follows:

Transfers In

Transfers Out	General	Street Construction Maintenance & Repair Fund	Nonmajor Special Revenue	Bond Retirement	Sewer	Total
General	\$0	\$150,000	\$808,560	\$77,325	\$30,000	\$1,065,885
Bus Transit	19,670	0	0	0	0	19,670
Nonmajor Special Revenue Funds	655,370	0	0	0	0	655,370
Nonmajor Capital Projects Funds	238,751	0	0	0	0	238,751
Water	7,839	0	0	0	0	7,839
Sewer	7,972	0	0	0	0	7,972
	<u>\$929,602</u>	<u>\$150,000</u>	<u>\$808,560</u>	<u>\$77,325</u>	<u>\$30,000</u>	<u>\$1,995,487</u>

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

In 2012, the City made transfers of \$808,560 from the General Fund to various Nonmajor Special Revenue Funds to subsidize the programs of those funds.

NOTE 18 - ROSS COUNTY AND CHILlicothe LAW ENFORCEMENT COMPLEX

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

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

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

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

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

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

NOTE 19 - LANDFILL CLOSURE AND POST CLOSURE CARE

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

In 2012, the City incurred \$54,157 in post closure care costs and decreased its postclosure care liability by \$47,985, which is a change in estimate. To this date, the City has incurred approximately \$2,303,285 in closure and postclosure care costs. These costs have been incurred by the Landfill Closure Fund.

The City has accrued a liability for landfill post-closure care costs of \$415,071. The liability is based on an average of cumulative postclosure care costs to this date projected over the next eleven years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Financial assurance to fund this liability is provided through the General Fund where transfers will be made over the next eleven years.

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 20 – FUND CASH BALANCES

As of December 31, 2012 fund balances are composed of the following:

	General Fund	Bus Transit Fund	Street Construction Maintenance & Repair Fund	HUD Fund	All Other Governmental Funds	Total Governmental Funds
<i>Nonspendable:</i>						
Prepaid Items	\$142,403	\$12,913	\$38	\$0	\$5,687	\$161,041
Materials/Supplies	53,559	19,354	14,619	0	0	87,532
Unclaimed Monies	65,497	0	0	0	0	65,497
Carlisle Hill Trust	0	0	0	0	1,000	1,000
<i>Restricted:</i>						
State Highway	0	0	0	0	166,411	166,411
Parks & Recreation	0	0	0	0	92,741	92,741
HUD	0	0	0	87,600	0	87,600
State Grants	0	0	0	0	144,303	144,303
Law Enforcement	0	0	0	0	49,702	49,702
Indigent Drivers	0	0	0	0	212,114	212,114
OMVI	0	0	0	0	6,295	6,295
Mandatory Drug Fines	0	0	0	0	21,251	21,251
Parking	0	0	0	0	35,129	35,129
Bond Retirement	0	0	0	0	16,646	16,646
Capital Improvement	0	0	0	0	32,000	32,000
Parks & Rec Capital	0	0	0	0	335,938	335,938
Carlisle Hill Trust	0	0	0	0	2,250	2,250
<i>Committed:</i>						
Floodwall	91,095	0	0	0	0	91,095
Income Tax Refunds	14,729	0	0	0	0	14,729
Streetscape	4,563	0	0	0	0	4,563
<i>Assigned:</i>						
Landfill Closure	14,607	0	0	0	0	14,607
Cablevision	0	0	0	0	5,765	5,765
<i>Unassigned</i>	<u>(520,457)</u>	<u>(962,980)</u>	<u>(437,617)</u>	<u>0</u>	<u>(1,294,907)</u>	<u>(3,215,961)</u>
Total Balances	<u>(\$134,004)</u>	<u>(\$930,713)</u>	<u>(\$422,960)</u>	<u>\$87,600</u>	<u>(\$167,675)</u>	<u>(\$1,567,752)</u>

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 21 – ENCUMBRANCE COMMITMENTS

As of December 31, 2012, the City had encumbrance commitments in the Governmental Funds as follows:

<u>Major Funds</u>	
General	\$141,357
Bus Transit	138,358
Street Construction Maintenance and Repair	31,342
HUD	31,838
	<u>342,895</u>
 <u>Nonmajor Funds</u>	
Park & Recreation	173
Floodwall	16,065
Law Enforcement	2,102
Safety Levy Capital	24,448
Park & Recreation Capital	300
	<u>43,088</u>
 Total Nonmajor Funds	 <u>43,088</u>
 Total Encumbrances	 <u><u>\$385,983</u></u>

NOTE 22 – RISK MANAGEMENT

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

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

In addition, the City maintains replacement cost insurance on buildings and contents in the amount of \$60,981,100. Other property insurance includes \$111,400 unscheduled and \$1,920,154 scheduled for other equipment. Comprehensive boiler and machinery coverage is carried in the amount of \$60,981,100. Insurance deductibles on any of the above coverages do not exceed \$50,000.

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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

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

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

NOTE 23 - CONTINGENCIES

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

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

NOTE 24 - SUBSEQUENT EVENTS

On March 9, 2013, the City reissued \$2,441,000 in general obligation bond anticipation notes for the purpose of constructing a new water tower and making various water line upgrades in the area of the Adena Regional Medical Center. The interest rate on the new notes is 0.72% and matures on March 7, 2014.

In June 2013, the City reissued \$709,000 in general obligation bond anticipation notes for the purpose of street improvements. The interest rate on the new notes is 0.50% and matures on December 19, 2013.

NOTE 25 – FISCAL ANALYSIS

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

THIS PAGE LEFT BLANK INTENTIONALLY

**CITY OF CHILLICOTHE, OHIO
GOVERNMENTAL FUNDS**

NONMAJOR SPECIAL REVENUE FUNDS

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

State Highway Fund

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

Parks and Recreation Fund

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

Grants Fund

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

Cablevision Fund

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

Law Enforcement Fund

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

Indigent Drivers Alcohol Treatment Fund

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

OMVI Enforcement & Education Fund

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

Mandatory Drug Fines Fund

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

**CITY OF CHILLICOTHE, OHIO
GOVERNMENTAL FUNDS**

NONMAJOR SPECIAL REVENUE FUNDS

Parking Fund

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

Police Pension Fund

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

Fire Pension Fund

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

**CITY OF CHILLICOTHE, OHIO
GOVERNMENTAL FUNDS**

NONMAJOR BOND RETIREMENT FUND

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

NONMAJOR CAPITAL PROJECTS FUNDS

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

Capital Improvement Fund

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

Issue II Fund

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

Safety Levy Capital Fund

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

Parks and Recreation Capital Fund

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

**CITY OF CHILLICOTHE, OHIO
GOVERNMENTAL FUNDS**

NONMAJOR PERMANENT FUND

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

Carlisle Hill Fund

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

FUNDS REPORTED SEPARATELY FOR BUDGETARY PURPOSES

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

Floodwall Fund

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

Income Tax Fund

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

Landfill Closure

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

Streetscape

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

Unclaimed Monies

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

City of Chillicothe, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$717,199	\$16,646	\$500,851	\$2,250	\$1,236,946
Cash and Cash Equivalents in Segregated Accounts	1,112	0	0	0	1,112
Investments in City Treasury	0	0	0	1,000	1,000
Accounts Receivable	125	0	382	0	507
Intergovernmental Receivable	138,324	0	0	0	138,324
Income Taxes Receivable	90,588	0	150,852	0	241,440
Property Taxes Receivable	220,936	0	0	0	220,936
Prepaid Items	2,649	0	3,038	0	5,687
<i>Total Assets</i>	<u>\$1,170,933</u>	<u>\$16,646</u>	<u>\$655,123</u>	<u>\$3,250</u>	<u>\$1,845,952</u>
Liabilities:					
Accounts Payable	\$16,476	\$0	\$24,622	\$0	\$41,098
Accrued Wages and Benefits	30,028	0	0	0	30,028
Contracts Payable	24,792	0	0	0	24,792
Intergovernmental Payable	654,220	0	0	0	654,220
Accrued Interest Payable	0	0	963	0	963
Interfund Payable	0	0	42,416	0	42,416
Notes Payable	0	0	840,000	0	840,000
<i>Total Liabilities</i>	<u>725,516</u>	<u>0</u>	<u>908,001</u>	<u>0</u>	<u>1,633,517</u>
Deferred Inflows of Resources	<u>315,244</u>	<u>0</u>	<u>64,866</u>	<u>0</u>	<u>380,110</u>
Fund Balances:					
Nonspendable	2,649	0	3,038	1,000	6,687
Restricted	727,946	16,646	367,938	2,250	1,114,780
Assigned	5,765	0	0	0	5,765
Unassigned	(606,187)	0	(688,720)	0	(1,294,907)
<i>Total Fund Balances</i>	<u>130,173</u>	<u>16,646</u>	<u>(317,744)</u>	<u>3,250</u>	<u>(167,675)</u>
<i>Total Liabilities, Deferred Inflows and Fund Balances</i>	<u>\$1,170,933</u>	<u>\$16,646</u>	<u>\$655,123</u>	<u>\$3,250</u>	<u>\$1,845,952</u>

City of Chillicothe, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Property Taxes	\$211,178	\$0	\$0	\$0	\$211,178
Income Taxes	514,904	0	841,553	0	1,356,457
Charges for Services	22,375	0	0	0	22,375
Fines, Licenses, and Permits	83,640	0	0	0	83,640
Intergovernmental	726,236	0	329,705	0	1,055,941
Interest	0	0	0	15	15
Other	14,650	0	87,471	0	102,121
<i>Total Revenues</i>	<u>1,572,983</u>	<u>0</u>	<u>1,258,729</u>	<u>15</u>	<u>2,831,727</u>
Expenditures:					
<i>Current:</i>					
<i>Security of Persons and Property:</i>					
Police	663,474	0	0	0	663,474
Fire	680,096	0	0	0	680,096
Transportation	132,434	0	0	0	132,434
Leisure Time Services	654,924	0	0	0	654,924
Community Environment	18,125	0	0	0	18,125
Capital Outlay	0	0	1,558,957	0	1,558,957
<i>Debt Service:</i>					
Principal Retirements	21,150	75,000	0	0	96,150
Interest and Fiscal Charges	21,505	2,325	18,448	0	42,278
<i>Total Expenditures</i>	<u>2,191,708</u>	<u>77,325</u>	<u>1,577,405</u>	<u>0</u>	<u>3,846,438</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(618,725)</u>	<u>(77,325)</u>	<u>(318,676)</u>	<u>15</u>	<u>(1,014,711)</u>
Other Financing Sources and Uses:					
Transfers In	808,560	77,325	0	0	885,885
Transfers Out	(655,370)	0	(238,751)	0	(894,121)
<i>Total Other Financing Sources and Uses</i>	<u>153,190</u>	<u>77,325</u>	<u>(238,751)</u>	<u>0</u>	<u>(8,236)</u>
<i>Net Change in Fund Balance</i>	<u>(465,535)</u>	<u>0</u>	<u>(557,427)</u>	<u>15</u>	<u>(1,022,947)</u>
<i>Fund Balance at Beginning of Year- Restated</i>	<u>595,708</u>	<u>16,646</u>	<u>239,683</u>	<u>3,235</u>	<u>855,272</u>
<i>Fund Balance at End of Year</i>	<u>\$130,173</u>	<u>\$16,646</u>	<u>(\$317,744)</u>	<u>\$3,250</u>	<u>(\$167,675)</u>

City of Chillicothe, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012

	State Highway	Parks & Recreation	Grants
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$154,750	\$78,680	\$73,488
Cash and Cash Equivalents in Segregated Accounts	0	0	0
Accounts Receivable	0	125	0
Intergovernmental Receivable	34,983	0	88,727
Income Taxes Receivable	0	90,588	0
Property Taxes Receivable	0	0	0
Prepaid Items	0	2,299	0
<i>Total Assets</i>	<u>\$189,733</u>	<u>\$171,692</u>	<u>\$162,215</u>
Liabilities:			
Accounts Payable	\$0	\$14,786	\$0
Accrued Wages and Benefits	0	8,466	0
Contracts Payable	0	0	0
Intergovernmental Payable	0	14,448	0
<i>Total Liabilities</i>	<u>0</u>	<u>37,700</u>	<u>0</u>
Deferred Inflows of Resources	<u>23,322</u>	<u>38,952</u>	<u>17,912</u>
Fund Balances:			
Nonspendable	0	2,299	0
Restricted	166,411	92,741	144,303
Assigned	0	0	0
Unassigned	0	0	0
<i>Total Fund Balances</i>	<u>166,411</u>	<u>95,040</u>	<u>144,303</u>
<i>Total Liabilities, Deferred Inflows and Fund Balances</i>	<u>\$189,733</u>	<u>\$171,692</u>	<u>\$162,215</u>

continued

Cablevision	Law Enforcement	Indigent Driver's Alcohol Treatment	OMVI Enforcement & Education	Mandatory Drug Fines	Parking
\$5,765	\$51,292	\$235,924	\$5,815	\$21,209	\$62,088
0	0	982	88	42	0
0	0	0	0	0	0
0	100	0	392	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	350	0	0	0	0
<u>\$5,765</u>	<u>\$51,742</u>	<u>\$236,906</u>	<u>\$6,295</u>	<u>\$21,251</u>	<u>\$62,088</u>
\$0	\$1,690	\$0	\$0	\$0	\$0
0	0	0	0	0	21,562
0	0	24,792	0	0	0
0	0	0	0	0	5,397
0	1,690	24,792	0	0	26,959
0	0	0	0	0	0
0	350	0	0	0	0
0	49,702	212,114	6,295	21,251	35,129
5,765	0	0	0	0	0
0	0	0	0	0	0
<u>5,765</u>	<u>50,052</u>	<u>212,114</u>	<u>6,295</u>	<u>21,251</u>	<u>35,129</u>
<u>\$5,765</u>	<u>\$51,742</u>	<u>\$236,906</u>	<u>\$6,295</u>	<u>\$21,251</u>	<u>\$62,088</u>

continued

City of Chillicothe, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012

	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$14,813	\$13,375	\$717,199
Cash and Cash Equivalents in Segregated Accounts	0	0	1,112
Accounts Receivable	0	0	125
Intergovernmental Receivable	7,061	7,061	138,324
Income Taxes Receivable	0	0	90,588
Property Taxes Receivable	110,468	110,468	220,936
Prepaid Items	0	0	2,649
<i>Total Assets</i>	<u>\$132,342</u>	<u>\$130,904</u>	<u>\$1,170,933</u>
Liabilities:			
Accounts Payable	\$0	\$0	\$16,476
Accrued Wages and Benefits	0	0	30,028
Contracts Payable	0	0	24,792
Intergovernmental Payable	276,367	358,008	654,220
<i>Total Liabilities</i>	<u>276,367</u>	<u>358,008</u>	<u>725,516</u>
Deferred Inflows of Resources	<u>117,529</u>	<u>117,529</u>	<u>315,244</u>
Fund Balances:			
Nonspendable	0	0	2,649
Restricted	0	0	727,946
Assigned	0	0	5,765
Unassigned	(261,554)	(344,633)	(606,187)
<i>Total Fund Balances</i>	<u>(261,554)</u>	<u>(344,633)</u>	<u>130,173</u>
<i>Total Liabilities, Deferred Inflows and Fund Balances</i>	<u>\$132,342</u>	<u>\$130,904</u>	<u>\$1,170,933</u>

THIS PAGE LEFT BLANK INTENTIONALLY

City of Chillicothe, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2012

	State Highway	Parks & Recreation	Grants
Revenues:			
Property Taxes	\$0	\$0	\$0
Income Taxes	0	514,904	0
Charges for Services	0	14,468	0
Fines, Licenses, and Permits	0	20,740	0
Intergovernmental	73,465	0	594,263
Other	0	12,991	0
<i>Total Revenues</i>	<u>73,465</u>	<u>563,103</u>	<u>594,263</u>
Expenditures:			
<i>Current:</i>			
<i>Security of Persons and Property:</i>			
Police	0	0	0
Fire	0	0	0
Transportation	20,271	0	0
Leisure Time Services	0	654,924	0
Community Environment	0	0	18,125
<i>Debt Service:</i>			
Principal Retirements	0	1,150	0
Interest and Fiscal Charges	0	561	0
<i>Total Expenditures</i>	<u>20,271</u>	<u>656,635</u>	<u>18,125</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>53,194</u>	<u>(93,532)</u>	<u>576,138</u>
Other Financing Sources and Uses			
Transfers In	0	8,560	0
Transfers Out	0	(278)	(655,092)
<i>Total Other Financing Sources and Uses</i>	<u>0</u>	<u>8,282</u>	<u>(655,092)</u>
<i>Net Change in Fund Balance</i>	53,194	(85,250)	(78,954)
<i>Fund Balance (Deficit) at Beginning of Year - Restated</i>	<u>113,217</u>	<u>180,290</u>	<u>223,257</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u><u>\$166,411</u></u>	<u><u>\$95,040</u></u>	<u><u>\$144,303</u></u>

continued

<u>Cablevision</u>	<u>Law Enforcement</u>	<u>Indigent Driver's Alcohol Treatment</u>	<u>OMVI Enforcement & Education</u>	<u>Mandatory Drug Fines</u>	<u>Parking</u>
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	7,907
0	29,933	26,662	2,042	4,082	181
0	100	0	0	0	0
0	0	0	0	0	1,659
<u>0</u>	<u>30,033</u>	<u>26,662</u>	<u>2,042</u>	<u>4,082</u>	<u>9,747</u>
0	38,119	71,120	0	15,000	0
0	0	0	0	0	0
0	0	0	0	0	112,163
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>38,119</u>	<u>71,120</u>	<u>0</u>	<u>15,000</u>	<u>112,163</u>
<u>0</u>	<u>(8,086)</u>	<u>(44,458)</u>	<u>2,042</u>	<u>(10,918)</u>	<u>(102,416)</u>
0	0	0	0	0	65,000
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>65,000</u>
0	(8,086)	(44,458)	2,042	(10,918)	(37,416)
<u>5,765</u>	<u>58,138</u>	<u>256,572</u>	<u>4,253</u>	<u>32,169</u>	<u>72,545</u>
<u>\$5,765</u>	<u>\$50,052</u>	<u>\$212,114</u>	<u>\$6,295</u>	<u>\$21,251</u>	<u>\$35,129</u>

continued

City of Chillicothe, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2012

	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
Revenues:			
Property Taxes	\$105,589	\$105,589	\$211,178
Income Taxes	0	0	514,904
Charges for Services	0	0	22,375
Fines, Licenses, and Permits	0	0	83,640
Intergovernmental	29,204	29,204	726,236
Other	0	0	14,650
<i>Total Revenues</i>	<u>134,793</u>	<u>134,793</u>	<u>1,572,983</u>
Expenditures:			
<i>Current:</i>			
<i>Security of Persons and Property:</i>			
Police	539,235	0	663,474
Fire	0	680,096	680,096
Transportation	0	0	132,434
Leisure Time Services	0	0	654,924
Community and Economic Development	0	0	18,125
<i>Debt Service:</i>			
Principal Retirements	5,000	15,000	21,150
Interest and Fiscal Charges	4,744	16,200	21,505
<i>Total Expenditures</i>	<u>548,979</u>	<u>711,296</u>	<u>2,191,708</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(414,186)</u>	<u>(576,503)</u>	<u>(618,725)</u>
Other Financing Sources and Uses			
Transfers In	310,000	425,000	808,560
Transfers Out	0	0	(655,370)
<i>Total Other Financing Sources and Uses</i>	<u>310,000</u>	<u>425,000</u>	<u>153,190</u>
<i>Net Change in Fund Balance</i>	(104,186)	(151,503)	(465,535)
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>(157,368)</u>	<u>(193,130)</u>	<u>595,708</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u><u>(\$261,554)</u></u>	<u><u>(\$344,633)</u></u>	<u><u>\$130,173</u></u>

THIS PAGE LEFT BLANK INTENTIONALLY

City of Chillicothe, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2012

	Capital Improvement	Issue II	Safety Levy Capital	Parks & Recreation Capital	Total Nonmajor Capital Projects Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$32,000	\$0	\$124,719	\$344,132	\$500,851
Accounts Receivable	0	0	0	382	382
Income Taxes Receivable	0	0	120,720	30,132	150,852
Prepaid Items	0	0	3,038	0	3,038
<i>Total Assets</i>	<u>\$32,000</u>	<u>\$0</u>	<u>\$248,477</u>	<u>\$374,646</u>	<u>\$655,123</u>
Liabilities:					
Accounts Payable	\$0	\$0	\$19,704	\$4,918	\$24,622
Accrued Interest Payable	0	0	963	0	963
Interfund Payable	0	0	21,583	20,833	42,416
Notes Payable	0	0	840,000	0	840,000
<i>Total Liabilities</i>	0	0	882,250	25,751	908,001
Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>51,909</u>	<u>12,957</u>	<u>64,866</u>
Fund Balances:					
Nonspendable	0	0	3,038	0	3,038
Restricted	32,000	0	0	335,938	367,938
Unassigned	0	0	(688,720)	0	(688,720)
<i>Total Fund Balances</i>	<u>32,000</u>	<u>0</u>	<u>(685,682)</u>	<u>335,938</u>	<u>(317,744)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$32,000</u>	<u>\$0</u>	<u>\$248,477</u>	<u>\$374,646</u>	<u>\$655,123</u>

City of Chillicothe, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2012

	Capital Improvement	Issue II	Safety Levy Capital	Parks & Recreation Capital	Total Nonmajor Capital Projects Funds
Revenues:					
Income Taxes	\$0	\$0	\$678,229	\$163,324	\$841,553
Intergovernmental	0	203,818	125,887	0	329,705
Other	0	0	59,089	28,382	87,471
<i>Total Revenues</i>	<u>0</u>	<u>203,818</u>	<u>863,205</u>	<u>191,706</u>	<u>1,258,729</u>
Expenditures:					
Capital Outlay	0	203,818	1,227,297	127,842	1,558,957
<i>Debt Service:</i>					
Interest and Fiscal Charges	0	0	18,448	0	18,448
<i>Total Expenditures</i>	<u>0</u>	<u>203,818</u>	<u>1,245,745</u>	<u>127,842</u>	<u>1,577,405</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>0</u>	<u>(382,540)</u>	<u>63,864</u>	<u>(318,676)</u>
Other Financing Sources and Uses:					
Transfers Out	0	0	(219,376)	(19,375)	(238,751)
<i>Total Other Financing Sources and Uses</i>	<u>0</u>	<u>0</u>	<u>(219,376)</u>	<u>(19,375)</u>	<u>(238,751)</u>
<i>Net Change in Fund Balance</i>	0	0	(601,916)	44,489	(557,427)
<i>Fund Balance (Deficit) at Beginning of Year - Restated</i>	32,000	0	(83,766)	291,449	239,683
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$32,000</u>	<u>\$0</u>	<u>(\$685,682)</u>	<u>\$335,938</u>	<u>(\$317,744)</u>

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2012

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Local Taxes	\$10,265,408	\$10,274,155	\$10,050,979	(\$223,176)
Charges for Services	2,854,990	2,835,990	2,855,424	19,434
Fines, Licenses and Permits	1,604,810	1,579,810	1,577,511	(2,299)
Intergovernmental	1,557,965	1,361,965	1,382,384	20,419
Special Assessments	50,000	10,000	7,558	(2,442)
Investment Earnings	75,000	40,000	32,582	(7,418)
Miscellaneous	356,500	472,500	413,024	(59,476)
Total Revenue	16,764,673	16,574,420	16,319,462	(254,958)
Expenditures				
<i>Current:</i>				
General Government				
Mayor				
Personal Services	236,491	231,860	231,860	0
Fringe Benefits	130,509	128,667	128,667	0
Travel Transportation	1,500	1,500	386	1,114
Materials and Supplies	45,650	46,450	37,850	8,600
Contractual Services	4,750	4,200	3,373	827
Capital Outlay	806	806	799	7
Other	17,360	17,110	5,075	12,035
Total Mayor	437,066	430,593	408,010	22,583
City Council				
Personal Services	60,069	59,622	59,622	0
Fringe Benefits	134,310	139,116	139,102	14
Materials and Supplies	220	195	177	18
Other	0	55	55	0
Total City Council	194,599	198,988	198,956	32
Treasurer				
Personal Services	41,235	41,628	41,628	0
Fringe Benefits	62,433	64,794	64,794	0
Materials and Supplies	1,600	2,000	1,687	313
Contractual Services	1,550	1,450	1,030	420
Other	300	0	0	0
Total Treasurer	107,118	109,872	109,139	733

continued

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Income Tax Department				
Personal Services	133,118	122,385	122,385	0
Fringe Benefits	106,752	103,955	103,955	0
Materials and Supplies	6,400	3,905	3,243	662
Contractual Services	4,600	4,595	4,595	0
Other	50	98	60	38
Total Income Tax Department	250,920	234,938	234,238	700
Land and Buildings				
Materials and Supplies	224,038	225,042	186,800	38,242
Contractual Services	22,000	20,996	9,344	11,652
Capital Outlay	52,200	52,200	21,338	30,862
Other	500	500	477	23
Total Land and Buildings	298,738	298,738	217,959	80,779
Law Director				
Personal Services	339,412	363,862	363,862	0
Fringe Benefits	215,093	199,140	199,140	0
Materials and Supplies	34,750	34,464	31,150	3,314
Contractual Services	4,300	5,025	4,164	861
Capital Outlay	0	3,500	3,500	0
Other	7,000	23,240	22,733	507
Total Law Director	600,555	629,231	624,549	4,682
Auditor				
Personal Services	222,774	224,141	224,141	0
Fringe Benefits	135,439	135,334	135,334	0
Travel Transportation	1,300	1,300	0	1,300
Materials and Supplies	6,375	6,375	3,622	2,753
Other	500	500	395	105
Total Auditor	366,388	367,650	363,492	4,158

continued

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Municipal Court				
Personal Services	1,079,315	1,089,743	1,089,738	5
Fringe Benefits	572,505	627,620	627,620	0
Travel Transportation	5,000	3,469	3,180	289
Materials and Supplies	80,684	85,381	70,116	15,265
Contractual Services	12,000	11,976	10,287	1,689
Capital Outlay	994,174	1,462,534	1,351,487	111,047
Other	23,217	32,866	29,841	3,025
Total Municipal Court	2,766,895	3,313,589	3,182,269	131,320
Civil Service				
Personal Services	42,096	40,810	40,810	0
Fringe Benefits	25,805	26,117	26,117	0
Travel	200	200	0	200
Materials and Supplies	22,570	22,570	15,441	7,129
Contractual Services	6,500	6,500	4,084	2,416
Other	2,150	2,150	1,700	450
Total Civil Service	99,321	98,347	88,152	10,195
Service Department				
Personal Services	95,352	93,545	93,545	0
Fringe Benefits	76,300	46,949	46,949	0
Travel Transportation	200	200	0	200
Materials and Supplies	7,200	7,350	4,762	2,588
Contractual Services	2,500	2,500	1,576	924
Other	400	450	50	400
Total Service Department	181,952	150,994	146,882	4,112
Engineering				
Personal Services	237,306	233,196	233,196	0
Fringe Benefits	154,458	152,776	152,776	0
Travel Transportation	200	200	33	167
Materials and Supplies	15,050	17,696	14,163	3,533
Contractual Services	24,052	32,879	15,629	17,250
Capital Outlay	9,700	9,700	8,755	945
Other	5,450	4,614	3,821	793
Total Engineering	446,216	451,061	428,373	22,688

continued

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Postage and Stores				
Materials and Supplies	74,225	74,255	61,444	12,811
Total Postage and Stores	74,225	74,255	61,444	12,811
Miscellaneous				
Fringe Benefits	20,000	18,439	18,239	200
Materials and Supplies	489,800	534,707	478,938	55,769
Contractual Services	185,537	200,052	132,112	67,940
Other	112,516	120,187	112,942	7,245
Total Miscellaneous	807,853	873,385	742,231	131,154
Total General Government	6,631,846	7,231,641	6,805,694	425,947
Security of Persons and Property				
Police Department				
Personal Services	2,975,791	3,125,767	3,125,767	0
Fringe Benefits	1,469,433	1,245,611	1,245,611	0
Travel Transportation	2,000	918	888	30
Materials and Supplies	295,471	312,469	286,314	26,155
Contractual Services	101,902	107,714	107,350	364
Other	76,694	72,727	62,929	9,798
Total Police Department	4,921,291	4,865,206	4,828,859	36,347
Fire Department				
Personal Services	2,868,084	3,242,926	3,242,926	0
Fringe Benefits	1,399,726	1,141,387	1,141,387	0
Travel Transportation	500	500	203	297
Materials and Supplies	285,800	306,748	269,808	36,940
Contractual Services	25,000	31,977	24,974	7,003
Capital Outlay	0	9,130	8,314	816
Other	62,050	57,253	54,427	2,826
Total Fire Department	4,641,160	4,789,921	4,742,039	47,882
Civil Defense				
Other	6,350	6,350	6,350	0
Total Civil Defense	6,350	6,350	6,350	0

continued

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Humane Officer				
Contractual Services	4,000	4,000	0	4,000
Total Humane Officer	4,000	4,000	0	4,000
Total Security of Persons and Property	9,572,801	9,665,477	9,577,248	88,229
Transportation				
Streets and Sidewalks				
Materials and Supplies	265,000	265,000	259,130	5,870
Total Streets and Sidewalks	265,000	265,000	259,130	5,870
Total Transportation	265,000	265,000	259,130	5,870
Community Environment				
Planning Commission				
Materials and Supplies	75	75	57	18
Total Planning Commission	75	75	57	18
Design and Review				
Materials and Supplies	200	200	0	200
Other	100	100	0	100
Total Design and Review	300	300	0	300
Total Community Environment	375	375	57	318
Basic Utility Services				
Refuse Department				
Personal Services	359,765	365,185	365,185	0
Fringe Benefits	243,811	227,328	227,328	0
Materials and Supplies	64,300	61,409	39,085	22,324
Contractual Services	310,000	310,000	235,200	74,800
Other	17,500	20,391	16,099	4,292
Total Refuse Department	995,376	984,313	882,897	101,416
Total Basic Utility Services	995,376	984,313	882,897	101,416

continued

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Leisure Time Activities				
Swimming Pool				
Personal Services	0	46,793	46,793	0
Fringe Benefits	0	7,230	7,230	0
Materials and Supplies	0	52,019	31,453	20,566
Other	0	3,869	276	3,593
Total Swimming Pool	0	109,911	85,752	24,159
Total Leisure Time Activities	0	109,911	85,752	24,159
Debt Service:				
Principal Retirements	2,000,000	2,000,000	2,000,000	0
Interest and Fiscal Charges	25,000	25,000	24,931	69
Total Debt Service	2,025,000	2,025,000	2,024,931	69
Total Expenditures	19,490,398	20,281,717	19,635,709	646,008
Excess of Revenues Over (Under) Expenditures	(2,725,725)	(3,707,297)	(3,316,247)	391,050
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	5,000	12,000	15,632	3,632
Issuance of Notes	1,900,000	1,900,000	1,900,000	0
Transfers-In	751,461	816,461	929,601	113,140
Transfers-Out	(1,770,317)	(1,472,789)	(1,414,824)	57,965
Total Other Sources (Uses)	886,144	1,255,672	1,430,409	174,737
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,839,581)	(2,451,625)	(1,885,838)	565,787
Fund Balances at Beginning of Year	2,750,937	2,750,937	2,750,937	0
Prior Year Encumbrances Appropriated	37,563	37,563	37,563	0
Fund Balances at End of Year	<u>\$948,919</u>	<u>\$336,875</u>	<u>\$902,662</u>	<u>\$565,787</u>

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Bus Transit Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$702,500	\$702,500	\$688,128	(\$14,372)
Charges for Services	909,000	1,209,000	1,192,363	(16,637)
Intergovernmental	1,819,710	1,696,710	1,372,677	(324,033)
Other	64,000	64,000	75,997	11,997
Total Revenue	3,495,210	3,672,210	3,329,165	(343,045)
Expenditures				
<i>Current:</i>				
Transportation				
Bus Transit System				
Personal Services	1,096,784	1,107,442	1,057,444	49,998
Fringe Benefits	549,679	539,021	527,696	11,325
Travel Transportation	500	244	209	35
Materials and Supplies	437,502	424,838	367,365	57,473
Contractual Services	757,000	1,091,845	1,064,840	27,005
Capital Outlay	387,064	290,985	142,479	148,506
Other	187,809	192,144	189,178	2,966
Debt Service	1,224,000	1,224,000	1,223,933	67
Total Transportation	4,640,338	4,870,519	4,573,144	297,375
Total Expenditures	4,640,338	4,870,519	4,573,144	297,375
Excess of Revenues (Under) Expenditures	(1,145,128)	(1,198,309)	(1,243,979)	(45,670)
Other Financing Sources (Uses)				
Issuance of Notes	1,200,000	1,100,000	1,100,000	0
Proceeds from Sale of Capital Assets	0	0	10,200	10,200
Transfers-Out	(19,675)	(19,675)	(19,670)	5
Total Other Sources (Uses)	1,180,325	1,080,325	1,090,530	10,205
Excess of Revenues and Other Sources (Under) Expenditures and Other Uses	35,197	(117,984)	(153,449)	(35,465)
Fund Balances at Beginning of Year	343,912	343,912	343,912	0
Prior Year Encumbrances Appropriated	11,294	11,294	11,294	0
Fund Balances at End of Year	<u>\$390,403</u>	<u>\$237,222</u>	<u>\$201,757</u>	<u>(\$35,465)</u>

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Street Construction Maintenance & Repair Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$945,000	\$1,206,148	\$1,172,197	(\$33,951)
Miscellaneous	17,000	53,800	64,118	10,318
Total Revenue	962,000	1,259,948	1,236,315	(23,633)
Expenditures				
<i>Current:</i>				
Transportation				
Street Maintenance & Repair				
Personal Services	520,059	525,059	450,028	75,031
Fringe Benefits	312,408	287,408	249,738	37,670
Materials and Supplies	271,600	303,610	238,283	65,327
Contractual Services	96,000	88,318	13,785	74,533
Capital Outlay	214,200	26,418	22,766	3,652
Other	3,700	3,791	2,849	942
Total Transportation	1,417,967	1,234,604	977,449	257,155
Capital Outlay	0	342,430	342,430	0
Total Capital Outlay	0	342,430	342,430	0
Debt Service	826,053	826,053	826,053	0
Total Debt Service	826,053	826,053	826,053	0
Total Expenditures	2,244,020	2,403,087	2,145,932	257,155
Excess of Revenues (Under) Expenditures	(1,282,020)	(1,143,139)	(909,617)	233,522
Other Financing Sources				
Issuance of Notes	800,000	800,000	800,000	0
Transfers-In	450,000	150,000	150,000	0
Total Other Sources	1,250,000	950,000	950,000	0
Excess of Revenues and Other Sources (Under) Expenditures	(32,020)	(193,139)	40,383	233,522
Fund Balances at Beginning of Year	110,409	110,409	110,409	0
Prior Year Encumbrances Appropriated	84,486	84,486	84,486	0
Fund Balances at End of Year	\$162,875	\$1,756	\$235,278	\$233,522

City of Chillicothe, Ohio
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balances - Budget and Actual (Budget Basis)
 HUD Fund
 For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$510,000	\$428,000	\$431,275	\$3,275
Total Revenue	510,000	428,000	431,275	3,275
Expenditures				
<i>Current:</i>				
Community Environment				
Rehabilitation & Development				
Materials and Supplies	213,440	388,440	348,144	40,296
Contractual Services	293,484	256,007	243,952	12,055
Total Community Environment	506,924	644,447	592,096	52,351
Total Expenditures	506,924	644,447	592,096	52,351
Excess of Revenues (Under) Expenditures	3,076	(216,447)	(160,821)	55,626
Fund Balances at Beginning of Year	63,876	63,876	63,876	0
Prior Year Encumbrances Appropriated	152,709	152,709	152,709	0
Fund Balances at End of Year	\$219,661	\$138	\$55,764	\$55,626

City of Chillicothe, Ohio
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balances - Budget and Actual (Budget Basis)
 State Highway Fund
 For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$75,000	\$75,000	\$73,869	(\$1,131)
Total Revenue	75,000	75,000	73,869	(1,131)
Expenditures				
<i>Current:</i>				
Transportation				
Capital Outlay	0	80,000	20,271	59,729
Total Transportation	0	80,000	20,271	59,729
Total Expenditures	0	80,000	20,271	59,729
Excess of Revenues Over (Under) Expenditures	75,000	(5,000)	53,598	58,598
Fund Balances at Beginning of Year	101,152	101,152	101,152	0
Fund Balances at End of Year	\$176,152	\$96,152	\$154,750	\$58,598

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Parks and Recreation Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$527,130	\$527,130	\$516,371	(\$10,759)
Charges for Services	23,000	23,000	14,468	(8,532)
Fines, Licenses and Permits	20,000	20,000	20,740	740
Other	12,100	12,100	12,866	766
Total Revenue	582,230	582,230	564,445	(17,785)
Expenditures				
<i>Current:</i>				
Leisure Time Activities				
Parks and Recreation				
Personal Services	361,250	377,038	339,777	37,261
Fringe Benefits	208,226	217,438	210,099	7,339
Materials and Supplies	128,875	131,661	102,272	29,389
Contractual Services	5,700	4,237	4,140	97
Other	7,393	6,070	4,937	1,133
Total Leisure Time Activities	711,444	736,444	661,225	75,219
Total Expenditures	711,444	736,444	661,225	75,219
Excess of Revenues (Under) Expenditures	(129,214)	(154,214)	(96,780)	57,434
Other Financing Sources (Uses)				
Transfers-In	9,000	9,000	17,119	8,119
Transfers-Out	(800)	(800)	(278)	522
Total Other Sources (Uses)	8,200	8,200	16,841	8,641
Excess of Revenues and Other Sources (Under) Expenditures and Other Uses	(121,014)	(146,014)	(79,939)	66,075
Fund Balances at Beginning of Year	167,005	167,005	167,005	0
Fund Balances at End of Year	\$45,991	\$20,991	\$87,066	\$66,075

City of Chillicothe, Ohio
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balances - Budget and Actual (Budget Basis)
 Grants Fund
 For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$672,514	\$672,514	\$685,031	\$12,517
Total Revenue	672,514	672,514	685,031	12,517
Expenditures				
<i>Current:</i>				
Community Environment				
State Grants				
Capital Outlay	0	8,614	8,614	0
Other	0	9,511	9,511	0
Total Community Environment	0	18,125	18,125	0
Total Expenditures	0	18,125	18,125	0
Excess of Revenues Over Expenditures	672,514	654,389	666,906	12,517
Other Financing (Uses)				
Transfers-Out	(672,514)	(672,514)	(655,092)	17,422
Total Other (Uses)	(672,514)	(672,514)	(655,092)	17,422
Excess of Revenues Over (Under) Expenditures and Other Uses	0	(18,125)	11,814	29,939
Fund Balances at Beginning of Year	61,674	61,674	61,674	0
Fund Balances at End of Year	\$61,674	\$43,549	\$73,488	\$29,939

City of Chillicothe, Ohio
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balances - Budget and Actual (Budget Basis)
 Cablevision Fund
 For the Year Ended December 31, 2012

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

City of Chillicothe, Ohio
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balances - Budget and Actual (Budget Basis)
 Law Enforcement Fund
 For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses and Permits	\$17,000	\$27,000	\$29,933	\$2,933
Total Revenue	17,000	27,000	29,933	2,933
Expenditures				
<i>Current:</i>				
Security of Persons and Property Enforcement & Education Other	20,000	43,613	38,881	4,732
Total Security of Persons and Property	20,000	43,613	38,881	4,732
Total Expenditures	20,000	43,613	38,881	4,732
Excess of Revenues Over (Under) Expenditures	(3,000)	(16,613)	(8,948)	7,665
Fund Balances at Beginning of Year	57,583	57,583	57,583	0
Prior Year Encumbrances Appropriated	555	555	555	0
Fund Balances at End of Year	\$55,138	\$41,525	\$49,190	\$7,665

City of Chillicothe, Ohio
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balances - Budget and Actual (Budget Basis)
 Indigent Driver's Alcohol Treatment Fund
 For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses and Permits	\$30,000	\$30,000	\$26,831	(\$3,169)
Total Revenue	30,000	30,000	26,831	(3,169)
Expenditures				
<i>Current:</i>				
Security of Persons and Property				
Alcohol Treatment				
Contractual Services	50,000	50,000	46,328	3,672
Total Security of Persons and Property	50,000	50,000	46,328	3,672
Total Expenditures	50,000	50,000	46,328	3,672
Excess of Revenues Over Expenditures	(20,000)	(20,000)	(19,497)	503
Fund Balances at Beginning of Year	255,421	255,421	255,421	0
Fund Balances at End of Year	\$235,421	\$235,421	\$235,924	\$503

City of Chillicothe, Ohio
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balances - Budget and Actual (Budget Basis)
 OMVI Enforcement and Education Fund
 For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses and Permits	\$2,000	\$1,500	\$1,622	\$122
Total Revenue	2,000	1,500	1,622	122
Expenditures				
Total Expenditures	0	0	0	0
Excess of Revenues (Under) Expenditures	2,000	1,500	1,622	122
Fund Balances at Beginning of Year	4,193	4,193	4,193	0
Fund Balances at End of Year	\$6,193	\$5,693	\$5,815	\$122

City of Chillicothe, Ohio
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balances - Budget and Actual (Budget Basis)
 Mandatory Drug Fines Fund
 For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses and Permits	\$3,000	\$3,000	\$4,419	\$1,419
Total Revenue	3,000	3,000	4,419	1,419
Expenditures				
<i>Current:</i>				
Security of Persons and Property Enforcement & Education Other	10,000	24,500	15,000	9,500
Total Security of Persons and Property	10,000	24,500	15,000	9,500
Total Expenditures	10,000	24,500	15,000	9,500
Excess of Revenues Over (Under) Expenditures	(7,000)	(21,500)	(10,581)	10,919
Fund Balances at Beginning of Year	17,790	17,790	17,790	0
Prior Year Encumbrances Appropriated	14,000	14,000	14,000	0
Fund Balances at End of Year	\$24,790	\$10,290	\$21,209	\$10,919

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Parking Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Charges for Services	\$12,500	\$9,000	\$7,907	(\$1,093)
Fines, Licenses and Permits	0	0	181	181
Miscellaneous	31,730	1,730	1,659	(71)
Total Revenue	44,230	10,730	9,747	(983)
Expenditures				
<i>Current:</i>				
Transportation				
Traffic Control & Parking Facility				
Personal Services	95,214	72,118	48,797	23,321
Fringe Benefits	43,947	42,043	24,669	17,374
Materials and Supplies	23,650	22,830	15,214	7,616
Contractual Services	200	1,020	607	413
Capital Outlay	60,000	0	0	0
Total Transportation	223,011	138,011	89,287	48,724
Total Expenditures	223,011	138,011	89,287	48,724
Excess of Revenues (Under) Expenditures	(178,781)	(127,281)	(79,540)	47,741
Other Financing Sources (Uses)				
Transfers-In	176,000	111,000	65,000	(46,000)
Transfers Out	(46,300)	(46,300)	0	46,300
Total Other Sources (Uses)	129,700	64,700	65,000	300
Excess of Revenues and Other Sources (Under) Expenditures and Other Uses	(49,081)	(62,581)	(14,540)	48,041
Fund Balances at Beginning of Year	76,626	76,626	76,626	0
Fund Balances at End of Year	\$27,545	\$14,045	\$62,086	\$48,041

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Police Pension Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$123,238	\$121,533	\$105,589	(\$15,944)
Intergovernmental	0	0	29,204	29,204
Total Revenue	123,238	121,533	134,793	13,260
Expenditures				
<i>Current:</i>				
Security of Persons and Property				
Police Pension & Disability				
Fringe Benefits	519,213	519,213	421,196	98,017
Other	3,000	3,000	2,693	307
Debt Service	9,744	9,744	9,744	0
Total Security of Persons & Property	531,957	531,957	433,633	98,324
Total Expenditures	531,957	531,957	433,633	98,324
Excess of Revenues (Under) Expenditures	(408,719)	(410,424)	(298,840)	111,584
Other Financing Sources				
Transfers-In	409,032	409,032	310,000	(99,032)
Total Other Sources	409,032	409,032	310,000	(99,032)
Excess of Revenues and Other Sources Over Expenditures	313	(1,392)	11,160	12,552
Fund Balances at Beginning of Year	3,653	3,653	3,653	0
Fund Balances at End of Year	\$3,966	\$2,261	\$14,813	\$12,552

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Fire Pension Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$123,238	\$121,533	\$105,589	(\$15,944)
Intergovernmental	0	0	29,204	29,204
Total Revenue	123,238	121,533	134,793	13,260
Expenditures				
<i>Current:</i>				
Security of Persons and Property				
Fire Pension & Disability				
Fringe Benefits	645,630	645,630	515,882	129,748
Other	3,000	3,000	2,693	307
Debt Service	31,200	31,200	31,200	0
Total Security of Persons & Property	679,830	679,830	549,775	130,055
Total Expenditures	679,830	679,830	549,775	130,055
Excess of Revenues (Under) Expenditures	(556,592)	(558,297)	(414,982)	143,315
Other Financing Sources				
Transfers-In	560,971	560,971	425,000	(135,971)
Total Other Sources	560,971	560,971	425,000	(135,971)
Excess of Revenues and Other Sources Over (Under) Expenditures	4,379	2,674	10,018	7,344
Fund Balances at Beginning of Year	3,356	3,356	3,356	0
Fund Balances at End of Year	\$7,735	\$6,030	\$13,374	\$7,344

City of Chillicothe, Ohio
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balances - Budget and Actual (Budget Basis)
 Bond Retirement Fund
 For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Total Revenue	\$0	\$0	\$0	\$0
Expenditures				
<i>Debt Service:</i>				
Principal Retirement	75,000	75,000	75,000	0
Interest and Fiscal Charges	2,325	2,325	2,325	0
Total Debt Service	77,325	77,325	77,325	0
Total Expenditures	77,325	77,325	77,325	0
Excess of Revenues (Under) Expenditures	(77,325)	(77,325)	(77,325)	0
Other Financing Sources				
Transfers-In	77,325	77,325	77,325	0
Total Other Sources	77,325	77,325	77,325	0
Fund Balances at Beginning of Year	16,647	16,647	16,647	0
Fund Balances at End of Year	\$16,647	\$16,647	\$16,647	\$0

City of Chillicothe, Ohio
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balances - Budget and Actual (Budget Basis)
 Capital Improvement Fund
 For the Year Ended December 31, 2012

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

City of Chillicothe, Ohio
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balances - Budget and Actual (Budget Basis)
 Issue II Fund
 For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Intergovernmental	0	203,818	203,818	0
Total Revenue	0	203,818	203,818	0
Expenditures				
Capital Outlay				
Capital Outlay	0	203,818	203,818	0
Total Capital Outlay	0	203,818	203,818	0
Total Expenditures	0	203,818	203,818	0
Excess of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balances at Beginning of Year	0	0	0	0
Fund Balances at End of Year	\$0	\$0	\$0	\$0

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Safety Levy Capital Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$702,500	\$702,500	\$688,128	(\$14,372)
Intergovernmental	108,000	125,000	125,887	887
Miscellaneous	0	20,000	59,089	39,089
Total Revenue	810,500	847,500	873,104	25,604
Expenditures				
Capital Outlay				
Capital Outlay	465,768	1,324,457	1,287,988	36,469
Other	19,138	32,411	2,949	29,462
Debt Service	1,119,250	1,119,250	1,119,250	0
Total Capital Outlay	1,604,156	2,476,118	2,410,187	65,931
Total Expenditures	1,604,156	2,476,118	2,410,187	65,931
Excess of Revenues Over (Under) Expenditures	(793,656)	(1,628,618)	(1,537,083)	91,535
Other Financing Sources (Uses)				
Issuance of Notes	840,000	840,000	840,000	0
Transfers-Out	(19,376)	(219,376)	(219,376)	0
Total Other Sources (Uses)	820,624	620,624	620,624	0
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	26,968	(1,007,994)	(916,459)	91,535
Fund Balances at Beginning of Year	106,381	106,381	106,381	0
Prior Year Encumbrances Appropriated	910,349	910,349	910,349	0
Fund Balances at End of Year	\$1,043,698	\$8,736	\$100,271	\$91,535

City of Chillicothe, Ohio
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balances - Budget and Actual (Budget Basis)
 Parks and Recreation Capital Fund
 For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$175,320	\$175,320	\$171,757	(\$3,563)
Miscellaneous	0	28,000	28,000	0
Total Revenue	175,320	203,320	199,757	(3,563)
Expenditures				
Capital Outlay				
Capital Outlay	85,525	174,799	127,505	47,294
Other	1,000	1,000	0	1,000
Total Capital Outlay	86,525	175,799	127,505	48,294
Total Expenditures	86,525	175,799	127,505	48,294
Excess of Revenues Over Expenditures	88,795	27,521	72,252	44,731
Other Financing (Uses)				
Transfers-Out	(19,375)	(19,375)	(19,375)	0
Total Other (Uses)	(19,375)	(19,375)	(19,375)	0
Excess of Revenues Over Expenditures and Other Uses	69,420	8,146	52,877	44,731
Fund Balances at Beginning of Year	290,956	290,956	290,956	0
Fund Balances at End of Year	\$360,376	\$299,102	\$343,833	\$44,731

City of Chillicothe, Ohio
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balances - Budget and Actual (Budget Basis)
 Carlisle Hill Fund
 For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment Earnings	\$20	\$20	\$15	(\$5)
Total Revenue	20	20	15	(5)
Expenditures				
Total Expenditures	0	0	0	0
Excess of Revenues Over (Under) Expenditures	20	20	15	(5)
Fund Balances at Beginning of Year	3,235	3,235	3,235	0
Fund Balances at End of Year	\$3,255	\$3,255	\$3,250	(\$5)

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Floodwall Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Total Revenue	\$0	\$0	\$0	\$0
Expenditures				
<i>Current:</i>				
Community Environment				
Floodwall Maintenance				
Contractual Services	0	500	0	500
Materials and Supplies	42,000	41,500	33,536	7,964
Capital Outlay	25,000	25,000	22,515	2,485
Other	300	300	221	79
Total Community Environment	67,300	67,300	56,272	11,028
Total Expenditures	67,300	67,300	56,272	11,028
Excess of Revenues (Under) Expenditures	(67,300)	(67,300)	(56,272)	11,028
Other Financing Sources (Uses)				
Transfers-In	60,000	60,000	60,000	0
Transfers-Out	(9,800)	(9,800)	(8,560)	1,240
Total Other Sources (Uses)	50,200	50,200	51,440	1,240
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(17,100)	(17,100)	(4,832)	12,268
Fund Balances at Beginning of Year	80,387	80,387	80,387	0
Fund Balances at End of Year	\$63,287	\$63,287	\$75,555	\$12,268

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Income Tax Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Total Revenue	\$0	\$0	\$203	\$203
Expenditures				
<i>Current:</i>				
General Government				
Unallocated & Refunded Income Tax				
Other	310,000	335,000	333,322	1,678
Total General Government	310,000	335,000	333,322	1,678
Total Expenditures	310,000	335,000	333,322	1,678
Excess of Revenues Over (Under) Expenditures	(310,000)	(335,000)	(333,119)	1,881
Other Financing Sources				
Transfers-In	250,000	275,000	275,000	0
Total Other Sources	250,000	275,000	275,000	0
Excess of Revenues and Other Sources (Under) Expenditures	(60,000)	(60,000)	(58,119)	1,881
Fund Balances at Beginning of Year	72,848	72,848	72,848	0
Fund Balances at End of Year	\$12,848	\$12,848	\$14,729	\$1,881

City of Chillicothe, Ohio
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balances - Budget and Actual (Budget Basis)
 Landfill Closure Fund
 For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Total Revenue	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay				
Capital Outlay	58,000	58,000	54,157	3,843
Total Capital Outlay	58,000	58,000	54,157	3,843
Total Expenditures	58,000	58,000	54,157	3,843
Excess of Revenues (Under) Expenditures	(58,000)	(58,000)	(54,157)	3,843
Other Financing Sources				
Transfers-In	30,000	30,000	22,500	(7,500)
Total Other Sources	30,000	30,000	22,500	(7,500)
Excess of Revenues and Other Sources (Under) Expenditures	(28,000)	(28,000)	(31,657)	(3,657)
Fund Balances at Beginning of Year	46,264	46,264	46,264	0
Fund Balances at End of Year	\$18,264	\$18,264	\$14,607	(\$3,657)

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Streetscape Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Total Revenue	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay				
Capital Outlay	15,000	9,212	8,081	1,131
Total Capital Outlay	15,000	9,212	8,081	1,131
Total Expenditures	15,000	9,212	8,081	1,131
Excess of Revenues (Under) Expenditures	(15,000)	(9,212)	(8,081)	1,131
Other Financing Sources				
Transfers-In	15,000	0	0	0
Total Other Sources	15,000	0	0	0
Excess of Revenues and Other Sources (Under) Expenditures	0	(9,212)	(8,081)	1,131
Fund Balances at Beginning of Year	6,433	6,433	6,433	
Prior Year Encumbrances Appropriated	6,212	6,212	6,212	0
Fund Balances at End of Year	\$12,645	\$3,433	\$4,564	\$1,131

City of Chillicothe, Ohio
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balances - Budget and Actual (Budget Basis)
 Unclaimed Monies Fund
 For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$15,000	\$15,000	\$8,920	(\$6,080)
Total Revenue	15,000	15,000	8,920	(6,080)
Expenditures				
<i>Current:</i>				
General Government				
Monies Claimed	1,500	1,500	0	\$1,500
Total General Government	1,500	1,500	0	1,500
Total Expenditures	1,500	1,500	0	1,500
Excess of Revenues Over Expenditures	13,500	13,500	8,920	(4,580)
Other Financing (Uses)				
Transfers Out	(9,920)	(9,920)	0	9,920
Total Other (Uses)	(9,920)	(9,920)	0	9,920
Excess of Revenues Over Expenditures and Other Uses	3,580	3,580	8,920	5,340
Fund Balances at Beginning of Year	56,577	56,577	56,577	0
Fund Balances at End of Year	\$60,157	\$60,157	\$65,497	\$5,340

**CITY OF CHILLICOTHE, OHIO
ENTERPRISE FUNDS**

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

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Equity - Budget and Actual (Budget Basis)
Water Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$4,434,000	\$4,434,000	\$4,440,237	\$6,237
Other Operating Revenue	90,000	90,000	83,291	(6,709)
Total Revenue	4,524,000	4,524,000	4,523,528	(472)
Expenses				
<i>Current:</i>				
Personal Services	1,194,692	1,238,257	1,232,146	6,111
Fringe Benefits	767,497	794,933	793,388	1,545
Travel Transportation	600	350	0	350
Contractual Services	248,050	271,924	222,850	49,074
Materials and Supplies	947,600	988,949	758,401	230,548
Other Operating Expenses	409,062	390,587	317,774	72,813
Capital Outlay	1,523,762	1,572,185	1,294,803	277,382
<i>Debt Service:</i>				
Principal Retirement	3,571,000	3,571,000	3,571,000	0
Interest and Fiscal Charges	193,567	193,567	193,438	129
Total Expenditures	8,855,830	9,021,752	8,383,800	637,952
Excess of Revenues (Under) Expenditures	(4,331,830)	(4,497,752)	(3,860,272)	637,480
Other Financing Sources (Uses)				
Investment Earnings	3,000	3,000	1,911	(1,089)
Proceeds from the Sales of Capital Assets	0	0	2,447	2,447
Issuance of Notes	2,441,000	2,441,000	2,441,000	0
Transfers-Out	(11,255)	(12,135)	(7,839)	4,296
Total Other Sources (Uses)	2,432,745	2,431,865	2,437,519	5,654
Excess of Revenues and Other Sources (Under) Expenditures and Other Uses	(1,899,085)	(2,065,887)	(1,422,753)	643,134
Fund Equity at Beginning of Year	5,568,810	5,568,810	5,568,810	0
Prior Year Encumbrances Appropriated	50,495	50,495	50,495	0
Fund Equity at End of Year	\$3,720,220	\$3,553,418	\$4,196,552	\$643,134

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Equity - Budget and Actual (Budget Basis)
Sewer Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$2,981,500	\$2,981,500	\$3,139,472	\$157,972
Other Operating Revenues	44,500	44,500	38,061	(6,439)
Total Revenue	3,026,000	3,026,000	3,177,533	151,533
Expenses				
<i>Current:</i>				
Personal Services	1,130,503	1,413,479	1,114,657	298,822
Fringe Benefits	694,230	722,254	613,529	108,725
Contractual Services	267,650	447,070	244,241	202,829
Materials and Supplies	458,450	702,535	502,067	200,468
Other Operating Expenses	372,291	464,454	246,336	218,118
Capital Outlay	1,898,466	1,102,786	301,024	801,762
<i>Debt Service:</i>				
Principal Retirement	895,000	895,000	895,000	0
Interest and Fiscal Charges	64,552	64,552	64,488	64
Total Expenses	5,781,142	5,812,130	3,981,342	1,830,788
Excess of Revenues Over (Under) Expenditures	(2,755,142)	(2,786,130)	(803,809)	1,982,321
Other Financing Sources (Uses)				
Proceeds from Sales of Capital Assets	0	0	8,852	8,852
Issuance of Notes	600,000	600,000	600,000	0
Transfers-In	30,000	30,000	30,000	0
Transfers-Out	(7,300)	(8,140)	(7,972)	168
Total Other Sources (Uses)	622,700	621,860	630,880	9,020
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(2,132,442)	(2,164,270)	(172,929)	1,991,341
Fund Equity at Beginning of Year	4,510,973	4,510,973	4,510,973	0
Prior Year Encumbrances Appropriated	7,828	7,828	7,828	0
Fund Equity at End of Year	\$2,386,359	\$2,354,531	\$4,345,872	\$1,991,341

**CITY OF CHILLICOTHE, OHIO
FIDUCIARY FUNDS**

AGENCY FUNDS

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

Court Agency Fund

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

Deposits Agency Fund

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

City of Chillicothe, Ohio
Statement of Changes in Assets & Liabilities
Agency Funds
For the Year Ended December 31, 2012

	Balance 1/1/2012	Additions	Reductions	Balance 12/31/2012
Deposits Agency				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$30,367	\$2,994	\$3,014	\$30,347
<i>Total Assets</i>	<u>\$30,367</u>	<u>\$2,994</u>	<u>\$3,014</u>	<u>\$30,347</u>
Liabilities				
Deposits Held and Due to Others	\$30,367	\$2,994	\$3,014	\$30,347
<i>Total Liabilities</i>	<u>\$30,367</u>	<u>\$2,994</u>	<u>\$3,014</u>	<u>\$30,347</u>
Municipal Court Agency				
Assets				
Cash and Cash Equivalents in Segregated Accounts	\$171,314	\$1,652,329	\$1,676,199	\$147,444
<i>Total Assets</i>	<u>\$171,314</u>	<u>\$1,652,329</u>	<u>\$1,676,199</u>	<u>\$147,444</u>
Liabilities				
Intergovernmental Payable	\$59,189	\$737,194	\$744,148	\$52,235
Undistributed Monies	112,125	288,524	305,440	95,209
Deposits Held and Due to Others	0	626,611	626,611	0
<i>Total Liabilities</i>	<u>\$171,314</u>	<u>\$1,652,329</u>	<u>\$1,676,199</u>	<u>\$147,444</u>
Total Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$30,367	\$2,994	\$3,014	\$30,347
Cash and Cash Equivalents in Segregated Accounts	171,314	1,652,329	1,676,199	147,444
<i>Total Assets</i>	<u>\$201,681</u>	<u>\$1,655,323</u>	<u>\$1,679,213</u>	<u>\$177,791</u>
Liabilities				
Intergovernmental Payable	\$59,189	\$737,194	\$744,148	\$52,235
Undistributed Monies	112,125	288,524	305,440	95,209
Deposits Held and Due to Others	30,367	629,605	629,625	30,347
<i>Total Liabilities</i>	<u>\$201,681</u>	<u>\$1,655,323</u>	<u>\$1,679,213</u>	<u>\$177,791</u>

Statistical Section

This part of the City's Comprehensive Annual Financial Report represents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial position has changed over time.	119-124
Revenue Capacity	
These schedules contain information to help the reader understand and access the factors affecting the City's ability to generate its most significant local revenue sources, the property tax and income tax.	125-129
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	130-135
Economic and Demographic Information	
This schedule offers economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	136-137
Operating Information	
These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	138-142

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

THIS PAGE LEFT BLANK INTENTIONALLY

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011*	2012
Governmental Activities										
Net Investment in Capital Assets	\$47,457,882	\$44,886,857	\$43,667,909	\$42,148,445	\$39,625,809	\$39,182,366	\$39,109,104	\$40,021,089	\$37,577,135	\$37,188,766
<i>Restricted:</i>										
Debt Service	62,044	0	0	0	0	0	13,507	14,099	14,670	14,956
Capital Projects	697,867	781,247	852,087	860,236	749,643	1,007,274	321,193	1,488,796	2,433,951	587,122
<i>Permanent Fund:</i>										
Expendable	1,967	1,987	2,027	2,067	2,107	2,147	2,187	2,207	2,235	2,250
Nonexpendable	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Street Construction, Maintenance and Repair	0	0	0	241,458	500,525	402,192	321,959	326,271	377,749	597,155
Bus Transit	0	0	398,195	537,217	210,363	319,668	2,465,846	205,481	13,980	144,362
Housing and Urban Development Program	0	0	353,292	564,022	355,957	602,453	1,234,949	418,947	655,388	630,777
Other Purposes	2,586,624	3,613,428	1,025,505	1,194,703	1,896,031	1,801,592	1,216,833	998,585	950,556	770,263
Unrestricted (Deficit)	<u>(924,831)</u>	<u>241,677</u>	<u>1,001,156</u>	<u>1,666,778</u>	<u>1,050,438</u>	<u>1,105,720</u>	<u>686,586</u>	<u>(1,172,862)</u>	<u>(266,958)</u>	<u>(273,582)</u>
Total Governmental Activities Net Position	<u>\$49,882,553</u>	<u>\$49,526,196</u>	<u>\$47,301,171</u>	<u>\$47,215,926</u>	<u>\$44,391,873</u>	<u>\$44,424,412</u>	<u>\$45,373,164</u>	<u>\$42,303,613</u>	<u>\$41,759,706</u>	<u>\$39,663,069</u>
Business Type - Activities										
Net Investment in Capital Assets	\$25,500,895	\$28,017,313	\$28,629,701	\$29,514,918	\$30,375,860	\$31,628,281	\$32,021,986	\$32,510,938	\$30,558,748	\$32,431,229
<i>Restricted:</i>										
Debt Service	1,655,677	1,949,546	2,008,181	1,784,142	1,902,831	1,652,563	1,694,714	1,627,337	1,283,936	1,283,936
Capital Projects	3,138,244	3,089,391	1,817,822	1,712,772	1,818,467	1,818,467	1,818,467	1,818,467	1,818,467	1,818,467
Unrestricted	<u>6,026,541</u>	<u>4,775,818</u>	<u>5,867,063</u>	<u>5,964,273</u>	<u>6,045,463</u>	<u>5,481,570</u>	<u>5,094,530</u>	<u>4,830,440</u>	<u>7,450,049</u>	<u>4,928,272</u>
Total Business-Type Activities Net Position	<u>\$36,321,357</u>	<u>\$37,832,068</u>	<u>\$38,322,767</u>	<u>\$38,976,105</u>	<u>\$40,142,621</u>	<u>\$40,580,881</u>	<u>\$40,629,697</u>	<u>\$40,787,182</u>	<u>\$41,111,200</u>	<u>\$40,461,904</u>
Primary Government										
Net Investment in Capital Assets	\$72,958,777	\$72,904,170	\$72,297,610	\$71,663,363	\$70,001,669	\$70,810,647	\$71,131,090	\$72,532,027	\$68,135,883	\$69,619,995
Restricted	8,143,423	9,436,599	6,458,109	6,897,617	7,436,924	7,607,356	9,090,655	6,901,190	7,551,932	5,850,288
Unrestricted	<u>5,101,710</u>	<u>5,017,495</u>	<u>6,868,219</u>	<u>7,631,051</u>	<u>7,095,901</u>	<u>6,587,290</u>	<u>5,781,116</u>	<u>3,657,578</u>	<u>7,183,091</u>	<u>4,654,690</u>
Total Primary Government Net Position	<u>\$86,203,910</u>	<u>\$87,358,264</u>	<u>\$85,623,938</u>	<u>\$86,192,031</u>	<u>\$84,534,494</u>	<u>\$85,005,293</u>	<u>\$86,002,861</u>	<u>\$83,090,795</u>	<u>\$82,870,906</u>	<u>\$80,124,973</u>

*Restated

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Program Revenues										
Governmental Activities										
<i>Charges for Services:</i>										
General Government	\$4,015,529	\$4,057,530	\$2,531,302	\$1,314,164	\$1,503,926	\$1,682,510	\$2,155,542	\$2,619,886	\$2,248,670	\$2,198,878
Security of Persons and Property:										
Police	48,889	78,159	46,768	59,875	54,079	356,516	96,135	57,760	52,402	62,719
Fire	476,130	694,253	702,281	923,551	936,958	960,872	1,112,873	1,138,072	1,227,034	1,128,525
Transportation	173,248	168,624	153,898	132,002	212,326	123,925	192,654	848,534	1,059,399	1,200,451
Basic Utility Services	1,028,969	977,912	984,951	1,002,555	1,135,399	989,259	1,004,003	989,639	942,951	939,539
Leisure Time Activities	71,030	64,266	65,876	75,608	100,105	136,601	103,915	90,134	107,531	125,053
Subtotal - Charges for Services	<u>5,813,795</u>	<u>6,040,744</u>	<u>4,485,076</u>	<u>3,507,755</u>	<u>3,942,793</u>	<u>4,249,683</u>	<u>4,665,122</u>	<u>5,744,025</u>	<u>5,637,987</u>	<u>5,655,165</u>
<i>Operating Grants and Contributions:</i>										
General Government	191,123	201,611	157,944	24,617	24,039	25,746	24,324	207,793	250,860	225,772
Security of Persons and Property:										
Police	13,327	2,195	0	0	0	0	0	151,421	0	29,330
Fire	13,327	2,195	0	0	0	0	0	146,250	0	155,117
Transportation	1,780,686	2,336,828	1,843,493	3,217,282	2,722,949	2,391,097	3,387,055	1,555,346	2,125,408	2,341,454
Community Environment	878,746	676,010	156,795	719,748	629,112	583,111	1,971,841	131,711	1,866,383	1,127,170
Basic Utility Services	0	6,507	0	0	0	0	0	0	0	0
Leisure Time Activities	3,600	0	93,209	45,214	4,657	5,633	5,973	6,407	17,046	19,877
Subtotal - Operating Grants and Contributions	<u>2,880,809</u>	<u>3,225,346</u>	<u>2,251,441</u>	<u>4,006,861</u>	<u>3,380,757</u>	<u>3,005,587</u>	<u>5,389,193</u>	<u>2,198,928</u>	<u>4,259,697</u>	<u>3,898,720</u>
<i>Capital Grants and Contributions:</i>										
Police	0	0	0	0	0	6,297	0	0	0	0
Transportation	0	203,095	0	390,873	200,230	0	3,691,384	794,490	336,199	464,966
Community Environment	7,052	6,617	0	0	0	0	0	0	0	0
Basis Utility Services	0	350,000	0	0	0	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0	104,747	87,321	136,400	0	0
Subtotal - Capital Grants and Contributions	<u>7,052</u>	<u>559,712</u>	<u>0</u>	<u>390,873</u>	<u>200,230</u>	<u>111,044</u>	<u>3,778,705</u>	<u>930,890</u>	<u>336,199</u>	<u>464,966</u>
Total Governmental Activities Program Revenues	<u>8,701,656</u>	<u>9,825,802</u>	<u>6,736,517</u>	<u>7,905,489</u>	<u>7,523,780</u>	<u>7,366,314</u>	<u>13,833,020</u>	<u>8,873,843</u>	<u>10,233,883</u>	<u>10,018,851</u>
Business-Type Activities										
<i>Charges for Services</i>										
Water	4,196,209	4,388,054	4,489,093	4,327,931	4,476,992	4,366,400	4,401,964	4,439,150	4,515,934	3,747,483
Sewer	2,869,864	3,015,484	3,072,422	3,133,368	3,467,668	3,227,754	3,155,672	3,086,853	3,188,581	2,658,330
Total Business-Type Activities Program Revenues	<u>7,066,073</u>	<u>7,403,538</u>	<u>7,561,515</u>	<u>7,461,299</u>	<u>7,944,660</u>	<u>7,594,154</u>	<u>7,557,636</u>	<u>7,526,003</u>	<u>7,704,515</u>	<u>6,405,813</u>
Total Primary Government Program Revenues	<u>\$15,767,729</u>	<u>\$17,229,340</u>	<u>\$14,298,032</u>	<u>\$15,366,788</u>	<u>\$15,468,440</u>	<u>\$14,960,468</u>	<u>\$21,390,656</u>	<u>\$16,399,846</u>	<u>\$17,938,398</u>	<u>\$16,424,664</u>

continued

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental Activities										
General Government	\$8,395,001	\$7,145,676	\$5,207,638	\$4,021,651	\$5,063,213	\$5,269,764	\$5,856,422	\$5,972,704	\$5,714,391	\$5,699,394
Security of Persons and Property:										
Police	5,373,841	5,229,724	4,576,143	4,895,745	5,693,551	5,406,935	5,616,398	5,921,752	5,347,177	5,537,262
Fire	3,847,891	3,679,628	4,233,574	4,751,817	4,567,222	5,206,800	5,370,049	5,427,992	5,486,905	5,692,471
Transportation	3,439,976	5,459,822	5,814,354	6,446,996	6,730,013	6,191,675	7,341,642	5,650,615	6,504,578	6,321,374
Community Environment	1,024,969	631,235	1,113,876	698,547	772,615	677,158	1,685,430	969,074	1,432,828	930,752
Basic Utility Services	936,233	939,088	792,471	1,006,902	1,064,347	934,806	874,302	1,172,801	673,426	920,910
Leisure Time Activities	1,039,855	1,008,825	1,070,174	1,040,184	1,089,656	927,550	520,058	856,056	863,046	933,458
Interest and Fiscal Charges	270,135	88,230	100,026	101,033	91,207	124,333	136,428	132,305	116,032	115,936
Total Governmental Activities Expenses	24,327,901	24,182,228	22,908,256	22,962,875	25,071,824	24,739,021	27,400,729	26,103,299	26,138,383	26,151,557
Business-Type Activities										
Water	4,464,827	3,523,388	3,952,924	3,722,375	4,134,872	4,169,380	4,400,088	3,900,284	4,995,184	4,089,141
Sewer	3,113,639	3,197,431	3,240,301	3,012,331	3,022,759	3,148,719	3,248,239	3,887,721	3,328,562	3,103,909
Total Business-Type Activities Expenses	7,578,466	6,720,819	7,193,225	6,734,706	7,157,631	7,318,099	7,648,327	7,788,005	8,323,746	7,193,050
Total Primary Government Program Expenses	31,906,367	30,903,047	30,101,481	29,697,581	32,229,455	32,057,120	35,049,056	33,891,304	34,462,129	33,344,607
Net (Expense)/Revenue										
Governmental Activities	(15,626,245)	(14,356,426)	(16,171,739)	(15,057,386)	(17,548,044)	(17,372,707)	(13,567,709)	(17,229,456)	(15,904,500)	(16,132,706)
Business-Type Activities	(512,393)	682,719	368,290	726,593	787,029	276,055	(90,691)	(262,002)	(619,231)	(787,237)
Total Primary Government Net Expense	(16,138,638)	(13,673,707)	(15,803,449)	(14,330,793)	(16,761,015)	(17,096,652)	(13,658,400)	(17,491,458)	(16,523,731)	(16,919,943)

continued

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011*	2012
General Revenues and Other Changes in Net Assets										
Governmental Activities										
<i>Taxes:</i>										
<i>Property and Other Local Taxes Levied for:</i>										
General Purposes	1,403,955	1,408,866	1,466,655	1,425,510	1,071,126	986,223	935,673	941,165	899,306	880,624
Police and Fire Pension	0	0	0	0	255,262	236,293	221,814	226,362	216,144	211,970
<i>Municipal Income Taxes Levied for:</i>										
General Purposes	8,737,740	9,242,017	9,601,686	9,452,405	9,594,677	9,211,925	9,186,508	9,109,304	9,495,655	9,598,751
Transportation	0	0	0	0	0	669,926	668,288	662,443	690,670	697,395
Capital Outlay	677,601	778,748	687,951	691,474	810,292	836,963	836,331	827,341	864,429	862,151
Other Taxes	171,124	175,024	85,188	420,586	249,109	190,237	133,653	230,591	207,975	238,930
<i>Grants and Entitlements not Restricted to</i>										
Specific Programs	1,787,884	1,552,464	1,661,266	1,775,562	1,685,694	3,738,582	2,098,454	1,820,969	1,937,176	979,018
Investment Income	144,920	146,091	302,373	544,065	656,517	358,230	151,647	55,348	50,035	31,662
Miscellaneous	517,748	782,694	399,199	679,206	419,520	622,353	323,883	456,890	341,810	549,757
Gain on Sale of Capital Assets	0	0	0	0	0	0	0	387	0	0
Total Governmental Activities	13,440,972	14,085,904	14,204,318	14,988,808	14,742,197	16,850,732	14,556,251	14,330,800	14,703,200	14,050,258
Business-Type Activities										
Investment Income	44,224	19,397	61,635	127,267	112,221	36,975	16	0	2,846	1,911
Miscellaneous	2,474	307,333	38,714	73,434	249,060	105,659	99,701	403,064	118,047	121,841
Total Business-Type Activities	46,698	326,730	100,349	200,701	361,281	142,634	99,717	403,064	120,893	123,752
Total Primary Government General Revenues and Other Changes in Net Position	13,487,670	14,412,634	14,304,667	15,189,509	15,103,478	16,993,366	14,655,968	14,733,864	14,824,093	14,174,010
Transfers										
Governmental Activities	(148,595)	(22,029)	(22,060)	(16,667)	(18,206)	(19,571)	(39,790)	(16,423)	(14,352)	(14,189)
Business-Type Activities	148,595	22,029	22,060	16,667	18,206	19,571	39,790	16,423	14,352	14,189
Change in Net Position										
Governmental Activities	(2,333,868)	(292,551)	(1,989,481)	(85,245)	(2,824,053)	(541,546)	948,752	(2,915,079)	(1,215,652)	(2,096,637)
Business-Type Activities	(317,100)	1,031,478	490,699	943,961	1,166,516	438,260	48,816	157,485	(483,986)	(649,296)
Total Primary Government Change in Net Position	(\$2,650,968)	\$738,927	(\$1,498,782)	\$858,716	(\$1,657,537)	(\$103,286)	\$997,568	(\$2,757,594)	(\$1,699,638)	(\$2,745,933)

*Restated

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011*	2012
General Fund										
Reserved	\$11,247	\$20,601	\$234,274	\$200,693	\$217,361	\$112,003	\$141,640	\$0	\$0	\$0
Unreserved	2,816,514	3,056,578	3,460,144	3,801,025	3,274,545	4,463,107	2,232,978	0	0	0
Nonspendable	0	0	0	0	0	0	0	220,157	252,251	261,459
Committed	0	0	0	0	0	0	0	197,064	159,667	110,387
Assigned	0	0	0	0	0	0	0	32,505	46,264	14,607
Unassigned	0	0	0	0	0	0	0	1,133,784	1,334,086	(520,457)
Total General Fund	2,827,761	3,077,179	3,694,418	4,001,718	3,491,906	4,575,110	2,374,618	1,583,510	1,792,268	(134,004)
All Other Governmental Funds										
Reserved	401,296	499,208	696,053	768,321	243,570	1,595,859	443,926	0	0	0
<i>Unreserved, Undesignated, Reported in:</i>										
Special Revenue Funds	1,863,049	1,059,228	971,065	1,701,632	2,138,285	581,784	865,429	0	0	0
Debt Service Funds	66,044	12,150	12,669	13,085	15,950	16,325	16,591	0	0	0
Capital Projects Funds	466,840	752,059	484,927	810,503	528,189	572,514	97,329	0	0	0
Permanent Funds	1,967	1,987	2,027	2,067	2,107	2,147	2,187	0	0	0
Nonspendable	0	0	0	0	0	0	0	19,740	44,927	53,611
Restricted	0	0	0	0	0	0	0	1,134,928	1,636,977	1,202,380
Assigned	0	0	0	0	0	0	0	5,765	5,765	5,765
Unassigned	0	0	0	0	0	0	0	(1,942,241)	(2,216,810)	(2,695,504)
Total All Other Governmental Funds	2,799,196	2,324,632	2,166,741	3,295,608	2,928,101	2,768,629	1,425,462	(781,808)	(529,141)	(1,433,748)
Total Governmental Funds	\$5,626,957	\$5,401,811	\$5,861,159	\$7,297,326	\$6,420,007	\$7,343,739	\$3,800,080	\$801,702	\$1,263,127	(\$1,567,752)

*Restated

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

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Property Taxes	\$1,398,276	\$1,403,530	\$1,471,716	\$1,430,536	\$1,326,120	\$1,215,794	\$1,153,839	\$1,162,849	\$1,132,782	\$1,088,740
Municipal Income Taxes	9,415,341	10,020,765	10,209,835	10,075,395	10,473,453	10,718,814	10,691,127	10,599,088	10,526,861	10,851,650
Other Taxes	171,124	175,024	164,990	420,586	249,109	190,237	133,653	230,591	207,975	238,930
Charges for Services	2,732,346	2,878,583	2,928,451	2,135,699	2,386,542	2,212,147	2,415,065	4,081,250	3,957,405	3,997,022
Fines, Licenses and Permits	3,077,953	3,153,361	3,313,382	1,372,056	1,556,251	2,003,958	2,232,953	1,597,242	1,658,779	1,631,754
Intergovernmental	4,210,207	5,332,461	4,279,833	5,685,333	5,439,441	6,625,215	9,847,621	6,506,226	6,682,596	5,175,386
Special Assessments	3,430	5,222	7,871	5,017	19,934	21,631	17,104	50,186	34,087	7,558
Investment Earnings	144,920	146,091	302,373	544,065	656,517	358,230	151,647	55,348	50,035	31,662
Miscellaneous	564,002	837,783	526,713	733,004	431,371	653,732	354,180	502,048	437,117	647,058
Total Revenues	21,717,599	23,952,820	23,205,164	22,401,691	22,538,738	23,999,758	26,997,189	24,784,828	24,687,637	23,669,760
Expenditures										
<i>Current:</i>										
General Government	7,393,976	7,151,308	7,225,043	4,629,603	5,005,119	5,149,587	6,715,055	5,856,255	5,604,348	5,766,533
<i>Security of Persons and Property:</i>										
Police	4,521,095	4,702,257	4,159,841	4,535,032	5,013,183	5,198,129	5,724,315	5,617,250	5,332,157	5,437,570
Fire	4,190,877	4,291,686	4,134,698	4,182,352	4,563,369	4,687,957	4,880,108	5,051,759	5,091,470	5,360,909
Transportation	3,439,101	4,324,254	3,759,348	4,306,075	4,643,236	4,688,758	8,567,602	6,090,170	4,838,279	4,292,719
Community Environment	701,489	388,920	791,855	382,103	489,853	352,345	1,370,904	859,783	1,163,349	619,530
Basic Utilities Services	890,736	916,882	806,492	1,009,378	1,069,275	946,803	880,792	843,424	685,053	892,274
Leisure Time Activities	822,761	830,216	776,363	788,703	900,563	866,912	936,905	783,079	746,962	740,641
Capital Outlay	525,325	1,210,634	646,646	1,156,485	1,599,605	356,415	1,715,632	1,277,088	576,632	3,172,838
<i>Debt Service:</i>										
Principal Retirement	2,331,034	294,295	306,305	321,075	721,505	726,220	327,983	1,164,204	264,081	175,691
Interest and Fiscal Charges	270,936	96,666	102,493	103,578	93,755	126,952	139,122	134,923	118,684	116,222
Total Expenditures	25,087,330	24,207,118	22,709,084	21,414,384	24,099,463	23,100,078	31,258,418	27,677,935	24,421,015	26,574,927
<i>Excess of Revenues Over (Under) Expenditures</i>	(3,369,731)	(254,298)	496,080	987,307	(1,560,725)	899,680	(4,261,229)	(2,893,107)	266,622	(2,905,167)
Other Financing Sources (Uses)										
Sale of Capital Assets	40,038	0	0	4,492	29,727	0	11,101	23,339	0	25,832
General Obligation Bonds Issues	2,125,000	0	0	0	0	0	0	0	0	0
Premium on General Obligation Bonds	16,642	0	0	0	0	0	0	0	0	0
Issuance of Notes	0	0	0	400,000	600,000	200,000	900,000	0	0	0
Insurance Recoveries	0	0	0	0	0	17,892	0	0	0	0
Proceeds from Loan	0	0	126,126	0	0	0	0	0	0	0
Inception of Capital Lease	12,228	55,181	69,106	61,035	71,885	25,731	46,259	42,285	209,155	62,645
Payment for Refunded Note	0	0	0	0	0	0	(200,000)	0	0	0
Transfers In	2,702,138	2,144,023	2,459,970	2,750,793	2,239,304	2,820,011	3,420,697	2,884,584	2,503,682	1,965,487
Transfers Out	(2,850,733)	(2,166,052)	(2,482,030)	(2,767,460)	(2,257,510)	(2,839,582)	(3,460,487)	(2,901,007)	(2,518,034)	(1,979,676)
Total Other Financing Sources (Uses)	2,045,313	33,152	173,172	448,860	683,406	224,052	717,570	49,201	194,803	74,288
Net Change in Fund Balances	(\$1,324,418)	(\$221,146)	\$669,252	\$1,436,167	(\$877,319)	\$1,123,732	(\$3,543,659)	(\$2,843,906)	\$461,425	(\$2,830,879)
Debt Service as a Percentage of Noncapital Expenditures	10.6%	1.7%	1.9%	2.1%	3.6%	4.0%	1.9%	5.3%	1.6%	1.3%

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

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

Collection Year	Real Property		Tangible Personal Property		Tangible Personal Property		Total		Ratio	Direct Rate
	Assessed Value		Public Utility		General Business		Estimated Actual Value			
	Residential/Agricultural/ Commercial/Industrial	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2003	\$320,113,840	\$914,610,971	\$25,010,810	\$28,421,375	\$136,569,160	\$546,276,640	\$481,693,810	\$1,489,308,986	32.34%	3.20
2004	325,706,610	930,590,314	21,397,510	24,315,352	99,150,970	396,603,880	446,255,090	1,351,509,547	33.02%	3.20
2005	356,696,600	1,019,133,143	21,343,390	24,253,852	88,563,590	354,254,360	466,603,580	1,397,641,355	33.39%	3.20
2006	359,476,340	1,027,075,257	19,197,300	21,815,114	60,785,720	324,190,507	439,459,360	1,373,080,878	32.01%	3.20
2007	361,865,550	1,033,901,571	18,246,050	20,734,148	38,150,840	305,206,720	418,262,440	1,359,842,439	30.76%	3.20
2008	398,492,350	1,138,549,571	14,169,310	16,101,489	15,581,790	249,308,640	428,243,450	1,403,959,700	30.50%	3.20
2009	396,324,680	1,132,256,229	15,266,240	17,348,000	2,605,380	20,843,040	414,196,300	1,170,447,269	35.39%	3.20
2010	397,696,220	1,136,274,914	17,742,500	20,161,932	1,250,990	20,015,840	416,689,710	1,176,452,686	35.42%	3.20
2011	390,798,540	1,116,567,257	18,993,540	21,583,568	0	0	409,792,080	1,138,150,825	36.01%	3.20
2012	383,333,450	1,095,238,429	20,775,130	23,608,102	0	0	404,108,580	1,118,846,531	36.12%	3.20

125

Source: Ross County Auditor

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

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

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

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
City of Chillicothe Millage										
Operating	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20
<i>Total City Millage</i>	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20
Ross County Millage										
Operating	9.40	9.80	10.40	10.40	10.40	10.60	11.70	11.70	12.50	12.50
<i>Total County Millage</i>	9.40	9.80	10.40	10.40	10.40	10.60	11.70	11.70	12.50	12.50
Chillicothe City School District Millage										
Operating	37.70	37.70	40.20	46.20	46.20	46.20	46.20	46.20	46.20	46.20
Debt Service	0.00	0.00	4.47	4.47	4.47	4.47	4.47	4.47	4.80	4.80
<i>Total School Millage</i>	37.70	37.70	44.67	50.67	50.67	50.67	50.67	50.67	51.00	51.00
Other Millage										
Operating	3.80	3.80	3.80	3.80	4.80	4.80	4.80	4.80	5.80	5.80
<i>Total Other Millage</i>	3.80	3.80	3.80	3.80	4.80	4.80	4.80	4.80	5.80	5.80
Total Millage	<u>54.10</u>	<u>54.50</u>	<u>62.07</u>	<u>68.07</u>	<u>69.07</u>	<u>69.27</u>	<u>70.37</u>	<u>70.37</u>	<u>72.50</u>	<u>72.50</u>

Overlapping Rates by Taxing District

Source: Ross County Auditor

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

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

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

Year	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy	Total Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
2003	\$1,518,557	\$1,486,333	97.88%	\$32,415	\$1,518,748	100.01%	\$48,375	3.19%
2004	1,403,152	1,362,926	97.13%	36,425	1,399,351	99.73%	51,693	3.68%
2005	1,462,582	1,427,113	97.57%	35,811	1,462,924	100.02%	46,670	3.19%
2006	1,372,991	1,339,805	97.58%	38,675	1,378,480	100.40%	52,481	3.82%
2007	1,308,996	1,282,064	97.94%	40,662	1,322,726	101.05%	59,173	4.52%
2008	1,328,749	1,289,316	97.03%	56,208	1,345,524	101.26%	55,618	4.19%
2009	1,286,895	1,245,462	96.78%	41,434	1,286,896	100.00%	60,422	4.70%
2010	1,294,281	1,256,523	97.08%	37,818	1,294,341	100.00%	64,742	5.00%
2011	1,272,921	1,210,720	95.11%	51,912	1,262,632	99.19%	41,513	3.26%
2012	1,253,115	1,205,570	96.21%	28,702	1,234,272	98.50%	44,015	3.51%

127

Source: Ross County Auditor

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

City of Chillicothe, Ohio
Principal Taxpayers - Real Estate and PU-PP Tax
2012 and 2003

2012		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
P.H. Glatfelter	\$18,834,980	4.66%
Columbus Southern Power	10,099,540	2.50%
Chillicothe Mall Inc.	4,220,620	1.04%
DDR Chillicothe LLC	4,053,210	1.00%
Central Center LTD	3,116,840	0.77%
Sam's Real Estate Business	2,629,020	0.65%
Zane Plaza LLC	2,490,010	0.62%
Chillicothe Telephone	2,311,240	0.57%
K-Mart Corporation	2,115,960	0.52%
Pittsburgh Glass Works LLC	2,100,000	0.52%
Total	\$51,971,420	12.86%
Total Assessed Valuation	\$404,108,580	

2003		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Mead Westvaco	\$26,508,150	7.68%
Horizon Telecom, Inc.	15,313,820	4.44%
American Electric Power	9,661,080	2.80%
DDR Ohio Opportunity LLC	3,389,440	0.98%
Chillicothe Mall Inc.	3,312,040	0.96%
PPG Industries Inc.	2,810,420	0.81%
Central Center LTD	2,668,370	0.77%
Columbia Gas of Ohio	2,429,180	0.70%
Real Estate Finance Trust	2,259,030	0.65%
RGChilli Associates LTD	1,602,880	0.46%
Total	\$69,954,410	20.27%
Total Assessed Valuation	\$345,124,650	

Source: Ross County Auditor

(1) The amounts presented represent the assessed values upon which 2012 and 2003 collections were based.

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

<u>TAX YEAR</u>	<u>TAX RATE</u>	<u>TOTAL TAX COLLECTED</u>	<u>TAXES FROM WITHHOLDING</u>	<u>PERCENTAGE OF TAXES FROM WITHHOLDING</u>	<u>TAXES FROM NET PROFITS</u>	<u>PERCENTAGE OF TAXES FROM NET PROFITS</u>	<u>TAXES FROM INDIVIDUALS</u>	<u>PERCENTAGE OF TAXES FROM INDIVIDUALS</u>
2003	1.60%	\$9,372,330	\$8,159,960	87.06%	\$804,672	8.59%	\$407,698	4.35%
2004	1.60%	9,819,398	8,203,049	83.54%	859,852	8.76%	756,497	7.70%
2005	1.60%	10,172,778	8,521,259	83.77%	910,361	8.95%	741,158	7.29%
2006	1.60%	10,138,072	8,461,085	83.46%	968,369	9.55%	708,618	6.99%
2007	1.60%	10,594,908	8,682,707	81.95%	1,122,212	10.59%	789,989	7.46%
2008	1.60%	10,746,951	8,666,403	80.64%	1,252,889	11.66%	827,659	7.70%
2009	1.60%	10,498,943	8,433,031	80.32%	1,236,915	11.78%	828,997	7.90%
2010	1.60%	10,669,085	8,626,375	80.85%	1,301,488	12.20%	741,222	6.95%
2011	1.60%	10,824,547	8,718,614	80.54%	1,347,319	12.45%	758,613	7.01%
2012	1.60%	11,010,046	9,033,890	82.05%	1,143,223	10.38%	832,932	7.57%

Source: City Income Tax Departmen

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

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

YEAR	Governmental Activities			Business-Type Activities			TOTAL DEBT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	OPWC LOANS	CAPITAL LEASES	GENERAL OBLIGATION BONDS	MORTGAGE REVENUE BONDS	LONG-TERM NOTES			
2003	\$2,405,000	\$0	\$98,815	\$2,095,000	\$12,560,000	\$0	\$17,158,815	4.12%	\$787
2004	2,160,000	0	137,758	2,020,000	11,490,000	0	15,807,758	3.80%	725
2005	1,915,000	113,513	154,650	1,935,000	10,330,000	0	14,448,163	2.87%	663
2006	1,660,000	100,900	162,223	1,855,000	9,145,000	0	12,923,123	2.56%	593
2007	1,405,000	88,287	141,498	1,770,000	7,925,000	0	11,329,785	2.27%	520
2008	1,140,000	75,675	117,598	1,685,000	6,675,000	0	9,693,273	2.33%	445
2009	870,000	63,063	114,276	1,595,000	5,665,000	0	8,307,339	1.68%	373
2010	660,000	50,450	107,864	1,510,000	4,615,000	0	6,943,314	1.48%	317
2011	450,000	37,838	270,679	1,415,000	3,520,000	0	5,693,517	1.22%	260
2012	355,000	25,225	258,451	1,320,000	2,390,000	2,441,000	6,789,676	1.45%	310

Source: City Auditor's Office

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

YEAR	POPULATION (1)	ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (2)	GROSS BONDED DEBT (3)	RATIO OF NET BONDED DEBT TO ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY	NET BONDED DEBT PER CAPITA
2003	21,796	\$1,536,811,302	\$17,060,000	1.11%	\$783
2004	21,796	1,385,996,840	15,670,000	1.13%	719
2005	21,796	1,428,446,081	14,180,000	0.99%	651
2006	21,796	1,373,080,878	12,660,000	0.92%	581
2007	21,796	1,359,842,439	11,100,000	0.82%	509
2008	21,796	1,403,959,700	9,500,000	0.68%	436
2009	22,296	1,170,447,269	8,130,000	0.69%	365
2010	21,901	1,176,452,686	6,785,000	0.58%	310
2011	21,901	1,138,150,825	5,385,000	0.47%	246
2012	21,901	1,118,846,531	4,065,000	0.36%	186

131

Sources:

- (1) 2010 Census
- (2) Ross County Auditor
- (3) Includes all general obligation bonded debt with the exception of Special Assessment debt.

CITY OF CHILLICOTHE, OHIO
 COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 DECEMBER 31, 2012

JURISDICTION	GOVERNMENTAL ACTIVITIES DEBT OUTSTANDING	PERCENTAGE APPLICABLE TO CITY (1)	AMOUNT APPLICABLE TO CITY
DIRECT - CITY OF CHILLICOTHE			
OPWC LOANS	\$25,225	100.00%	\$25,225
CAPITAL LEASES	258,451	100.00%	258,451
POLICE AND FIRE PENSION BONDS	355,000	100.00%	355,000
TOTAL DIRECT DEBT	638,676		638,676
OVERLAPPING			
ROSS COUNTY	6,964,260	34.94%	2,433,312
CHILLICOTHE CITY SCHOOLS	29,000,680	92.17%	26,729,927
UNION-SCIOTO LOCAL SCHOOLS	2,331,479	18.46%	430,391
SOUTHEASTERN LOCAL SCHOOLS	2,446,401	2.47%	60,426
ZANE TRACE LOCAL SCHOOLS	1,894,130	1.17%	22,161
SPRINGFIELD TOWNSHIP	441,088	4.36%	19,231
TOTAL OVERLAPPING DEBT	43,078,038		29,695,448
TOTAL	\$43,716,714		\$30,334,124

Sources: Chillicothe City Auditor and Ross County Auditor

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

CITY OF CHILLCOTHE, OHIO
LEGAL DEBT MARGIN
LAST TEN YEARS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total Assessed Property Value	<u>\$481,693,810</u>	<u>\$446,255,090</u>	<u>\$466,603,580</u>	<u>\$439,459,360</u>	<u>\$418,262,440</u>	<u>\$428,243,450</u>	<u>\$414,196,300</u>	<u>\$416,689,710</u>	<u>\$409,792,080</u>	<u>\$404,108,580</u>
Overall Legal Debt Limit (10 1/2% of Assessed Valuation)	<u>50,577,850</u>	<u>46,856,784</u>	<u>48,993,376</u>	<u>46,143,233</u>	<u>43,917,556</u>	<u>44,965,562</u>	<u>43,490,612</u>	<u>43,752,420</u>	<u>43,028,168</u>	<u>42,431,401</u>
Debt Outstanding:										
General Obligation Bonds	2,405,000	2,160,000	1,915,000	1,660,000	1,405,000	1,140,000	870,000	660,000	450,000	355,000
General Obligation Bonds - Enterprise	2,095,000	2,020,000	1,935,000	1,855,000	1,770,000	1,685,000	1,595,000	1,510,000	1,415,000	1,320,000
General Obligation Revenue Bonds	12,560,000	11,490,000	10,330,000	9,145,000	7,925,000	6,675,000	5,665,000	4,615,000	3,520,000	2,390,000
OPWC Loans	0	0	113,513	100,900	88,287	75,675	63,063	50,450	37,838	25,225
Notes Payable	2,000,000	2,200,000	1,700,000	1,200,000	1,300,000	3,000,000	4,800,000	4,400,000	8,341,000	7,681,000
Total Gross Indebtedness	<u>19,060,000</u>	<u>17,870,000</u>	<u>15,993,513</u>	<u>13,960,900</u>	<u>12,488,287</u>	<u>12,575,675</u>	<u>12,993,063</u>	<u>11,235,450</u>	<u>13,763,838</u>	<u>11,771,225</u>
Less:										
Notes Payable from Governmental Fund Revenues	0	1,000,000	800,000	600,000	400,000	2,800,000	4,800,000	4,400,000	5,100,000	4,640,000
Notes Payable from Enterprise Fund Revenues	0	0	0	0	0	0	0	0	3,241,000	3,041,000
Revenue Bonds Payable from Enterprise Fund Revenues	12,560,000	11,490,000	10,330,000	9,145,000	7,925,000	6,675,000	5,665,000	4,615,000	3,520,000	2,390,000
G.O. Bonds Payable from Enterprise Fund Revenues	2,095,000	2,020,000	1,935,000	1,855,000	1,770,000	1,685,000	1,595,000	1,510,000	1,415,000	1,320,000
Notes Payable from Enterprise Fund Revenues	2,000,000	1,200,000	900,000	600,000	300,000	0	0	0	0	0
OPWC Loan Payable from Governmental Fund Revenues	0	0	113,513	100,900	88,287	75,675	63,063	50,450	37,838	25,225
Bond Retirement Fund Balance	<u>62,044</u>	<u>12,150</u>	<u>12,669</u>	<u>13,086</u>	<u>15,950</u>	<u>16,326</u>	<u>16,591</u>	<u>16,646</u>	<u>16,646</u>	<u>16,646</u>
Total Net Debt Applicable to Debt Limit	<u>2,342,956</u>	<u>2,147,850</u>	<u>1,902,331</u>	<u>1,646,914</u>	<u>1,989,050</u>	<u>1,323,674</u>	<u>853,409</u>	<u>643,354</u>	<u>433,354</u>	<u>338,354</u>
Legal Debt Margin Within 10 1/2% Limitations	<u>\$48,234,894</u>	<u>\$44,708,934</u>	<u>\$47,091,045</u>	<u>\$44,496,319</u>	<u>\$41,928,506</u>	<u>\$43,641,888</u>	<u>\$42,637,203</u>	<u>\$43,109,066</u>	<u>\$42,594,814</u>	<u>\$42,093,047</u>
Legal Debt Margin as a Percentage of the Debt Limit	95.37%	95.42%	96.12%	96.43%	95.47%	97.06%	98.04%	98.53%	98.99%	99.20%
Unvoted Debt Limitation (5 1/2% of Assessed Valuation)	<u>\$26,493,160</u>	<u>\$24,544,030</u>	<u>\$25,663,197</u>	<u>\$24,170,265</u>	<u>\$23,004,434</u>	<u>\$23,553,390</u>	<u>\$22,780,797</u>	<u>\$22,917,934</u>	<u>\$22,538,564</u>	<u>\$22,225,972</u>
Total Gross Indebtedness	<u>19,060,000</u>	<u>17,870,000</u>	<u>15,993,513</u>	<u>13,960,900</u>	<u>12,488,287</u>	<u>12,575,675</u>	<u>12,993,063</u>	<u>11,235,450</u>	<u>13,763,838</u>	<u>11,771,225</u>
Less:										
Notes Payable from Governmental Fund Revenues	0	1,000,000	800,000	600,000	400,000	2,800,000	4,800,000	4,400,000	5,100,000	4,640,000
Notes Payable from Enterprise Fund Revenues	0	0	0	0	0	0	0	0	3,241,000	3,041,000
Revenue Bonds Payable from Enterprise Fund Revenues	12,560,000	11,490,000	10,330,000	9,145,000	7,925,000	6,675,000	5,665,000	4,615,000	3,520,000	2,390,000
G.O. Bonds Payable from Enterprise Fund Revenues	2,095,000	2,020,000	1,935,000	1,855,000	1,770,000	1,685,000	1,595,000	1,510,000	1,415,000	1,320,000
Notes Payable from Enterprise Fund Revenues	2,000,000	1,200,000	900,000	600,000	300,000	0	0	0	0	0
OPWC Loan Payable from Governmental Fund Revenues	0	0	113,513	100,900	88,287	75,675	63,063	50,450	37,838	25,225
Bond Retirement Fund Balance	<u>62,044</u>	<u>12,150</u>	<u>12,669</u>	<u>13,086</u>	<u>15,950</u>	<u>16,326</u>	<u>16,591</u>	<u>16,646</u>	<u>16,646</u>	<u>16,646</u>
Net Debt Within 5 1/2% Limitations	<u>2,342,956</u>	<u>2,147,850</u>	<u>1,902,331</u>	<u>1,646,914</u>	<u>1,989,050</u>	<u>1,323,674</u>	<u>853,409</u>	<u>643,354</u>	<u>433,354</u>	<u>338,354</u>
Unvoted Legal Debt Margin Within 5 1/2% Limitations	<u>\$24,150,204</u>	<u>\$22,396,180</u>	<u>\$23,760,866</u>	<u>\$22,523,351</u>	<u>\$21,015,384</u>	<u>\$22,229,716</u>	<u>\$21,927,388</u>	<u>\$22,274,580</u>	<u>\$22,105,210</u>	<u>\$21,887,618</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	91.16%	91.25%	92.59%	93.19%	91.35%	94.38%	96.25%	97.19%	98.08%	98.48%

Source: City Financial Records

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

YEAR	WATER SERVICE CHARGES AND INTEREST	DIRECT OPERATING EXPENSES (1)	NET AVAILABLE REVENUES	DEBT SERVICE		COVERAGE
				PRINCIPAL	INTEREST	
2003	\$4,237,212	\$3,003,396	\$1,233,816	\$750,000	\$642,200	0.89
2004	4,681,173	2,395,727	2,285,446	850,000	426,668	1.79
2005	4,569,734	2,806,797	1,762,937	930,000	348,715	1.38
2006	4,476,401	2,532,230	1,944,171	945,000	330,115	1.52
2007	4,736,631	3,085,979	1,650,652	965,000	301,505	1.30
2008	4,367,330	2,893,049	1,474,281	985,000	290,950	1.16
2009	4,401,980	3,310,974	1,091,006	1,010,000	266,817	0.85
2010	4,439,150	2,863,090	1,576,060	1,050,000	226,417	1.23
2011	4,518,780	3,919,286	599,494	1,095,000	184,418	0.47
2012	3,749,394	2,770,143	979,251	1,130,000	147,188	0.77

134

Source: City Auditor's Office

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

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

YEAR	SEWER SERVICE CHARGES AND INTEREST	DIRECT OPERATING EXPENSES (1)	NET AVAILABLE REVENUES	DEBT SERVICE		COVERAGE
				PRINCIPAL	INTEREST	
2003	\$2,875,559	\$2,406,215	\$469,344	\$210,000	\$68,405	1.69
2004	3,049,095	2,444,535	604,560	220,000	58,955	2.17
2005	3,092,130	2,551,986	540,144	230,000	48,835	1.94
2006	3,185,599	2,293,202	892,397	240,000	38,025	3.21
2007	3,569,310	2,304,866	1,264,444	255,000	26,265	4.50
2008	3,233,799	2,419,443	814,356	265,000	13,515	2.92
2009	3,155,672	2,522,863	632,809	0	0	0
2010	3,086,853	3,165,581	(78,728)	0	0	0
2011	3,188,581	2,590,976	597,605	0	0	0
2012	2,658,330	2,382,254	276,076	0	0	0

135

Source: City Auditor's Office

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

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

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Age (1)	School Enrollment (2)	Unemployment Rate (3)	Total Assessed Property Value (4)
2003	21,796	\$416,325,396	\$19,101	40.0	3,743	7.1%	\$481,693,810
2004	21,796	416,325,396	19,101	40.0	3,733	9.1%	446,255,090
2005	21,796	503,988,908	23,123	40.0	3,350	7.3%	466,603,580
2006	21,796	503,988,908	23,123	40.0	3,145	6.2%	439,459,360
2007	21,796	498,387,336	22,866	40.0	3,171	8.0%	418,262,440
2008	21,796	416,325,396	19,101	40.0	3,137	8.0%	428,243,450
2009	22,296	494,525,280	22,180	40.0	3,122	12.5%	414,196,300
2010	21,901	468,528,093	21,393	40.0	3,118	10.8%	416,689,710
2011	21,901	468,528,093	21,393	40.0	2,905	8.7%	409,792,080
2012	21,901	468,528,093	21,393	40.0	3,051	8.2%	404,108,580

136

Sources:

- (1) 2010 Census
- (2) Chillicothe Board of Education/Bishop Flaget Parochial School Office/Ross County Christian Academy
- (3) U.S. Bureau of Labor Statistics. Information prior to 2008 is for Ross County because City data was unavailable.
- (4) Ross County Auditor
- (5) Computation of per capita personal income multiplied by population

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

2012			
Employer	Nature of Business	Employees	Percentage of Total City Employment
Glatfelter Paper Company	Paper Industry	1,297	4.31%
Ross County	County Govt	850	2.82%
Wal-Mart	Retail	810	2.69%
Chillicothe City Schools	Education	707	2.35%
Ohio University-Chillicothe	College Campus	642	2.13%
City of Chillicothe	City Govt	384	1.28%
American Electric Power	Utility Center	289	0.96%
Lowe's	Retail	228	0.76%
Horizon Family of Companies	Communications	193	0.64%
Time Warner	Cable TV/Internet	104	0.35%
Total		<u>5,504</u>	<u>18.29%</u>
Total Employment Within the City		<u>30,100</u>	<u>100.00%</u>

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

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

(1) Information prior to 2006 is not available.

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

Function/Program	2006	2007	2008	2009	2010	2011	2012
General Government							
Square Footage Occupied	39,577	39,577	39,577	39,577	39,577	39,577	39,577
Administrative Vehicles	0	0	0	0	0	0	0
Engineering Vehicles	3	10	10	9	9	9	9
Municipal Court Vehicles	1	2	2	2	2	2	2
Service Department Vehicles	26	33	34	34	34	34	35
Police							
Stations	1	1	1	1	1	2	2
Square Footage of Building	29,090	29,090	29,090	29,090	29,090	29,090	29,090
Vehicles	26	21	23	22	26	33	33
Fire							
Stations	3	3	3	3	3	3	3
Square Footage of Building	23,476	23,476	23,476	23,476	23,476	23,476	23,476
Vehicles	21	28	30	27	27	27	28
Recreation							
Number of Parks	12	12	12	12	13	13	13
Number of Pools	1	1	1	1	1	1	1
Number of Tennis Courts	4	4	4	4	4	4	4
Number of Baseball Diamonds	13	13	13	13	13	13	13
Number of Tot Lots	4	4	4	4	4	4	4
Number of Soccer Fields	8	8	8	8	8	8	8
Vehicles	9	22	22	21	21	21	22
Floodwall							
Miles	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Transportation							
Square Footage of Building	26,157	26,157	26,157	26,157	18,855	18,855	18,855
Vehicles	17	20	21	24	21	23	16
Water Department							
Water Lines (miles)	100	133	133	133	133	136	136
Vehicles	14	17	20	20	21	21	19
Sewer Department							
Sewer Lines/Storm Sewer (miles)	101	103	103	103	103	105	105
Vehicles	14	25	26	26	28	29	25

Sources: Chillicothe City Auditor and Chillicothe City Engineer

(1) Information prior to 2006 is not available.

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

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Council	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Auditor	7.5	6.5	6.5	6.5	6.5	6.5	6.5	5.5	4.5	4.5
Income Tax	4	3	3	3	3	3	3	3	3	2
Treasurer	1	1	1	1	1	1	1	1	1	1
Mayor	7	7	6	5.5	5.5	6.5	5.5	4.5	4.5	4.5
Law Director	5.5	5	5	5.5	6	7	7	6.5	5.5	6
Engineering	13	9	8	11	7	7	6	7	6	6
Civil Service	1	1	1	1	1	1	2.5	2.5	2.5	2.5
Municipal Court	26	24	24.5	24	25	24.5	23.5	23.5	23	21.5
Security of Persons and Property										
Police	55	49	49	50	52	53.5	54.5	50	51	50.5
Fire	48	41	43	45	45	47	47	42	47	47
School Crossing Guards	8.5	7.5	7	7.5	7.5	7.5	7.5	0	0	0
Traffic Control-Meters	1	1	1	1	1	1	1	0	0	0
Leisure Time Activities										
Parks	6	6	2	5	5	5	5	4	4	4
Recreation	5.5	5	7.5	4	6	5	4	3	3	3
Transportation										
Service	28	29	28.5	25.5	25.5	25.5	27	22	20	20
Transit	20	21	22	22	24	24	24	23	23	23
Basic Utility Services										
Water	17	26	19	26	28	28	29	25.5	28.5	28
Sewer	25.5	19	22.5	17.5	17.5	18.5	17.5	16.5	17	16.5
Totals:	<u>285</u>	<u>266.5</u>	<u>262</u>	<u>266.5</u>	<u>272</u>	<u>277</u>	<u>277</u>	<u>245</u>	<u>249</u>	<u>245.5</u>

139

Source: City Payroll Department W2 Audit Listing
Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee at year end.

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

Function/Program	2006	2007	2008	2009	2010	2011	2012
General Government							
<i>Council and Clerk</i>							
Number of Ordinances Passed	153	156	166	158	103	125	103
Number of Resolutions Passed	40	21	25	26	19	20	22
Number of Planning Commission Docket Items	12	16	11	6	10	10	12
Zoning Board of Appeals Docket Items	39	31	35	23	32	20	21
Design & Review Board Docket Items	40	35	32	55	27	32	37
<i>Finance Department</i>							
Number of Checks/Vouchers Issued	5,647	5,928	5,646	6,290	5,185	5,197	5,482
Amount of Checks Written	\$27,646,498	\$34,031,388	\$33,538,991	\$42,906,483	\$34,508,413	\$38,000,816	\$43,661,426
Interest Earnings for fiscal year (cash basis)	\$543,654	\$767,972	\$335,401	\$203,115	\$59,358	\$54,710	\$34,509
Number of Receipts Issued	882	2,297	2,036	2,340	2,491	2,194	2,049
Agency Ratings - Moody's Financial Services	A2	A2	A2	A2	A2	A2	A2
General Fund Receipts (cash basis)	\$16,807,568	\$17,002,025	\$16,144,252	\$19,634,492	\$16,075,288	\$18,270,177	\$17,611,705
General Fund Expenditures (cash basis)	\$16,589,421	\$17,221,144	\$16,590,076	\$19,145,869	\$17,039,755	\$18,494,994	\$20,203,210
General Fund Cash Balances	\$2,538,822	\$2,483,975	\$2,678,364	\$3,520,378	\$2,587,572	\$2,772,711	\$1,022,988
<i>Income Tax Department</i>							
Number of Individual Returns	7,468	7,753	7,864	8,176	6,715	12,665	8,180
Amount of Business Returns	2,186	2,170	2,239	2,359	2,141	2,888	2,338
Number of Business Withholding Accounts	1,731	1,878	1,960	1,952	1,862	1,968	2,087
Amount of Penalties and Interest Collected	\$60,750	\$47,954	\$54,444	\$107,958	\$63,209	\$49,456	\$45,888
Annual Number of Corporate Withholding Forms Processed	10,320	11,088	10,864	11,365	11,530	11,835	11,937
Annual Number of Balance Due Statements Forms Processed	1,686	723	1,908	1,948	1,985	1,683	1,662
Annual Number of Estimated Payment Forms Processed	2,325	1,717	2,440	2,414	1,892	2,053	2,094
Annual Number of Reconciliations of Withholding Processed	1,291	1,505	1,677	1,714	1,347	1,526	1,360
<i>Engineering Department</i>							
Dollar Amount of Construction Overseen by Engineer	\$60,750	\$250,000	\$1,200,000	\$1,000,000	\$700,000	\$700,000	\$500,000
<i>Municipal Court</i>							
Number of Civil Cases	1,820	2,139	2,027	1,895	1,568	1,634	1,698
Amount of Criminal Cases	4,645	4,708	4,720	4,122	3,684	4,110	3,590
Amount of Traffic Cases	9,226	8,767	10,327	10,121	8,663	9,023	10,014
Amount of Small Claims Cases	560	716	435	229	163	146	155

Source: Departments of the City of Chillicothe

(1) Information prior to 2006 is not available.

continued

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

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

Source: Departments of the City of Chillicothe

(1) Information prior to 2006 is not available.

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

continued

CITY OF CHILlicoTHE, OHIO
OPERATING INDICATORS BY FUNCTION /PROGRAM
LAST SEVEN YEARS

Function/Program	2006	2007	2008	2009	2010	2011	2012
Leisure Time Activities							
<i>Recreation Department</i>							
Recreation Swimming Pool Receipts	\$37,144	\$60,956	\$92,861	\$48,588	\$49,537	\$62,176	\$58,019
Recreation Mens, Women & Chillicothe Leagues Receipts	\$23,127	\$21,395	\$25,315	\$25,790	\$22,572	\$24,775	\$0
Number of Tree License Issues	23	53	19	19	20	17	0
Amount of Revenue from Tree License	\$575	\$1,325	\$475	\$475	\$500	\$425	\$0
Total Acreage all Parks	225	225	225	876	876	876	876
Transportation							
<i>Street Construction & State Highway</i>							
Street Sweeper (hours)	1,200	1,400	1,100	1,000	950	900	0
Cold Patch (hours)	1,400	1,600	1,600	1,500	1,700	2,000	0
Snow and Ice Removal (regular hours)	200	180	200	300	400	150	221
Snow and Ice Removal (overtime hours)	150	200	200	449	452	332	0
Leaf Collection (hours)	2,880	2,800	3,000	3,000	2,000	2,000	0
Downtown Square Repair after Events (hours)	104	50	75	75	50	50	0
Tons of Snow Melting Salt Purchased (Nov-Mar)	416	578	151	810	692	791	642
Cost of Salt Purchased	\$16,648	\$23,120	\$6,054	\$48,096	\$43,973	\$50,201	\$40,754
Basic Utility Services							
<i>Refuse Department</i>							
Refuse Disposal per year (in tons) August through July	8,356	8,252	8,124	7,566	8,261	7,599	7,954
Refuse Disposal cost per year August through July	\$342,175	\$312,107	\$286,340	\$290,408	\$290,000	\$252,335	\$234,749
<i>Water Department (2)</i>							
Water Rates per 1st 300 Cu ft of Water Used (Inside City) bimonthly	14.18	14.18	14.48	14.48	14.48	11.68	11.92
Water Rates per 1st 300 Cu ft of Water Used (Outside City) bimonthly	21.28	21.28	21.71	21.71	21.71	17.54	17.89
Total Water Collections Annually (including P&I)	\$4,301,855	\$4,607,872	\$4,242,825	\$4,233,031	\$4,370,433	\$3,835,549	\$0
Number of Active Customers	9,312	9,207	9,153	9,167	9,151	9,196	0
<i>WasteWater Department (3)</i>							
Sewer Rates per 1st 300 Cu ft of Water Used (Inside City) bimonthly	11.51	11.51	11.74	11.74	11.74	8.58	8.75
Sewer Rates per 1st 300 Cu ft of Water Used (Outside City) bimonthly	17.26	17.26	17.61	17.61	17.61	12.84	13.10
Total Flow of Wastewater Treatment Plant (Millions of Gallons)	789.495	797.027	1009.626	934.845	901.546	1015.795	874.905
Tons of Dry Sludge Removed	334.672	324.410	313.360	341.000	481.480	291.220	337.440
Wastewater Calls for Service	210	220	250	19	250	200	200
After Hours Wastewater Calls for Service (hours)	721	176	596	76	300	250	250
Sewer Jet, Vac-all, other services (hours)	1,144	800	953	1,000	1,500	1,500	2,500

Source: Departments of the City of Chillicothe

(1) Information prior to 2006 is not available.

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

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

This page intentionally left blank.



Dave Yost • Auditor of State

CITY OF CHILLICOTHE

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
AUGUST 20, 2013