

City of Chillicothe
Ross County, Ohio
Single Audit
For the Year Ended December 31, 2014



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Dave Yost • Auditor of State

City Council
City of Chillicothe
35 South 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, 2014 through December 31, 2014. 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 6, 2015

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City of Chillicothe
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For the Year Ended December 31, 2014

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City of Chillicothe
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2014

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-12-104-1	14.228	\$174
Community Development Block Grants/State's Program	A-F-13-104-1	14.228	13,685
Community Development Block Grants/State's Program	A-C-12-104-1	14.228	<u>11,890</u>
Total Community Development Block Grants/State's Program			25,749
HOME Investments Partnership Program	A-C-12-104-2	14.239	<u>204,430</u>
Total U.S. Department of Housing and Urban Development			230,179
<u>U.S. Department of Justice</u>			
<i>Direct:</i>			
Edward Byrne Memorial Justice Assistance Grant Program	2013-DJ-BX-0701	16.738	10,444
Bulletproof Vest Partnership Program	BA-3A00S-SM01	16.607	1,800
<i>Passed through Ohio Office of Attorney General:</i>			
Crime Victim Assistance	VAGENE539	16.575	<u>24,897</u>
Total U.S. Department of Justice			37,141
<u>U.S. Department of Transportation</u>			
<i>Passed through Ohio Department of Transportation:</i>			
Formula Grants for Rural Areas	RPT-4096-034-141	20.509	1,103,227
Formula Grants for Rural Areas	RPT-0096-034-143	20.509	<u>173,458</u>
Total Formula Grants for Other Than Urbanized Areas			<u>1,276,685</u>
Total U.S. Department of Transportation			<u>1,276,685</u>
Total Federal Awards Expenditures			<u><u>\$1,544,005</u></u>

The 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, 2014

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 Rural 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 the City of Chillicothe, Ross County (the City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 29, 2015.

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 deficiency described in the accompanying schedule of findings and questioned costs as item 2014-001 to be a material weakness.

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 2014-002 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, CITP
President/Owner
Millhuff-Stang, CPA, Inc.

June 29, 2015

**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 the City's major federal program for the year ended December 31, 2014. The City's major federal program is 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 the City's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Basis for Qualified Opinion on CFDA #20.509 Formula Grants for Rural Areas Program

As described in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding the CFDA #20.509 Formula Grants for Rural Areas Program as described in finding number 2014-004 for Reporting. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

Qualified Opinion on CFDA #20.509 Formula Grants for Rural Areas Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the CFDA #20.509 Formula Grants for Rural Areas Program for the year ended December 31, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2014-003. Our opinion on the major federal program is not modified with respect to this matter.

The City's responses to the noncompliance 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 compliance and, accordingly, we express no opinion on the responses.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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.

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

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-004 to be a material weakness.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-003 and 2014-005 to be significant deficiencies.

The City's responses to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the responses.

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 29, 2015, which contained unmodified opinions on those financial statements. 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 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.



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

June 29, 2015

City of Chillicothe
Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
For the Year Ended December 31, 2014

Section I – Summary of Auditor’s Results

<i>Financial Statements</i>		
Type of financial statement opinion:		Unmodified
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?	Yes
	Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Type of auditor’s report issued on compliance for major programs:		Qualified
Any auditing findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?		Yes
Identification of major program(s):		Formula Grants for Rural Areas, CFDA #20.509
Dollar threshold used to distinguish between type A and type B programs:		Type A: >\$300,000 Type B: all others
Auditee qualified as low-risk auditee?		No

Section II – Financial Statement Findings

Finding 2014-001 – 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. Throughout 2014 bank reconciliations were not performed timely. In addition, several variances were noted on the bank reconciliations. Some of these variances were related to timing issues with the City’s credit card processing service organization, but several variances could not be identified. We noted that the net unsupported variance resulted in an immaterial bank over book variance. The City’s financial reports were improperly stated during 2014 due to errors in financial information that could have been identified and resolved during the year if reconciliations had been properly and timely performed. Such information was provided to Council, members of administration, and department heads to aid in decision-making processes. The City should incorporate monitoring controls, such as reviews of monthly reconciliations prepared by staff members, to ensure that bank reconciliations are being performed timely and accurately. Also, all variances on the bank reconciliation should be investigated and corrected during the reconciliation process.

Client Response:

The City of Chillicothe was behind 12 months on bank reconciliations and cash balances when the City Treasurer took office in January 2014. The City Treasurer has met with the City Auditor, the third-party CPA firm, and the Auditor of the State of Ohio for a plan to catch up and stay current with reconciliations. The agreement going forward is to have bank reconciliations and cash balance reports completed by the end of the third week of the following month being reconciled. The City Treasurer will take this reconciliation to share with the Auditor, Mayor, City Council, and any other interested parties on a monthly basis via email. As of today (June 29, 2015), the City reconciled through May 31, 2015. In addition, the City Treasurer has worked with the Utilities Supervisor to switch our merchant service provider from CyberSource to First Data (Huntington National Bank).

City of Chillicothe
Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
For the Year Ended December 31, 2014

Finding 2014-002 – Significant Deficiency – 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, expenditure classifications, and the presentation of cash in segregated accounts. Certain errors were corrected in the financial statements while other errors were not deemed necessary to correct. The City should implement monitoring procedures over the financial reporting process to ensure that financial information presented is fairly stated.

Client Response:

The City is aware of the issues and will discuss an appropriate resolution that avoids future deficiencies.

Section III – Federal Award Findings and Questioned Costs
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CFDA Title and Number	Formula Grants for Rural Areas, CFDA #20.509
Federal Award Number and Year	RPT-4096-034-141 RPT-0096-034-143
Federal Agency	United States Department of Transportation
Pass-Through Entity	Ohio Department of Transportation

Finding 2014-003 – Noncompliance/Significant Deficiency – Suspension & Debarment

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300). The City did check the EPLS for several covered transactions of the Transit Program, but one vendor was not checked on and the City could not provide evidence of the check for another vendor. The City risked paying suspended or debarred vendors with grant monies, and lacked a sufficient audit trail for some of the checks performed. The City should verify that entities are not suspended or debarred by verification through the EPLS prior to the City entering into a covered transaction with an entity. The City should also implement procedures to ensure evidence of verifications are properly maintained to support compliance.

Responsible Official’s Response and Corrective Action Planned:

CTS instituted the practice of verifying vendor eligibility in 2014. The RossGo Coordinator verified eligibility for contracted transportation providers in SAMS and maintained the records electronically. In 2014 CTS began purchasing fuel from Lykins Oil Company. No SAMS report was completed for the Lykins Oil Company. As a corrective measure, the Transit Secretary will be assigned the duty of running a SAMS report on all vendors prior to submitting a purchase order to the City Auditor’s Office. The SAMS report will be completed annually and as needed for any new vendors throughout the year. SAMS reports will be completed for all current CTS vendors by Wednesday July 8, 2015. The SAMS report will be maintained in each vendor file.

Planned Implementation Date of Corrective Action:

Immediately.

Person Responsible for Corrective Action:

Mike Green, Interim Transit Director.

City of Chillicothe
Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
For the Year Ended December 31, 2014

CFDA Title and Number	Formula Grants for Rural Areas, CFDA #20.509
Federal Award Number and Year	RPT-4096-034-141 RPT-0096-034-143
Federal Agency	United States Department of Transportation
Pass-Through Entity	Ohio Department of Transportation

Finding 2014-004 – Noncompliance/Material Weakness – Reporting

Per ODOT Federal Transit Administration Section 5311 Rural Transit Program Criteria and Application Instructions Section VII.B, each grantee will submit via email a quarterly reconciliation invoice, which reconciles on a year-to-date basis its actual operating expenses, the amount of Federal and State grant funds required based on its actual expenses, the amount of Federal and State grant funds actually received through the automatic monthly and quarterly payment process, and any overpayments or underpayments made. The amount requested in all invoices must correspond to the operating expenses incurred by the grantee. During the course of testing, we noted that quarterly invoices appeared to not be properly completed as the final invoice contained errors in year-to-date information presented. We noted an instance where eligible expenses were not reported in full. In certain cases, cash-basis information was utilized instead of accrual-basis information, despite supporting documentation showing computations of accrual based information indicating that cash basis amounts were utilized in error, which resulted in the overreporting of certain line items. With these instances, we confirmed that deducting the overreported amounts from total eligible expenses netted an amount that was still in excess of the maximum allowable Federal contract reimbursement amount and therefore no questioned costs were evident. Failure to properly prepare quarterly invoices could result in an overreporting (or underreporting) of eligible expenses and consequently could result in the inappropriate overrequesting (or underrequesting) of grant funds. The City should implement procedures to ensure that invoices are properly completed.

Responsible Official’s Response and Corrective Action Planned:

In an attempt to assure no non-eligible expenses were charged to the Section 5311 grant, revenues and expenses were calculated using actual invoices and receipts. The first 3 quarters of invoices submitted to ODOT were based on cash accounting and included carryover of some 2013 expenses and receipts. Excel spreadsheets were developed to document accrual expenses and revenue. During the calculations, invoices for some parts were not included and some 2013 invoices were included. Additionally, the outside contracts /purchased transportation reported to ODOT was the cash basis accounting amount instead of the accrual amount. This was an error in transferring the amounts to the ODOT invoice.

The final invoice made adjustments for non-eligible expenses previously invoiced to ODOT such as mechanic salaries and fringe while performing non-FTA work and fuel purchases for other city departments.

As a corrective measure effective January 1, 2015, CTS instituted the use of Quickbooks. Quickbooks has been set up to mirror the ODOT chart of accounts and includes City codes allowing the Transit Clerk to see the crosswalk from the City’s accounting records in Govern to ODOT accounts with each entry. The Account Clerk received training for Quickbooks from the City Treasurer, and has access to him for questions at any time.

Planned Implementation Date of Corrective Action:

Immediately.

Person Responsible for Corrective Action:

Mike Green, Interim Transit Director.

City of Chillicothe
Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
For the Year Ended December 31, 2014

CFDA Title and Number	Formula Grants for Rural Areas, CFDA #20.509
Federal Award Number and Year	RPT-4096-034-141 RPT-0096-034-143
Federal Agency	United States Department of Transportation
Pass-Through Entity	Ohio Department of Transportation

Finding 2014-005 – Significant Deficiency – Internal Control Environment

A properly functioning internal control environment is pertinent to ensure that financial information is properly accounted for and reported and that compliance is maintained with program requirements.

During the course of testing and per discussions with the pass through agency, Ohio Department of Transportation, personnel, the following situations came to our attention which indicate a need for additional internal controls and/or monitoring of internal controls.

- Assets of the Department were placed in storage and inadvertently sold at auction without prior approval and without following proper disposal procedures.
- The Department currently does not have a permanent, full-time Director with sufficient experience and knowledge of Transit program requirements, procedures, and protocols.
- The Department operated a fuel farm for a brief period during 2014 that resulted in some ineligible expenses initially charged to the Transit program.
- The Department has excess space in its building that could potentially be used to house other City employees. However, there is no formal rent allocation in place to determine a reasonable amount to charge other departments for the use of that space.
- The Department’s personnel sometimes provides maintenance services to other departments which resulted in some ineligible expenses initially charged to the Transit program.
- A drug and alcohol compliance review was performed which identified some noncompliance areas.
- An agreed upon procedures engagement performed in the prior year resulted in several identified internal control concerns which still remain unaddressed, such as the lack of monitoring the profitability of the RossGo program, lack of formal policies/procedures for disposal of equipment, etc.

Failure to have a properly designed internal control environment could result in the City’s risk of misappropriated assets, theft or fraud, errors in financial recording/reporting, and potential noncompliance with program requirements. The City should implement the appropriate procedures to ensure that the deficiencies identified are properly addressed to ensure compliance with program requirements, properly accounted for assets and financial transactions, and to mitigate of risk of misappropriation, theft, or fraud. Such procedures should include:

- Following current City policies regarding disposal of assets, including obtaining the necessary approvals for disposals and completing disposal forms and filing them timely, and also ensuring that proceeds from any sales of assets are properly credited to the Bus Transit Fund.
- Appointing experienced and knowledgeable management personnel and possible extension of the consulting contract with RLS & Associates to help ensure that the appointment of personnel includes a method for effective transition.
- Establishment of an internal service fund and transfer of oversight of the fuel farm from the Transit Department to another City Department to ensure activity is properly monitored and that activity isn’t improperly accounted for as Transit activity when not appropriate.
- Adopting and implementing an ODOT-approved cost allocation plan to ensure rent/charges are assessed to the City for non-Transit activities.

City of Chillicothe
Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
For the Year Ended December 31, 2014

Finding 2014-005 – Significant Deficiency – Internal Control Environment (Continued)

- Properly accounting for and monitoring of maintenance services provided by Transit personnel to other City Departments to ensure ineligible costs are not inappropriately claimed on the quarterly invoices for grant reimbursement.
- Preparing and implementing a corrective action plan for findings identified in the previously issued drug and alcohol review, including proper monitoring procedures to ensure the corrective action plan is adhered to.
- Performing a review of the internal control environment and existing control activities of all significant activities, transactions, and inventories, and ensuring that any identified deficiencies are properly addressed through formal policies, procedures, and protocols.

Responsible Official's Response and Corrective Action Planned:

The Transit Department has implemented a detailed corrective action plan to address the identified issues. Some issues have already been corrected as of the issuance of this report, while correction of other items is currently in process.

Planned Implementation Date of Corrective Action:

Immediately.

Person Responsible for Corrective Action:

Mike Green, Interim Transit Director.

City of Chillicothe
Schedule of Prior Audit Findings
OMB Circular A-133 Section .315(b)
For the Year Ended December 31, 2014

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding 2013-1	Material Weakness – Bank Reconciliations	No	Reissued as Finding 2014-001
Finding 2013-2	Noncompliance/Significant Deficiency – Formula Grants for Other Than Urbanized Areas, CDFA #20.509 – Suspension and Debarment	No	Reissued as Finding 2014-003

City of Chillicothe, Ohio Comprehensive Annual Financial Report

For the Year Ended December 31, 2014



Luke Feeney

Chillicothe City Auditor

CITY OF CHILLICOTHE, OHIO
 Comprehensive Annual Financial Report
 For the Year Ended December 31, 2014

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CHILICOTHE
OHIO'S FIRST CAPITAL

LUKE M. FEENEY
CITY AUDITOR

June 29, 2015

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

FROM: City Auditor Luke Feeney and Staff

The Auditor's office is pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Chillicothe for the year ended December 31, 2014. This report, prepared by the City Auditor's Office, contains a comprehensive analysis of the City's financial position and activities for the year 2014. It is intended to provide all pertinent and necessary financial information to the Citizens of Chillicothe.

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

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

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

Audit

The 2014 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 21,899 citizens according to the 2014 Census Bureau estimates. The City has twelve public parks consisting of 225 acres, six public schools, one parochial school, one charter school, a branch of Ohio University and two public libraries.

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

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

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

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

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

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

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

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

The City employs approximately 255 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

Chillicothe and Ross County have a strong shared history as a regional commerce center and trade route. The original trade route through Chillicothe was the Scioto River, which has long since been replaced by the intersecting U.S. Routes 23 and 35. The intersecting highways make the area ideal for manufacturing, retail, and entertainment.

Employment in the Chillicothe and Ross County region is dominated by manufacturing (PH Glatfelter Co., PACCAR Inc.), government (Ross County, City of Chillicothe, Ohio University Chillicothe), and healthcare (Adena Regional Medical Center). According to the Bureau of Labor Statistics the average unemployment rate for the Chillicothe Metropolitan area in 2014 was 6.3% which is the lowest it has been since 2006 when it was 6.2% and is almost half of the peak in 2009 of 12.5%.

Developments of note:

- Retail development continues on North Bridge Street at Guernsey Crossing. A Dick's Sporting Goods, Ulta Beauty Supply, Panera Bread and Five Guys Burgers and Fries shop are expected to open in the fall of 2015.
- Renovation of the historic downtown Carlisle building is expected to be completed in the fall of 2015. The building will be anchored by the Adena Regional Medical Center and contain the offices of some of its top executives along with residential units for medical residents.
- In May of 2015, the Citizens of Chillicothe passed two separate .02% income tax levies, one 10-year levy dedicated to street repair and construction, and the other dedicated to safety services. Effective January 1, 2016 the income tax rate in the City of Chillicothe will go from 1.6% to 2.0%.

Long-Term Financial Planning

In May of 2015, the citizens of Chillicothe passed the first income tax increase the City had seen since 1992. The increase in revenue will allow the City to focus much needed attention on street repair as well as safety forces, whose staffing has diminished below the levels of the 1980s. All three City unions (AFSCME, IAFF, FOP) negotiated new contracts in 2014 and 2015, and in each negotiation the respective bargaining units made concessions that will aid in the long term viability of the City.

The City has also completed a two year process of moving all Bond Anticipation Notes into bonded debt. Through this process the City was able to take advantage of historically low interest rates and commit to a responsible repayment plan of all existing debt. Department heads are responsible for capital improvement plans for their respective departments and submit those plans to the Mayor. The passage of the two income tax levies in May of 2015 should allow for projects on those submitted plans that have been pushed back because of cuts.

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, 2013. 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 twenty-three consecutive years. 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 24th for our City and represents not only a tremendous effort on the part of the Auditor's staff but is indicative of the professionalism of all the people involved. With this report, our taxpayers may now better understand the operation of our City and its basic financial structure.

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

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

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

Respectfully yours,



Luke M. Feeney

Chillicothe City Auditor



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Chillicothe
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

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

MAYOR

Jack A. Everson
Term Expires 12-31-15

CITY COUNCIL

Eric Rinehart II
President
Term Expires 12-31-15

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

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

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

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

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

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

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

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

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

CITY AUDITOR

Luke M. Feeney
Term Expires 12-31-17

CITY TREASURER

Jeremy Siberell
Term Expires 12-31-17

DIRECTOR OF LAW

Sherri Rutherford
Term Expires 12-31-15

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

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

**CITY OF 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	Amy Wagner
AUDITOR'S CLERK	Katherine Flechtner
AUDITOR'S CLERK	Aubrey Cameron

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for 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, 2014, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund and Bus Transit Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 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 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 fund financial statements and schedules are the responsibility of management and were derived from and relate 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 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 29, 2015 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, CITP
President/Owner
Millhuff-Stang, CPA, Inc.

June 29, 2015

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
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, 2014. 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 \$307,022; net position of the governmental activities decreased \$790,616; and net position of the business-type activities increased \$483,594.
2. The General Fund balance of \$2,284,677 increased \$208,122 or 10.02%, from the previous year's balance of \$2,076,555. This was primarily due to a decrease in expenditures and a decrease in revenues.

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, liabilities, and deferred inflows/outflows of resources 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, 2014
Unaudited

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

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

The City of Chillicothe maintains 26 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances, for the General Fund and Bus Transit Fund, which are considered to be major funds. Data from the other 24 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

Government-Wide Financial Analysis

While this document contains information about the funds used by the City of Chillicothe to provide services to our citizens, the view as a whole looks at all financial transactions. The *statement of net position* and the *statement of activities* include all assets, liabilities, and deferred inflows/outflows of resources 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, 2014
Unaudited

The City of Chillicothe as a Whole

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

Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Assets:						
Current and Other Assets	\$9,321,656	\$8,890,391	\$9,019,677	\$9,121,345	\$18,341,333	\$18,011,736
Capital Assets, Net	<u>39,356,514</u>	<u>40,771,757</u>	<u>37,082,036</u>	<u>38,172,152</u>	<u>76,438,550</u>	<u>78,943,909</u>
<i>Total Assets</i>	<u>48,678,170</u>	<u>49,662,148</u>	<u>46,101,713</u>	<u>47,293,497</u>	<u>94,779,883</u>	<u>96,955,645</u>
Deferred Outflows of Resources	<u>0</u>	<u>0</u>	<u>22,500</u>	<u>25,000</u>	<u>22,500</u>	<u>25,000</u>
Liabilities:						
Current and Other Liabilities	1,577,301	1,672,111	289,031	253,085	1,866,332	1,925,196
Long-Term Liabilities:						
Due Within One Year	1,411,311	1,354,096	794,230	2,043,894	2,205,541	3,397,990
Due in More Than One Year	<u>5,918,224</u>	<u>6,102,722</u>	<u>3,626,700</u>	<u>4,090,860</u>	<u>9,544,924</u>	<u>10,193,582</u>
<i>Total Liabilities</i>	<u>8,906,836</u>	<u>9,128,929</u>	<u>4,709,961</u>	<u>6,387,839</u>	<u>13,616,797</u>	<u>15,516,768</u>
Deferred Inflows of Resources	<u>1,062,378</u>	<u>1,033,647</u>	<u>0</u>	<u>0</u>	<u>1,062,378</u>	<u>1,033,647</u>
Net Position:						
Net Investments in						
Capital Assets	34,537,906	36,003,964	33,479,256	32,846,152	68,017,162	68,850,116
Restricted For:						
Debt Service	3,152	1,940	1,351,634	1,351,634	1,354,786	1,353,574
Capital Projects	874,538	753,555	1,818,467	1,818,467	2,693,005	2,572,022
Other Purposes	2,151,520	2,161,125	0	0	2,151,520	2,161,125
Permanent Fund Purpose:						
Expendable	2,265	2,265	0	0	2,265	2,265
Nonexpendable	1,000	1,000	0	0	1,000	1,000
Unrestricted (Deficit)	<u>1,138,575</u>	<u>575,723</u>	<u>4,764,895</u>	<u>4,914,405</u>	<u>5,903,470</u>	<u>5,490,128</u>
Total Net Position	<u>\$38,708,956</u>	<u>\$39,499,572</u>	<u>\$41,414,252</u>	<u>\$40,930,658</u>	<u>\$80,123,208</u>	<u>\$80,430,230</u>

Current and other assets of governmental activities increased by \$431,265 or 4.85% due to increases in income tax receivable and intergovernmental receivable. Capital assets of the governmental activities decreased \$1,415,243 or 3.47% due to depreciation expense exceeding acquisitions. Total liabilities of the governmental activities decreased by \$222,093 or 2.43% due to a decrease in intergovernmental payable and scheduled debt payments being made by the City.

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

Current and other assets of business-type activities decreased by \$101,668 or 1.11% as a result of a decrease in equity in pooled cash and cash equivalents. Capital assets decreased by \$1,090,116 or 2.86% due to depreciation for the year. Total liabilities of business-type activities decreased by \$1,677,878 or 26.27% due to scheduled debt payments being made by the City.

The City of Chillicothe's total net position decreased from \$80,430,230 at the beginning of 2014 to \$80,123,208 at the end of the year, a change of \$307,022 or 0.38%. This decrease is the result of a decrease in the net position of the governmental activities of \$790,616 or 2.00% and an increase in the net position of the business-type activities of \$483,594 or 1.18%.

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 2014 and 2013.

Changes in Net Position

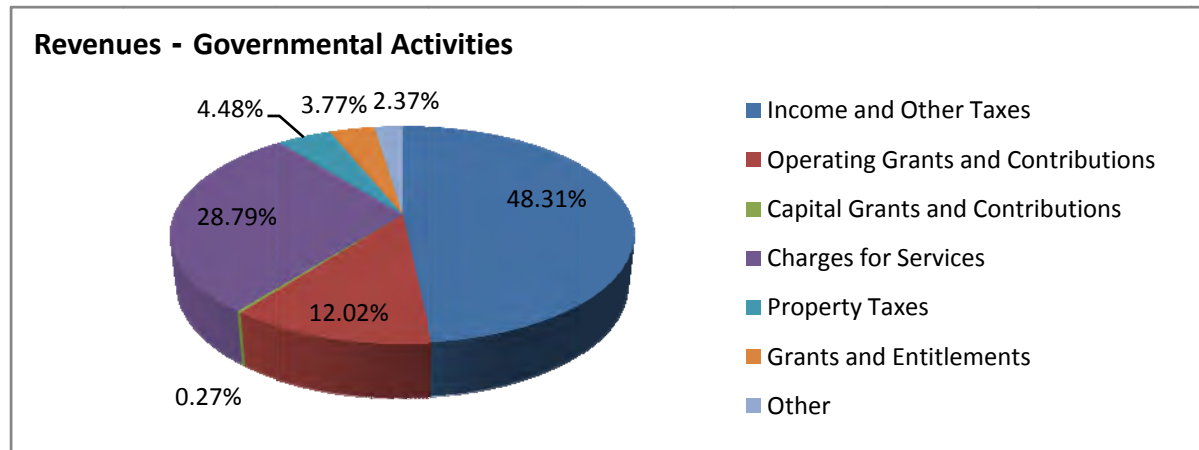
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2012</u>
Revenues						
Program Revenues:						
Charges for Services	\$6,994,516	\$6,050,350	\$7,369,980	\$7,656,598	\$14,364,496	\$13,706,948
Operating Grants and Contributions	2,920,321	4,192,610	0	0	2,920,321	4,192,610
Capital Grants and General Revenues:	65,091	133,605	0	0	65,091	133,605
Property Taxes	1,088,427	1,109,904	0	0	1,088,427	1,109,904
Income and Other Taxes	11,736,839	11,486,742	0	0	11,736,839	11,486,742
Grants and Entitlements	915,163	1,148,330	0	0	915,163	1,148,330
Other	575,698	691,476	194,489	181,705	770,187	873,181
<i>Total Revenues</i>	<u>24,296,055</u>	<u>24,813,017</u>	<u>7,564,469</u>	<u>7,838,303</u>	<u>31,860,524</u>	<u>32,651,320</u>
Program Expenses						
General Government	5,100,298	5,333,744	0	0	5,100,298	5,333,744
<i>Security of Persons and Property:</i>						
Police	5,338,983	5,414,997	0	0	5,338,983	5,414,997
Fire	5,564,205	5,586,698	0	0	5,564,205	5,586,698
Transportation	6,402,993	6,134,684	0	0	6,402,993	6,134,684
Leisure Time Activities	775,554	617,180	0	0	775,554	617,180
Community Environment	603,419	833,234	0	0	603,419	833,234
Basic Utility Services	1,108,199	752,633	0	0	1,108,199	752,633
Interest and Fiscal Charges	167,577	125,816	0	0	167,577	125,816
Issuance Costs	0	156,699	0	0	0	156,699
Water and Sewer	0	0	7,106,318	7,390,378	7,106,318	7,390,378
<i>Total Expenses</i>	<u>25,061,228</u>	<u>24,955,685</u>	<u>7,106,318</u>	<u>7,390,378</u>	<u>32,167,546</u>	<u>32,346,063</u>

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

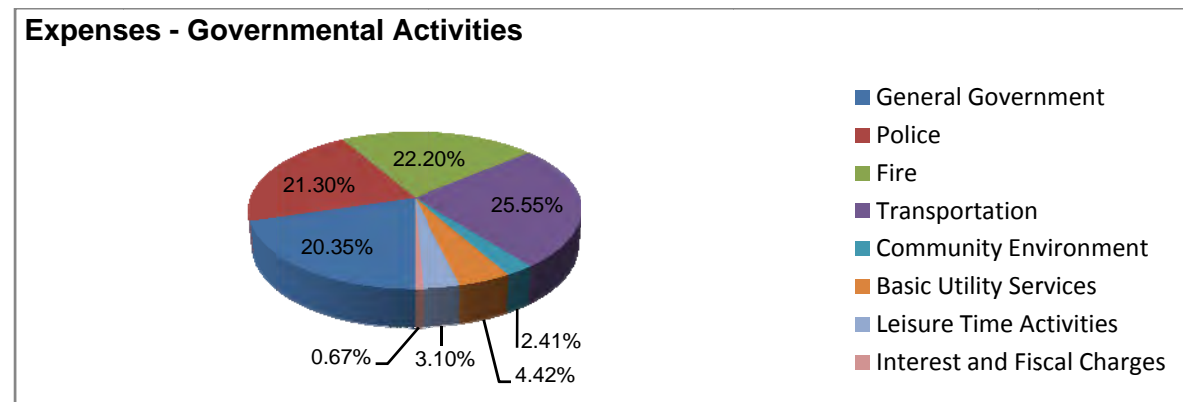
Increase (Decrease) in Net Position Before Transfers	(765,173)	(142,668)	458,151	447,925	(307,022)	305,257
Net Transfers In (Out)	(25,443)	(20,829)	25,443	20,829	0	0
Increase (Decrease) in Net Position After Transfers	(790,616)	(163,497)	483,594	468,754	(307,022)	305,257
Net position at Beginning of Year	39,499,572	39,663,069	40,930,658	40,461,904	80,430,230	80,124,973
Net position at End of Year	<u>\$38,708,956</u>	<u>\$39,499,572</u>	<u>\$41,414,252</u>	<u>\$40,930,658</u>	<u>\$80,123,208</u>	<u>\$80,430,230</u>

Governmental Activities

Governmental activities decreased the City of Chillicothe's net position by \$790,616, which is a decrease from the previous year's decrease of \$163,497. Revenues decreased and expenditures increased for the year, which resulted in the decrease to net position.



Of the \$24,296,055 in total revenues, income and other taxes account for 48.31%; charges for services of \$6,994,516 account for 28.79%; operating grants and contributions account for 12.02%; capital grants and contributions account for 0.27%; and unrestricted grants and entitlements, property taxes, and other revenue make up the remaining 10.61%. The income and other tax revenue for 2014 was \$11,736,839, which was an increase of \$250,097 or 2.18%.



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

**City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited**

Business-Type Activities

The business-type activities of the City of Chillicothe, which include its water and sewer operations, increased the net position by \$483,594. The majority of the increase in net position is due to a decrease in expenses for the year.

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 2014, the total fund balance for the General Fund was \$2,284,677 of which \$1,948,943 was unassigned.

During the current year, the fund balance of the General Fund increased by \$208,122. The increase in the General Fund balance was primarily the net result of an increase in expenditures for basic utility services, an increase in fines and forfeitures, and a decrease in transfers out.

At the end of 2014, the Bus Transit Fund had a fund balance of \$333,386, which is a decrease of \$161,903. This was a result of a decrease in intergovernmental revenues for the year.

Proprietary Funds

During the current year, the net position of the City of Chillicothe's Water Fund increased by \$489,911 or 2.16%. The increase in the Water Fund net position is due mostly to the department controlling spending and maintaining expenses at levels below revenues.

During the current year, the net position of the Sewer Fund decreased by \$6,317 or 0.03%. The decrease in the Sewer Fund net position is the result of a decrease in charges for services.

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 2014, 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 \$16,541,805 and the final budgeted revenue amount was \$16,277,448.

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

The largest difference between the General Fund's original budget and final budget was in Local Taxes, which decreased \$219,800 or 2.11%. This was due to a decrease in the estimated receipts for income tax.

The differences between the General Fund's original budget and final amended budget of expenditures amounted to a \$632,901 increase, which included a \$354,509 additional appropriation in Basic Utility Services.

The difference between the General Fund's final budget and actual for the General Government expenditures was \$287,388 or 5.47%. This decrease in actual expenditures was primarily the result of decreases in materials and supplies in several departments.

Capital Assets and Debt Administration

CAPITAL ASSETS AT DECEMBER 31
(NET OF DEPRECIATION)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$6,864,490	\$6,864,490	\$1,889,017	\$1,889,017
Land Improvements	190,564	32,362	3,640	4,680
Buildings, Structures and Improvements	11,277,521	11,681,394	2,630,182	2,767,583
Plant and Facilities	0	0	13,617,067	14,129,608
Furniture, Fixtures, & Equipment	2,780,642	2,919,276	289,394	308,393
Infrastructure	18,243,297	19,274,235	18,652,736	19,072,871
Total	<u>\$39,356,514</u>	<u>\$40,771,757</u>	<u>\$37,082,036</u>	<u>\$38,172,152</u>

Total capital assets for governmental activities of the City of Chillicothe for the year 2014 were \$39,356,514 or \$1,415,243 less than in 2013. This decrease was due to the current year depreciation exceeding the current year acquisitions.

The decrease in capital assets for business-type activities of \$1,090,116 was due primarily to the current year depreciation. Additional information concerning capital assets can be found in Note 9 of the notes to the basic financial statements.

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

As of December 31, 2014, the City of Chillicothe had \$8,541,000 in bonds, loans, and notes outstanding.

OUTSTANDING DEBT AT DECEMBER 31

	<u>2014</u>	<u>2013</u>
Governmental Activities		
General Obligation Bonds:		
Various Purpose	\$4,550,000	\$4,850,000
VCNB Squad Loan	100,000	0
Bond Anticipation Note	300,000	0
OPWC Loan	<u>0</u>	<u>12,613</u>
Total Governmental Activities	4,950,000	4,862,613
Business-Type Activities		
Water Revenue Bonds	0	1,215,000
Sewer General Obligation Bonds	1,150,000	1,670,000
ARMC Water Note	<u>2,441,000</u>	<u>2,441,000</u>
Total Business-Type Activities	<u>3,591,000</u>	<u>5,326,000</u>
Total	<u><u>\$8,541,000</u></u>	<u><u>\$10,188,613</u></u>

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

The \$1,150,000 general obligation bonds are for wastewater treatment plant improvements and sewer improvements in the Neenah Gardens subdivision.

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

The \$100,000 VCNB loan was for the purchase of an emergency medical squad.

The \$300,000 bond anticipation note is for the purchase of a garbage truck.

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

**City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited**

Current Known Facts and Conditions

Chillicothe voters passed two independent income tax levies in May of 2015. Both levies were for .02%; one of which is dedicated to City street construction, maintenance, and repair, while the other is dedicated to safety services. The overall Chillicothe city income tax will increase from 1.6% to 2.0% effective January 1, 2016. Significant retail development is ongoing on North Bridge Street at the Guernsey Crossing site, with stores expected to open in the fall of 2015. Retail sites include Dick's Sporting Goods, Ulta Beauty Supply and Panera Bread Company. Rehabilitation of the Carlisle Building at Chillicothe's main intersection of Paint and Main Streets is expected to be completed in the fall of 2015 with Adena Hospital moving executive offices and living quarters for residents shortly thereafter.

Contacting the City's Financial Management

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

City of Chillicothe, Ohio
Statement of Net Position
December 31, 2014

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$3,581,995	\$4,734,208	\$8,316,203
Cash and Cash Equivalents in Segregated Accounts	94,248	0	94,248
Investments	1,000	0	1,000
Materials and Supplies Inventory	99,143	44,967	144,110
Accounts Receivable	238,995	1,002,651	1,241,646
Intergovernmental Receivable	1,519,850	0	1,519,850
Prepaid Items	180,817	68,499	249,316
Income Taxes Receivable	2,342,396	0	2,342,396
Property Taxes Receivable	1,108,842	0	1,108,842
Other Taxes Receivable	139,491	0	139,491
Special Assessments Receivable	14,879	0	14,879
<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	1,350,885	1,350,885
Non-Depreciable Capital Assets	6,864,490	1,889,017	8,753,507
Depreciable Capital Assets, net	32,492,024	35,193,019	67,685,043
<i>Total Assets</i>	<u>48,678,170</u>	<u>46,101,713</u>	<u>94,779,883</u>
Deferred Outflows of Resources	<u>0</u>	<u>22,500</u>	<u>22,500</u>
Liabilities:			
Accounts Payable	522,927	83,399	606,326
Accrued Wages and Benefits	369,172	88,143	457,315
Contracts Payable	170,957	0	170,957
Intergovernmental Payable	491,580	90,069	581,649
Matured Compensated Absences	9,171	0	9,171
Accrued Interest Payable	13,494	27,420	40,914
<i>Long-Term Liabilities:</i>			
Due Within One Year	1,411,311	794,230	2,205,541
Due in More Than One Year	5,918,224	3,626,700	9,544,924
<i>Total Liabilities</i>	<u>8,906,836</u>	<u>4,709,961</u>	<u>13,616,797</u>
Deferred Inflows of Resources	<u>1,062,378</u>	<u>0</u>	<u>1,062,378</u>
Net Position:			
Net Investments in Capital Assets	34,537,906	33,479,256	68,017,162
<i>Restricted for:</i>			
Debt Service	3,152	1,351,634	1,354,786
Capital Outlay	874,538	1,818,467	2,693,005
Street Maintenance and Repair	493,184	0	493,184
Bus Transit	585,710	0	585,710
Housing and Urban Development	88,716	0	88,716
Other Purposes	983,910	0	983,910
<i>Permanent Fund Purpose:</i>			
Expendable	2,265	0	2,265
Nonexpendable	1,000	0	1,000
Unrestricted	1,138,575	4,764,895	5,903,470
<i>Total Net Position</i>	<u><u>\$38,708,956</u></u>	<u><u>\$41,414,252</u></u>	<u><u>\$80,123,208</u></u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Activities
For the Year Ended December 31, 2014

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$5,100,298	\$2,206,675	\$212,942	\$0
<i>Security of Persons and Property:</i>				
Police	5,338,983	42,685	74,464	0
Fire	5,564,205	1,136,677	30,317	0
Transportation	6,402,993	2,038,070	2,464,472	60,131
Leisure Time Services	775,554	109,667	17,440	4,960
Community Environment	603,419	0	120,686	0
Basic Utility Services	1,108,199	1,460,742	0	0
Interest and Fiscal Charges	167,577	0	0	0
<i>Total Governmental Activities</i>	<u>25,061,228</u>	<u>6,994,516</u>	<u>2,920,321</u>	<u>65,091</u>
Business-Type Activities:				
Sewer	3,123,064	3,026,390	0	0
Water	3,983,254	4,343,590	0	0
<i>Total Business-Type Activities</i>	<u>7,106,318</u>	<u>7,369,980</u>	<u>0</u>	<u>0</u>
<i>Totals</i>	<u>\$32,167,546</u>	<u>\$14,364,496</u>	<u>\$2,920,321</u>	<u>\$65,091</u>

General Revenues

Property Taxes Levied for:

- General Purposes
- Police and Fire Pension

Municipal Income Taxes Levied for:

- General Purposes
- Transportation
- Capital Outlay
- Other Taxes
- Grants and Entitlements not Restricted to Specific Programs
- Investment Earnings
- Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(2,680,681)	\$0	(\$2,680,681)
(5,221,834)	0	(5,221,834)
(4,397,211)	0	(4,397,211)
(1,840,320)	0	(1,840,320)
(643,487)	0	(643,487)
(482,733)	0	(482,733)
352,543	0	352,543
(167,577)	0	(167,577)
<u>(15,081,300)</u>	<u>0</u>	<u>(15,081,300)</u>
0	(96,674)	(96,674)
<u>0</u>	<u>360,336</u>	<u>360,336</u>
<u>0</u>	<u>263,662</u>	<u>263,662</u>
<u>(15,081,300)</u>	<u>263,662</u>	<u>(14,817,638)</u>
865,677	0	865,677
222,750	0	222,750
9,863,588	0	9,863,588
716,139	0	716,139
894,889	0	894,889
262,223	0	262,223
915,163	0	915,163
17,177	5,142	22,319
<u>558,521</u>	<u>189,347</u>	<u>747,868</u>
14,316,127	194,489	14,510,616
<u>(25,443)</u>	<u>25,443</u>	<u>0</u>
<u>14,290,684</u>	<u>219,932</u>	<u>14,510,616</u>
(790,616)	483,594	(307,022)
<u>39,499,572</u>	<u>40,930,658</u>	<u>80,430,230</u>
<u>\$38,708,956</u>	<u>\$41,414,252</u>	<u>\$80,123,208</u>

City of Chillicothe, Ohio
Balance Sheet
Governmental Funds
December 31, 2014

	General	Bus Transit	All Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$1,455,259	\$372,833	\$1,753,903	\$3,581,995
Cash and Cash Equivalents in Segregated Accounts	92,907	0	1,341	94,248
Investments in City Treasury	0	0	1,000	1,000
Accounts Receivable	231,698	7,297	0	238,995
Interfund Receivable	10,938	3,811	0	14,749
Intergovernmental Receivable	442,558	392,875	684,417	1,519,850
Income Taxes Receivable	1,903,198	146,399	292,799	2,342,396
Property Taxes Receivable	893,368	0	215,474	1,108,842
Other Taxes Receivable	139,491	0	0	139,491
Special Assessments Receivable	14,879	0	0	14,879
Materials and Supplies Inventory	54,696	15,074	29,373	99,143
Prepaid Items	115,989	49,592	15,236	180,817
<i>Total Assets</i>	<u>\$5,354,981</u>	<u>\$987,881</u>	<u>\$2,993,543</u>	<u>\$9,336,405</u>
Liabilities:				
Accounts Payable	\$367,561	\$45,175	\$110,191	\$522,927
Accrued Wages and Benefits	292,246	50,804	26,122	369,172
Contracts Payable	22,663	148,294	0	170,957
Intergovernmental Payable	325,776	54,668	111,136	491,580
Matured Compensated Absences	9,171	0	0	9,171
Interfund Payable	0	3,646	11,103	14,749
<i>Total Liabilities</i>	<u>1,017,417</u>	<u>302,587</u>	<u>258,552</u>	<u>1,578,556</u>
Deferred Inflows of Resources	<u>2,052,887</u>	<u>351,908</u>	<u>800,902</u>	<u>3,205,697</u>
Fund Balances:				
Nonspendable	248,463	64,666	45,609	358,738
Restricted	0	268,720	1,934,919	2,203,639
Committed	87,271	0	0	87,271
Assigned	0	0	5,765	5,765
Unassigned (Deficit)	1,948,943	0	(52,204)	1,896,739
<i>Total Fund Balances</i>	<u>2,284,677</u>	<u>333,386</u>	<u>1,934,089</u>	<u>4,552,152</u>
<i>Total Liabilities, Deferred Inflows and Fund Balances</i>	<u>\$5,354,981</u>	<u>\$987,881</u>	<u>\$2,993,543</u>	<u>\$9,336,405</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, 2014

Total Governmental Fund Balances \$4,552,152

**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 39,356,514

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

Property and Other Taxes	51,299
Income Taxes	1,066,975
Intergovernmental	1,015,001
Special Assessments	10,044
	1,113,319

Total 2,143,319

Some interest is not due and payable in the current period and
 therefore is not reported in the funds. (13,494)

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

Refunding Bonds	(4,550,000)
Premium on Bonds	(27,228)
Loan Payable	(100,000)
Bond Anticipation Notes	(300,000)
Capital Leases Payable	(167,163)
Landfill Postclosure Costs	(313,547)
Compensated Absences Payable	(1,871,597)
	(3,539,535)

Total (7,329,535)

Net Position of Governmental Activities \$38,708,956

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, 2014

	General	Bus Transit	All Other Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$855,235	\$0	\$220,250	\$1,075,485
Income Taxes	9,171,038	705,463	1,427,293	11,303,794
Other Local Taxes	262,223	0	0	262,223
Charges for Services	3,209,241	2,029,661	17,043	5,255,945
Fines, Licenses, and Permits	1,688,850	0	45,969	1,734,819
Intergovernmental	904,631	1,189,534	1,371,452	3,465,617
Special Assessments	3,752	0	0	3,752
Interest	17,177	0	0	17,177
Other	537,022	124,373	105,744	767,139
<i>Total Revenues</i>	<u>16,649,169</u>	<u>4,049,031</u>	<u>3,187,751</u>	<u>23,885,951</u>
Expenditures:				
<i>Current:</i>				
General Government	5,202,316	0	0	5,202,316
<i>Security of Persons and Property:</i>				
Police	4,488,164	0	584,724	5,072,888
Fire	4,469,422	0	702,169	5,171,591
Transportation	317,033	4,138,100	1,129,353	5,584,486
Leisure Time Services	108,617	0	504,430	613,047
Community Environment	45,015	0	254,040	299,055
Basic Utility Services	1,101,188	0	0	1,101,188
Capital Outlay	50,264	0	537,454	587,718
<i>Debt Service:</i>				
Principal Retirements	111,404	27,948	248,822	388,174
Interest and Fiscal Charges	88,570	46,198	38,274	173,042
<i>Total Expenditures</i>	<u>15,981,993</u>	<u>4,212,246</u>	<u>3,999,266</u>	<u>24,193,505</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>667,176</u>	<u>(163,215)</u>	<u>(811,515)</u>	<u>(307,554)</u>
Other Financing Sources and Uses:				
Proceeds of Loans	0	0	100,000	100,000
Proceeds of Notes	300,000	0	0	300,000
Inception of Capital Lease	19,025	0	0	19,025
Transfers In	430,766	22,999	1,156,271	1,610,036
Transfers Out	(1,208,845)	(21,687)	(404,947)	(1,635,479)
<i>Total Other Financing Sources and Uses</i>	<u>(459,054)</u>	<u>1,312</u>	<u>851,324</u>	<u>393,582</u>
<i>Net Change in Fund Balance</i>	208,122	(161,903)	39,809	86,028
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>2,076,555</u>	<u>495,289</u>	<u>1,894,280</u>	<u>4,466,124</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$2,284,677</u>	<u>\$333,386</u>	<u>\$1,934,089</u>	<u>\$4,552,152</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, 2014

Net Change in Fund Balances - Total Governmental Funds \$86,028

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets
 is allocated over their estimated useful lives as depreciation expense.
 This is the amount by which depreciation exceeded capital outlays in
 the current period.

Capital Asset Additions	1,986,641	
Current Year Depreciation	<u>(3,372,018)</u>	
Total		(1,385,377)

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.

(29,866)

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

Delinquent Property Taxes	12,942	
Income Taxes	170,822	
Intergovernmental	245,803	
Delinquent Special Assessments	<u>(19,463)</u>	
Total		410,104

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		388,174
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In the statement of activities, interest is accrued on outstanding bonds,
 whereas in governmental funds, an interest expenditure is reported
 when due.

1,212

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

Proceeds from Loans	(100,000)	
Proceeds from Notes	(300,000)	
Inception of Capital Leases	<u>(19,025)</u>	
Total		(419,025)

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.

56,299

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	97,582	
Premium on Bonds Issued	<u>4,253</u>	
Total		<u>101,835</u>

Change in Net Position - Governmental Activities (\$790,616)

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$10,393,357	\$10,173,557	\$10,126,591	(\$46,966)
Charges for Services	3,290,964	3,150,403	3,217,297	66,894
Fines, Licenses and Permits	1,595,620	1,538,385	1,636,449	98,064
Intergovernmental	872,864	884,614	891,715	7,101
Special Assessments	12,000	4,000	3,752	(248)
Investment Earnings	20,000	18,000	16,880	(1,120)
Miscellaneous	357,000	508,489	523,044	14,555
Total Revenue	16,541,805	16,277,448	16,415,728	138,280
Expenditures:				
<i>Current:</i>				
General Government	5,169,075	5,254,458	4,967,070	287,388
Security of Persons and Property				
Police	4,599,774	4,623,008	4,532,043	90,965
Fire	4,348,554	4,516,483	4,474,903	41,580
Transportation	323,500	323,500	317,033	6,467
Leisure Time Activities	127,524	129,381	109,435	19,946
Community Environment	375	364	362	2
Basic Utility Services	817,357	1,171,866	1,101,482	70,384
<i>Debt Service:</i>				
Principal Retirement	40,000	40,000	40,000	0
Interest and Fiscal Charges	75,554	75,554	75,554	0
Total Expenditures	15,501,713	16,134,614	15,617,882	516,732
<i>Excess of Revenues (Under) Expenditures</i>	<i>1,040,092</i>	<i>142,834</i>	<i>797,846</i>	<i>655,012</i>
Other Financing Sources and Uses:				
Proceeds from Sale of Capital Assets	15,000	0	0	0
Notes Issued	0	300,000	300,000	0
Transfers In	545,189	543,378	510,957	(32,421)
Transfers Out	(1,626,300)	(1,718,837)	(1,718,461)	376
Total Other Financing Sources and Uses	(1,066,111)	(875,459)	(907,504)	(32,045)
<i>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</i>	<i>(26,019)</i>	<i>(732,625)</i>	<i>(109,658)</i>	<i>622,967</i>
<i>Fund Balances at Beginning of Year</i>	<i>1,159,910</i>	<i>1,159,910</i>	<i>1,159,910</i>	<i>0</i>
<i>Prior Year Encumbrances Appropriated</i>	<i>54,394</i>	<i>54,394</i>	<i>54,394</i>	<i>0</i>
Fund Balances at End of Year	\$1,188,285	\$481,679	\$1,104,646	\$622,967

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Local Taxes	\$712,100	\$692,100	\$693,378	\$1,278
Charges for Services	1,742,205	2,012,205	2,029,661	17,456
Intergovernmental	1,564,058	1,463,373	1,398,844	(64,529)
Other	93,397	93,397	115,333	21,936
<i>Total Revenues</i>	<u>4,111,760</u>	<u>4,261,075</u>	<u>4,237,216</u>	<u>(23,859)</u>
Expenditures:				
<i>Current:</i>				
Transportation	3,972,373	4,616,529	4,287,850	328,679
<i>Debt Service:</i>				
Principal Retirement	25,000	25,000	25,000	0
Interest and Fiscal Charges	45,100	45,100	45,100	0
<i>Total Expenditures</i>	<u>4,042,473</u>	<u>4,686,629</u>	<u>4,357,950</u>	<u>328,679</u>
<i>Excess of Revenues (Under) Expenditures</i>	69,287	(425,554)	(120,734)	304,820
Other Financing Sources and Uses:				
Transfers In	0	0	22,999	22,999
Transfers Out	(22,850)	(22,850)	(21,687)	1,163
<i>Total Other Financing Sources and Uses</i>	<u>(22,850)</u>	<u>(22,850)</u>	<u>1,312</u>	<u>24,162</u>
<i>Excess of Revenues and Other Sources (Under) Expenditures and Other Uses</i>	46,437	(448,404)	(119,422)	328,982
<i>Fund Balances at Beginning of Year</i>	333,667	333,667	333,667	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>\$391,398</u>	<u>(\$103,443)</u>	<u>\$225,539</u>	<u>\$328,982</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2014

	Enterprise Funds		Total
	Water	Sewer	
Assets:			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$1,365,201	\$3,369,007	\$4,734,208
Accounts Receivable	584,129	418,522	1,002,651
Materials and Supplies Inventory	38,829	6,138	44,967
Prepaid Items	39,378	29,121	68,499
<i>Total Current Assets</i>	<u>2,027,537</u>	<u>3,822,788</u>	<u>5,850,325</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	1,350,885	0	1,350,885
Non-Depreciable Capital Assets	1,412,520	476,497	1,889,017
Depreciable Capital Assets, Net	20,211,821	14,981,198	35,193,019
<i>Total Noncurrent Assets</i>	<u>24,175,226</u>	<u>16,076,162</u>	<u>40,251,388</u>
<i>Total Assets</i>	<u>26,202,763</u>	<u>19,898,950</u>	<u>46,101,713</u>
Deferred Outflows of Resources	<u>0</u>	<u>22,500</u>	<u>22,500</u>
Liabilities:			
<i>Current:</i>			
Accounts Payable	63,182	20,217	83,399
Accrued Wages and Benefits	39,047	49,096	88,143
Intergovernmental Payable	46,263	43,806	90,069
Accrued Interest Payable	24,885	2,535	27,420
Compensated Absences Payable	153,326	172,609	325,935
General Obligation Bonds Payable	0	115,000	115,000
Notes Payable	350,000	0	350,000
Capital Lease Payable	3,295	0	3,295
<i>Total Current Liabilities</i>	<u>679,998</u>	<u>403,263</u>	<u>1,083,261</u>
<i>Noncurrent Liabilities:</i>			
Compensated Absences Payable - net of current portion	226,641	243,074	469,715
General Obligation Bonds Payable - net of current portion	0	1,035,000	1,035,000
Notes Payable - net of current portion	2,091,000	0	2,091,000
Capital Leases Payable - net of current portion	8,644	0	8,644
Unamortized Premium on Bonds	0	22,341	22,341
<i>Total Noncurrent Liabilities</i>	<u>2,326,285</u>	<u>1,300,415</u>	<u>3,626,700</u>
<i>Total Liabilities</i>	<u>3,006,283</u>	<u>1,703,678</u>	<u>4,709,961</u>
Net Position:			
Net Investments in Capital Assets	19,171,402	14,307,854	33,479,256
Restricted for Debt Service	1,351,634	0	1,351,634
Restricted for Capital Outlay	1,200,000	618,467	1,818,467
Unrestricted	1,473,444	3,291,451	4,764,895
<i>Total Net Position</i>	<u>\$23,196,480</u>	<u>\$18,217,772</u>	<u>\$41,414,252</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, 2014

	Enterprise Funds		Total
	Water	Sewer	
Operating Revenues:			
Charges for Services	\$4,343,590	\$3,026,390	\$7,369,980
Other	126,630	62,717	189,347
<i>Total Operating Revenues</i>	<u>4,470,220</u>	<u>3,089,107</u>	<u>7,559,327</u>
Operating Expenses:			
Personal Services	1,237,986	1,130,248	2,368,234
Fringe Benefits	750,700	584,798	1,335,498
Contractual Services	110,352	91,959	202,311
Materials and Supplies	665,351	439,174	1,104,525
Depreciation	812,118	623,458	1,435,576
Other	292,195	202,331	494,526
<i>Total Operating Expenses</i>	<u>3,868,702</u>	<u>3,071,968</u>	<u>6,940,670</u>
<i>Operating Income (Loss)</i>	<u>601,518</u>	<u>17,139</u>	<u>618,657</u>
Non-Operating Revenues (Expenses):			
Interest	5,142	0	5,142
Interest and Fiscal Charges	(84,828)	(34,781)	(119,609)
Loss on Disposal of Capital Assets	(29,724)	(16,315)	(46,039)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(109,410)</u>	<u>(51,096)</u>	<u>(160,506)</u>
<i>Income (Loss) Before Transfers</i>	<u>492,108</u>	<u>(33,957)</u>	<u>458,151</u>
Transfers In	0	29,575	29,575
Transfers Out	(2,197)	(1,935)	(4,132)
<i>Change in Net Position</i>	489,911	(6,317)	483,594
<i>Net Position at Beginning of Year</i>	<u>22,706,569</u>	<u>18,224,089</u>	<u>40,930,658</u>
<i>Net Position at End of Year</i>	<u>\$23,196,480</u>	<u>\$18,217,772</u>	<u>\$41,414,252</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, 2014

	Enterprise Funds		Total
	Water	Sewer	
Cash Flows from (Used by) Operating Activities:			
Cash Received from Customers	\$4,354,276	\$3,040,835	\$7,395,111
Cash Received from Other Receipts	127,152	62,717	189,869
Cash Payments to Employees	(1,943,020)	(1,729,662)	(3,672,682)
Cash Payments for Contractual Services	(131,845)	(95,470)	(227,315)
Cash Payments for Supplies and Materials	(660,684)	(439,009)	(1,099,693)
Cash Payments for Other Expenses	(251,752)	(192,641)	(444,393)
<i>Net Cash Provided by Operating Activities</i>	<u>1,494,127</u>	<u>646,770</u>	<u>2,140,897</u>
Cash Flows from (Used by) Non-Capital Financing Activities:			
Transfers In from Other Funds	0	29,575	29,575
Transfers Out to Other Funds	(2,197)	(1,935)	(4,132)
<i>Net Cash Provided (Used) by Non-Capital Financing Activities</i>	<u>(2,197)</u>	<u>27,640</u>	<u>25,443</u>
Cash Flows from (Used by) Capital and Related Financing Activities:			
Proceeds Received from Notes	2,441,000	0	2,441,000
Principal Paid on Bonds, Notes and Capital Leases	(3,659,072)	(520,000)	(4,179,072)
Interest Paid on Bonds, Notes and Capital Leases	(78,276)	(35,538)	(113,814)
Cash Paid to Acquire/Construct Capital Assets	(212,316)	(179,183)	(391,499)
<i>Net Cash (Used by) Capital and Related Financing</i>	<u>(1,508,664)</u>	<u>(734,721)</u>	<u>(2,243,385)</u>
Cash Flows from (Used by) Investing Activities:			
Interest Received on Investments	5,142	0	5,142
<i>Net Cash Provided by Investing Activities</i>	<u>5,142</u>	<u>0</u>	<u>5,142</u>
<i>Net Decrease In Cash and Cash Equivalents</i>	(11,592)	(60,311)	(71,903)
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>3,927,678</u>	<u>4,047,785</u>	<u>7,975,463</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$3,916,086</u>	<u>\$3,987,474</u>	<u>\$7,903,560</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, 2014

	Enterprise Funds		Total
	Water	Sewer	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	\$601,518	\$17,139	\$618,657
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	812,118	623,458	1,435,576
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	10,686	14,445	25,131
(Increase) Decrease in Special Assessments Receivable	522	0	522
(Increase) Decrease in Material & Supply Inventory	2,026	1,860	3,886
(Increase) Decrease in Prepaid Items	695	(469)	226
Increase (Decrease) in Accounts Payable	42,308	11,491	53,799
Increase (Decrease) in Contracts Payable	(21,412)	(6,538)	(27,950)
Increase (Decrease) in Accrued Wages Payable	3,039	447	3,486
Increase (Decrease) in Compensated Absences Payable	42,141	(15,411)	26,730
Increase (Decrease) in Intergovernmental Payable	486	348	834
Net Cash Provided by Operating Activities	<u>\$1,494,127</u>	<u>\$646,770</u>	<u>\$2,140,897</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2014

	<u>Agency Funds</u>
Assets:	
<i>Current Assets:</i>	
Equity in Pooled Cash & Cash Equivalents	\$38,459
Cash and Cash Equivalents in Segregated Accounts	<u>154,853</u>
<i>Total Assets</i>	<u>193,312</u>
Liabilities:	
<i>Current Liabilities:</i>	
Intergovernmental Payable	71,093
Undistributed Monies	83,760
Deposits Held and Due to Others	<u>38,459</u>
<i>Total Liabilities</i>	<u><u>\$193,312</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, 2014

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 reporting principles. The most significant of the City's accounting policies are described below.

Basis of Presentation

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

Government-Wide Financial Statements

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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, liabilities, and deferred inflows of resources 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, 2014

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, liabilities, and deferred inflows/outflows of resources 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, current liabilities, and certain deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets, all liabilities and deferred outflows of resources 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/outflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

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

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

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

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

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

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

Expenditures/Expenses

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

Budgetary Accounting and Control

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

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

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

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

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

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

Cash and Cash Equivalents

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

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

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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 2014 amounted to \$17,177, which includes \$14,352 assigned from other City funds.

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

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

Inventory

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

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

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2014 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, 2014

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

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

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

Compensated Absences

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

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

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

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

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance

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

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

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

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

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

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

Net position

Net Position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets.

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

Operating Revenues and Expenses

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

Interfund Transactions

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

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

Interfund Balances

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

**CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

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 2014.

Estimates

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

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

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

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

1. Revenues and Other Financing Sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures and Other Financing Uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a restriction, commitment, or assignment of fund balance.
4. Certain funds are maintained as separate funds for accounting and budgetary purposes (budget basis) but do not meet the criteria for separate reporting in the financial statements (GAAP basis) and are reported in the General Fund in accordance with GASB Statement No. 54.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund and Bus Transit Fund:

Net Change in Fund Balance/Excess of Revenue and Other Sources		
Over (Under) Expenditures and Other Uses		
	General Fund	Bus Transit Fund
GAAP Basis	\$208,122	(\$161,903)
<i>Adjustments:</i>		
Net Adjustments for Revenue Accruals	(226,495)	188,185
Net Adjustments for Expenditure Accruals	(19,664)	1,590
Encumbrances	(60,984)	(147,294)
Net Adjustment for Other Sources (Uses)	(19,025)	0
<i>Prospective Difference:</i>		
Activity of Funds Reclassified	0	0
For GAAP Reporting Purposes	8,388	0
Budget Basis	(\$109,658)	(\$119,422)

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

Deficit Fund Balances

<u>Nonmajor Funds</u>	<u>Deficit</u>
Police Pension	\$26,089
Fire Pension	26,115

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

NOTE 5 - NEW GASB PRONOUNCEMENTS

For the year ended December 31, 2014, the City implemented GASB Statement No. 69, "Government Combinations and Disposals of Government Operations". GASB Statement No. 69 improves the accounting and reporting of state and local government combinations and disposals of government operations through transactions such as mergers, acquisitions and transfers of operations.

Additionally, the City implemented GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees". GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

The implementation of GASB Statements No. 69 and No. 70 did not have any effect on the financial statements of the City.

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	\$10,173,129
-Segregated	249,101
-Fiscal Agents	1,350,885
Investment (Carrying Amount)	1,000
Reconciling items (net) to arrive at bank balances for deposits	32,854
Total available for deposit and investment	\$11,806,969

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

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

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, 2014, the carrying amount of all City deposits was \$10,422,230. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosures,” as of December 31, 2014, the City’s bank balance of \$10,455,084 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, 2014, the City had the following investments and maturities:

Investment Type	Fair Value	One Year or Less
U.S. Treasury Bond	\$1,000	\$1,000
Money Market Mutual Fund	<u>1,350,885</u>	<u>1,350,885</u>
Total	<u><u>\$1,351,885</u></u>	<u><u>\$1,351,885</u></u>

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

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

CITY OF CHILLICOTHE, OHIO
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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.

NOTE 7 - RECEIVABLES

Receivables at December 31, 2014 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	\$384,829
State Property Tax Reimbursements	57,729
Total General Fund	442,558

Bus Transit Grants	392,875
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Nonmajor Governmental Funds:

Street Construction Maintenance & Repair Distributions	452,783
State Highway Distributions	36,712
HUD Grants	75,000
State Grants	45,973
Police & Fire Pension State Property Tax Reimbursements	13,818
Issue II Grant	60,131
Total Nonmajor Governmental Funds	684,417

Total Intergovernmental Receivables	\$1,519,850
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NOTE 8 – DEFERRED INFLOW/OUTFLOW

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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, 2014, but which were levied to finance year 2015 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements.

	Governmental Activities
Property Tax	<u><u>\$1,062,378</u></u>

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

	<u>Governmental Type Funds</u>			
	<u>General</u>	<u>Bus Transit</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Property Tax	\$893,368	\$0	\$215,474	\$1,108,842
Income Taxes	866,917	66,686	200,058	1,133,661
Grants and Entitlements	277,723	285,222	385,370	948,315
Special Assesment	<u>14,879</u>	<u>0</u>	<u>0</u>	<u>14,879</u>
Total Deferred Inflows of Resources	<u><u>\$2,052,887</u></u>	<u><u>\$351,908</u></u>	<u><u>\$800,902</u></u>	<u><u>\$3,205,697</u></u>

CITY OF CHILlicothe, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 9 - CAPITAL ASSETS

The following table provides a summary of the changes in capital assets during 2014 for the governmental activities:

	Balance 1/1/ 2014	Additions	Deletions	Balance 12/31/ 2014
Governmental Activities:				
<i>Nondepreciable Capital Assets:</i>				
Land	\$6,864,490	\$0	\$0	\$6,864,490
Total Nondepreciable Capital Assets	6,864,490	0	0	6,864,490
<i>Depreciable Capital Assets:</i>				
Land Improvements	4,848,345	195,679	0	5,044,024
Buildings, Structures & Improvements	20,626,759	51,605	0	20,678,364
Furniture, Fixtures, Equipment & Vehicles	13,278,076	930,868	(212,884)	13,996,060
Infrastructure	58,870,697	808,489	0	59,679,186
Total Depreciable Capital Assets	97,623,877	1,986,641	(212,884)	99,397,634
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(4,815,983)	(37,477)	0	(4,853,460)
Buildings, Structures & Improvements	(8,945,365)	(455,478)	0	(9,400,843)
Furniture, Fixtures, Equipment & Vehicles	(10,358,800)	(1,039,636)	183,018	(11,215,418)
Infrastructure	(39,596,462)	(1,839,427)	0	(41,435,889)
Total Accumulated Depreciation	(63,716,610)	(3,372,018)	183,018	(66,905,610)
Total Capital Assets Being Depreciated, Net	33,907,267	(1,385,377)	(29,866)	32,492,024
Governmental Activities Capital Assets, Net	\$40,771,757	(\$1,385,377)	(\$29,866)	\$39,356,514

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

Governmental Activities		
General Government		\$232,371
<i>Security of Persons and Property:</i>		
Police		250,455
Fire		358,036
Transportation		2,095,673
Community Environment		307,989
Leisure Time Activities		127,494
Governmental Activities Depreciation Expense		\$3,372,018

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

	Balance 1/1/ 2014	Additions	Deletions	Balance 12/31/ 2014
Business-Type Activities:				
<i>Nondepreciable Capital Assets:</i>				
Land	\$1,889,017	\$0	\$0	\$1,889,017
Total Nondepreciable Capital Assets	1,889,017	0	0	1,889,017
<i>Depreciable Capital Assets:</i>				
Land Improvements	277,921	0	0	277,921
Buildings, Structures & Improvements	5,060,565	32,475	0	5,093,040
Plant & Facilities	25,852,607	0	0	25,852,607
Furniture, Fixtures, Equipment & Vehicles	2,985,562	123,626	0	3,109,188
Infrastructure	30,583,399	235,398	(90,089)	30,728,708
Total Depreciable Capital Assets	64,760,054	391,499	(90,089)	65,061,464
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(273,241)	(1,040)	0	(274,281)
Buildings, Structures & Improvements	(2,292,982)	(169,876)	0	(2,462,858)
Plant & Facilities	(11,722,999)	(512,541)	0	(12,235,540)
Furniture, Fixtures, Equipment & Vehicles	(2,677,169)	(142,625)	0	(2,819,794)
Infrastructure	(11,510,528)	(609,494)	44,050	(12,075,972)
Total Accumulated Depreciation	(28,476,919)	(1,435,576)	44,050	(29,868,445)
Total Capital Assets Being Depreciated, Net	36,283,135	(1,044,077)	(46,039)	35,193,019
Business-Type Activities Capital Assets, Net	\$38,172,152	(\$1,044,077)	(\$46,039)	\$37,082,036

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 10 - LONG-TERM OBLIGATIONS

The City's long-term obligations activity for the year ended December 31, 2014 was as follows:

Governmental Activities General Obligation Bonds and Other Long-Term Obligations

	Balance 1/1/ 2014	Additions	Deletions	Balance 12/31/ 2014	Amount Due Within One Year
Governmental Activities:					
<i>General Obligation Refunding Bonds:</i>					
\$4,850,000, 1.00% - 4.00%, 2013 -2041					
Serial Bonds	\$2,520,000	\$0	(\$300,000)	\$2,220,000	\$315,000
Term Bonds	2,330,000	0	0	2,330,000	0
Issuance Premium on Bonds	31,481	0	(4,253)	27,228	0
<i>OPWC Term Loan Payable</i>					
\$126,126, 0.00%, 2005-2014	12,613	0	(12,613)	0	0
<i>VCNB Loan -Squad</i>					
\$100,000, 2.50%, 2014 -2018	0	100,000	0	100,000	25,000
<i>Other Long-Term Obligations:</i>					
Bond Anticipation Notes	0	300,000	0	300,000	50,000
Compensated Absences	1,969,179	887,144	(984,726)	1,871,597	899,177
Capital Leases	223,699	19,025	(75,561)	167,163	71,398
Landfill Post-Closure Care	369,846	0	(56,299)	313,547	50,736
Governmental Activities					
Long-Term Obligations	<u>\$7,456,818</u>	<u>\$1,306,169</u>	<u>(\$1,433,452)</u>	<u>\$7,329,535</u>	<u>\$1,411,311</u>

General obligation bonds issued for governmental activities of the City are retired through the Bond Retirement Debt Service Fund using monies transferred from the General, Street Construction Maintenance & Repair, 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 September 2014, the City received a \$100,000 loan from Vinton County National Bank for the purpose of purchasing an emergency squad. The interest rate on this loan is 2.50%. This loan will be repaid from the Safety Levy Capital Fund and the final payment is due on September 15, 2018.

CITY OF CHILLICOTHE, OHIO
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In March 2014, the City issued \$300,000 in general obligation bond anticipation notes for the acquisition of a garbage truck. The interest rate on the new notes is 1.25%. In March 2015, the \$300,000 notes were paid in full from the receipts of general obligation bonds that were issued by the City. Therefore, since these notes were refinanced using long-term obligations, the \$300,000 obligation at December 31, 2014 will be reported as a long-term liability.

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.

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

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

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

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

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

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

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

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

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

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

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

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

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

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

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Business-Type Activities Bonds and Other Long-Term Obligations

	Balance 1/1/ 2014	Additions	Deletions	Balance 12/31/2014	Amount Due Within One Year
Business-Type Activities:					
<i>Revenue Bonds Payable:</i>					
Municipal Water System Refunding \$11,350,000, 5.22% - 4.00%, 2003 -2014	\$1,215,000	\$0	(\$1,215,000)	\$0	\$0
<i>General Obligation Refunding Bonds Payable:</i>					
\$1,670,000, 1.00% - 4.00%, 2013 - 2023	1,670,000	0	(520,000)	1,150,000	115,000
Issuance Premium on Bonds	24,823	0	(2,482)	22,341	0
<i>Bond Anticipation Notes Payable:</i>					
ARMC Water, 0.72%	2,441,000	0	(2,441,000)	0	0
ARMC Water, 1.25%	0	2,441,000	0	2,441,000	350,000
<i>Other Long-Term Obligations:</i>					
Compensated Absences	768,920	285,320	(258,590)	795,650	325,935
Capital Leases	15,011	0	(3,072)	11,939	3,295
Business-Type Activities					
Long-Term Obligations	<u>\$6,134,754</u>	<u>\$2,726,320</u>	<u>(\$4,440,144)</u>	<u>\$4,420,930</u>	<u>\$794,230</u>

In March of 2014, 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. In March 2015, the \$2,441,000 notes were paid in full from the receipts of general obligation bonds that were issued by the City. Therefore, since these notes were refinanced using long-term obligations, the \$2,441,000 obligation at December 31, 2014 will be reported as a long-term liability.

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. During 2014, the final payment for these bonds was made by the City.

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. For the current year, total principal and interest paid was \$1,275,750 and pledged revenues, net of operation expenses, was \$1,287,006. General obligation bonds also require the City to generate revenues from the enterprise operations that are sufficient to meet debt service requirements.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

Enterprise fund assets, whose use is restricted under bond indentures, are presented as restricted assets on the statement of net position. Restricted assets relating to the revenue bonds at December 31, 2014 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 1,350,885

Business-Type Activities Restricted Assets

\$3,169,352

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

Debt service requirements are as follows:

For year ended December 31	G.O. Refunding Bonds		Squad Loan		Sewer G.O. Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$315,000	\$153,512	\$25,000	\$2,658	\$115,000	\$29,850
2016	330,000	147,213	25,000	1,723	120,000	27,550
2017	330,000	140,612	25,000	1,092	120,000	25,150
2018	300,000	134,013	25,000	467	120,000	22,750
2019	315,000	128,013	0	0	130,000	20,350
2020-2024	755,000	553,475	0	0	545,000	46,675
2025-2029	490,000	443,963	0	0	0	0
2030-2034	605,000	335,038	0	0	0	0
2035-2039	755,000	189,225	0	0	0	0
2040-2041	355,000	24,743	0	0	0	0
	<u>\$4,550,000</u>	<u>\$2,249,807</u>	<u>\$100,000</u>	<u>\$5,940</u>	<u>\$1,150,000</u>	<u>\$172,325</u>

CITY OF CHILLICOTHE, OHIO
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The 2014 garbage truck acquisition bond anticipation notes and the 2014 water system improvements bond anticipation notes were paid in full in March 2015 from the proceeds of the issuance of general obligation bonds. An amortization schedule of these bonds is not available at this time.

NOTE 11 - CAPITAL LEASES

The City has entered into various agreements to lease equipment. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Lease payments are made in accordance with the amortization schedule. At the end of the lease the City has the option of purchasing the asset or trade-in the asset for credit on another purchase. New capital leases are reflected in the statement of revenues, expenditures, and changes in fund balance for governmental funds as a functional expenditure and "inception of capital lease." Capital lease payments are reflected as debt service expenditures in the General, Bus Transit, Street Construction Maintenance & Repair, and Parks and Recreation funds. These capital leased assets, consisting of equipment, have been capitalized in the amount of \$391,296 in the governmental funds, which represents the present value of the minimum lease payments at the time of acquisition. Principal payments in 2014 were \$75,561 in the governmental funds.

The City has also entered into a lease agreement in the Water Fund. The capital leased assets, consisting of equipment, has been capitalized in the amount of \$16,944 in the Water Fund and business-type activities. Principal payments in 2014 were \$3,072 in the Water Fund.

The City's future minimum lease payments and present value of net minimum lease payments required under these capital lease obligations as of December 31, 2014 are as follows:

<u>Year Ended December 31,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2015	\$80,429	\$4,026
2016	69,725	4,026
2017	21,321	4,026
2018	9,558	1,342
2019	1,507	0
Total Future Minimum Lease Payments	182,540	13,420
Less: Amount Representing Interest	<u>(15,377)</u>	<u>(1,481)</u>
Present Value of Net Minimum Lease	<u><u>\$167,163</u></u>	<u><u>\$11,939</u></u>

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 - PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

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

OPERS maintains a cost-sharing multiple employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, 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, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which 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. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <http://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-PERS (7377).

Funding Policy: The Ohio Revised Code provides statutory authority for member and employer contribution. For 2014, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety officers participate in only the Traditional Pension Plan. The 2014 member contribution rates were 10% of earnable salary for members in state and local classifications. Public safety and law enforcement members contributed 12.0% and 13.0%, respectively.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. The 2014 employer contribution rate for state and local employers was 14.0% of earnable salary. The law enforcement and public safety division employer contribution rate was 18.10% of earnable salary. The City's required contributions to OPERS for the years ending December 31, 2014, 2013, and 2012 were \$1,211,826 \$883,336, and \$1,173,128, respectively; 93.89% has been contributed for 2014, 100% for years 2013 and 2012. Of the 2014 amount, \$74,080 was unpaid at December 31, 2014 and is recorded as a fund liability in the basic financial statements.

**CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Post-Employment Benefits: In order to qualify for post-employment health care coverage, age-and – service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor 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.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2014, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund the OPEB Plan.

OPERS’ Post-employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code section 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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 2.0% for both plans, as recommended by OPERS’ actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Of the employer contributions made by the City for the years 2014, 2013, and 2012 were \$173,118 \$60,806, and \$281,172, respectively; was the amount used to fund post-employment health care. The actual contribution and the actuarially required contribution amounts are the same.

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

Ohio Police and Fire Pension Fund

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

CITY OF CHILLICOTHE, OHIO
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The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43125-5164. That report is also available on OP&F's website at www.op-f.org.

Funding Policy: From January 1, 2014 through July 1, 2014, plan members were required to contribute 10.75% of their annual covered salary. From July 2, 2014 through December 31, 2014, plan members were required to contribute 11.5% of their annual covered salary. Throughout 2014, employers were required to contribute 19.5% and 24% respectively for police officers and firefighters. The City's contributions to OP&F for the years ending December 31, 2014, 2013 and 2012 were \$1,222,771, \$1,047,799, and \$1,186,930, respectively; 93.38% has been contributed for 2014 and 100% for years 2013 and 2012. Of the 2014 amount \$80,945 was unpaid at December 31, 2014 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: OP&F provides access to post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan. Of the employer contributions made by the City for the years 2014, 2013, and 2012, \$132,115, \$208,099, and \$223,795, respectively, was allocated to the health care plan. The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was .5% of covered payroll from January 1, 2014 through December 31, 2014. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 13 - COMPENSATED ABSENCES

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

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

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

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

NOTE 14 - PROPERTY TAXES

Property taxes include amounts levied against real and public utility property. The assessed value by property classification upon which the 2014 tax levy was based follows:

Property Tax Classification	Assessed Value
Real Property	\$373,143,320
Public Utility Property	22,222,520
Total	<u>\$395,365,840</u>

Ohio law prohibits taxation of property from all taxing authorities in excess of 10 mills of assessed value without a vote of the people. Presently, the City levies differing mileages 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 2014, real property taxes were levied on January 1, 2014, on assessed values as of January 1, 2013, the lien date. Real estate taxes were due and payable on February 14 and July 1, 2014.

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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, 2014.

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 15 - MUNICIPAL INCOME TAXES

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

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

In 2014, these municipal income taxes generated a combined total of \$11,474,616 in local tax revenue.

NOTE 16 - INTERFUND ACTIVITY

As of December 31, 2014, receivables and payables that resulted from various interfund transactions were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Activities		
General Fund	\$10,938	\$0
Bus Transit Fund	3,811	3,646
<i>Nonmajor Governmental Funds:</i>		
Street Construction Maintenance & Repair Distributions		3,811
Safety Levy Capital	0	3,646
Parks and Recreation Capital	0	3,646
Total Nonmajor Governmental Funds	<u>0</u>	<u>11,103</u>
<i>Total</i>	<u>\$14,749</u>	<u>\$14,749</u>

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

CITY OF CHILlicoTHE, OHIO
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A summary of interfund transfers for 2014 are as follows:

Transfers Out	Transfers In					Total
	General	Bus Transit	Nonmajor Special Revenue	Nonmajor Capital Projects	Sewer	
General	\$0	\$22,999	\$1,135,176	\$21,095	\$29,575	\$1,208,845
Bus Transit	21,687	0	0	0	0	21,687
Nonmajor Special Revenue Funds	34,947	0	0	0	0	34,947
Nonmajor Capital Projects Funds	370,000	0	0	0	0	370,000
Water	2,197	0	0	0	0	2,197
Sewer	1,935	0	0	0	0	1,935
Total	\$430,766	\$22,999	\$1,135,176	\$21,095	\$29,575	\$1,639,611

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 2014, the City made transfers of \$1,135,176 from the General Fund to various Nonmajor Special Revenue Funds to subsidize the programs of those funds.

NOTE 17 - ROSS COUNTY AND CHILlicoTHE LAW ENFORCEMENT COMPLEX

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

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

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

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

CITY OF CHILlicothe, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

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

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

NOTE 18 - LANDFILL CLOSURE AND POST CLOSURE CARE

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

In 2014, the City incurred \$44,570 in post closure care costs and decreased its postclosure care liability by \$56,299, which is a change in estimate. To this date, the City has incurred approximately \$2,408,388 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 \$313,547. The liability is based on an average of cumulative postclosure care costs to this date projected over the next six 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 six years.

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 19 – FUND CASH BALANCES

As of December 31, 2014 fund balances are composed of the following:

	General Fund	Bus Transit Fund	All Other Governmental Funds	Total Governmental Funds
<i>Nonspendable:</i>				
Prepaid Items	\$115,989	\$49,592	\$15,236	\$180,817
Materials/Supplies	54,696	15,074	29,373	99,143
Unclaimed Monies	77,778	0	0	77,778
Carlisle Hill Trust	0	0	1,000	1,000
<i>Total Nonspendable</i>	248,463	64,666	45,609	358,738
<i>Restricted:</i>				
Bus Transit	0	268,720	0	268,720
Street Construction	0	0	235,511	235,511
State Highway	0	0	179,285	179,285
Parks & Recreation	0	0	307,122	307,122
HUD	0	0	13,716	13,716
State Grants	0	0	97,627	97,627
Law Enforcement	0	0	64,041	64,041
Indigent Drivers	0	0	188,157	188,157
OMVI	0	0	11,178	11,178
Mandatory Drug Fines	0	0	25,683	25,683
Parking	0	0	10,836	10,836
Bond Retirement	0	0	16,646	16,646
Capital Improvement	0	0	32,000	32,000
Issue II	0	0	60,131	60,131
Safety Levy Capital	0	0	238,558	238,558
Parks & Rec Capital	0	0	452,163	452,163
Carlisle Hill Trust	0	0	2,265	2,265
<i>Total Restricted</i>	0	268,720	1,934,919	2,203,639
<i>Committed:</i>				
Floodwall	68,595	0	0	68,595
Income Tax Refunds	5,749	0	0	5,749
Streetscape	12,927	0	0	12,927
<i>Total Committed</i>	87,271	0	0	87,271
<i>Assigned:</i>				
Cablevision	0	0	5,765	5,765
<i>Unassigned (Deficit)</i>	1,948,943	0	(52,204)	1,896,739
Total Balances	\$2,284,677	\$333,386	\$1,934,089	\$4,552,152

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 20 – ENCUMBRANCE COMMITMENTS

As of December 31, 2014, the City had encumbrance commitments in the Governmental Funds as follows:

<u>Major Funds</u>	
General	\$60,984
Bus Transit	147,294
	<u>208,278</u>
<u>Nonmajor Funds</u>	
Street Construction Maintenance and Repair	42,515
HUD	1,226
Floodwall	18,386
Safety Levy Capital	157,581
Park & Recreation Capital	233
	<u>219,941</u>
Total Nonmajor Funds	<u>219,941</u>
Total Encumbrances	<u><u>\$428,219</u></u>

NOTE 21 – RISK MANAGEMENT

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

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

In addition, the City maintains replacement cost insurance on buildings and contents in the amount of \$66,965,195. Other property insurance includes \$111,400 unscheduled and \$2,021,895 scheduled for other equipment. Comprehensive boiler and machinery coverage is carried in the amount of \$66,965,195. Insurance deductibles on any of the above coverage's do not exceed \$50,000.

The City participates in the Workers' Compensation Program provided by the State of Ohio. Beginning in 2011, the City belonged to a group with other Ohio cities through the Ohio Municipal League for a workers' compensation group rating program, which utilizes Comp Management as a third-party administrator.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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 22 - CONTINGENCIES

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

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

NOTE 23 - SUBSEQUENT EVENTS

In March 2015, the City issued \$2,395,000 in general obligation bonds for the purpose of retiring \$2,437,000 water system improvements bond anticipation notes and \$300,000 garbage truck bond anticipation notes. The interest rate on the new bonds is 2.00%.

NOTE 24 – 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.

NOTE 25 – COMPLIANCE

Formula Grants for Rural Areas, CFDA #20.509

2 CFR Section 180.300 requires that when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. The City did not always verify, or maintain evidence of verification, that entities were not suspended or debarred or otherwise excluded.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

ODOT Federal Transit Administration Section 5311 Rural Transit Program Criteria and Application Instructions Section VII.B requires each grantee will submit via email a quarterly reconciliation invoice, which reconciles on a year-to-date basis its actual operating expenses, the amount of Federal and State grant funds required based on its actual expenses, the amount of Federal and State grant funds actually received through the automatic monthly and quarterly payment process, and any overpayments or underpayments made. The amount requested in all invoices must correspond to the operating expenses incurred by the grantee. The City did not properly prepare quarterly invoices for 2014.

**CITY OF CHILLICOTHE, OHIO
GOVERNMENTAL FUNDS**

NONMAJOR SPECIAL REVENUE FUNDS

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

Street Construction Maintenance & Repair Fund

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

State Highway Fund

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

Parks and Recreation Fund

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

HUD Fund

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

Grants Fund

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

Cablevision Fund

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

Law Enforcement Fund

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

Indigent Drivers Alcohol Treatment Fund

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

**CITY OF CHILLICOTHE, OHIO
GOVERNMENTAL FUNDS**

NONMAJOR SPECIAL REVENUE FUNDS

OMVI Enforcement & Education Fund

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

Mandatory Drug Fines Fund

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

Parking Fund

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

Police Pension Fund

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

Fire Pension Fund

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

**CITY OF CHILLICOTHE, OHIO
GOVERNMENTAL FUNDS**

NONMAJOR BOND RETIREMENT FUND

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

NONMAJOR CAPITAL PROJECTS FUNDS

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

Capital Improvement Fund

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

Issue II Fund

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

Safety Levy Capital Fund

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

Parks and Recreation Capital Fund

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

**CITY OF CHILLICOTHE, OHIO
GOVERNMENTAL FUNDS**

NONMAJOR PERMANENT FUND

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

Carlisle Hill Fund

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

FUNDS REPORTED SEPARATELY FOR BUDGETARY PURPOSES

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

Floodwall Fund

To account for income tax proceeds transferred from the General Fund for the maintenance of a floodwall. The transfers are made per ordinance requirements. One quarter of one percent (0.25%) is to be transferred into the fund until the fund reaches a balance of sixty thousand dollars transferred per year.

Income Tax Fund

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

Landfill Closure

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

Streetscape

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

Unclaimed Monies

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

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City of Chillicothe, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2014

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$1,003,162	\$16,646	\$731,830	\$2,265	\$1,753,903
Cash and Cash Equivalents in Segregated Accounts	1,341	0	0	0	1,341
Investments in City Treasury	0	0	0	1,000	1,000
Intergovernmental Receivable	624,286	0	60,131	0	684,417
Income Taxes Receivable	109,858	0	182,941	0	292,799
Property Taxes Receivable	215,474	0	0	0	215,474
Material and Supplies Inventory	29,373	0	0	0	29,373
Prepaid Items	6,881	0	8,355	0	15,236
<i>Total Assets</i>	<u>\$1,990,375</u>	<u>\$16,646</u>	<u>\$983,257</u>	<u>\$3,265</u>	<u>\$2,993,543</u>
Liabilities:					
Accounts Payable	\$8,764	\$0	\$101,427	\$0	\$110,191
Accrued Wages and Benefits	26,122	0	0	0	26,122
Intergovernmental Payable	111,136	0	0	0	111,136
Interfund Payable	3,811	0	7,292	0	11,103
<i>Total Liabilities</i>	<u>149,833</u>	<u>0</u>	<u>108,719</u>	<u>0</u>	<u>258,552</u>
Deferred Inflows of Resources	<u>717,571</u>	<u>0</u>	<u>83,331</u>	<u>0</u>	<u>800,902</u>
Fund Balances:					
Nonspendable	36,254	0	8,355	1,000	45,609
Restricted	1,133,156	16,646	782,852	2,265	1,934,919
Assigned	5,765	0	0	0	5,765
Unassigned (Deficit)	(52,204)	0	0	0	(52,204)
<i>Total Fund Balances</i>	<u>1,122,971</u>	<u>16,646</u>	<u>791,207</u>	<u>3,265</u>	<u>1,934,089</u>
<i>Total Liabilities, Deferred Inflows and Fund Balances</i>	<u>\$1,990,375</u>	<u>\$16,646</u>	<u>\$983,257</u>	<u>\$3,265</u>	<u>\$2,993,543</u>

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

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Property Taxes	\$220,250	\$0	\$0	\$0	\$220,250
Income Taxes	545,745	0	881,548	0	1,427,293
Charges for Services	17,043	0	0	0	17,043
Fines, Licenses, and Permits	45,969	0	0	0	45,969
Intergovernmental	1,273,511	0	97,941	0	1,371,452
Other	86,074	0	19,670	0	105,744
<i>Total Revenues</i>	<u>2,188,592</u>	<u>0</u>	<u>999,159</u>	<u>0</u>	<u>3,187,751</u>
Expenditures:					
<i>Current:</i>					
<i>Security of Persons and Property:</i>					
Police	584,724	0	0	0	584,724
Fire	702,169	0	0	0	702,169
Transportation	1,129,353	0	0	0	1,129,353
Leisure Time Services	504,430	0	0	0	504,430
Community Environment	254,040	0	0	0	254,040
Capital Outlay	0	0	537,454	0	537,454
<i>Debt Service:</i>					
Principal Retirements	158,822	0	90,000	0	248,822
Interest and Fiscal Charges	23,116	0	15,158	0	38,274
<i>Total Expenditures</i>	<u>3,356,654</u>	<u>0</u>	<u>642,612</u>	<u>0</u>	<u>3,999,266</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,168,062)</u>	<u>0</u>	<u>356,547</u>	<u>0</u>	<u>(811,515)</u>
Other Financing Sources and Uses:					
Proceeds of Loans	0	0	100,000	0	100,000
Transfers In	1,135,176	0	21,095	0	1,156,271
Transfers Out	(34,947)	0	(370,000)	0	(404,947)
<i>Total Other Financing Sources and Uses</i>	<u>1,100,229</u>	<u>0</u>	<u>(248,905)</u>	<u>0</u>	<u>851,324</u>
<i>Net Change in Fund Balance</i>	(67,833)	0	107,642	0	39,809
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>1,190,804</u>	<u>16,646</u>	<u>683,565</u>	<u>3,265</u>	<u>1,894,280</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$1,122,971</u>	<u>\$16,646</u>	<u>\$791,207</u>	<u>\$3,265</u>	<u>\$1,934,089</u>

City of Chillicothe, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2014

	Street Construction Maintenance & Repair	State Highway	Parks & Recreation	HUD
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$128,279	\$167,048	\$268,625	\$13,716
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Intergovernmental Receivable	452,783	36,712	0	75,000
Income Taxes Receivable	0	0	109,858	0
Property Taxes Receivable	0	0	0	0
Material and Supplies Inventory	29,373	0	0	0
Prepaid Items	2,252	0	4,362	0
<i>Total Assets</i>	<u>\$612,687</u>	<u>\$203,760</u>	<u>\$382,845</u>	<u>\$88,716</u>
Liabilities:				
Accounts Payable	\$8,178	\$0	\$586	\$0
Accrued Wages and Benefits	15,563	0	8,893	0
Intergovernmental Payable	16,143	0	11,841	0
Interfund Payable	3,811	0	0	0
<i>Total Liabilities</i>	<u>43,695</u>	<u>0</u>	<u>21,320</u>	<u>0</u>
Deferred Inflows of Resources	<u>301,856</u>	<u>24,475</u>	<u>50,041</u>	<u>75,000</u>
Fund Balances:				
Nonspendable	31,625	0	4,362	0
Restricted	235,511	179,285	307,122	13,716
Assigned	0	0	0	0
Unassigned	0	0	0	0
<i>Total Fund Balances</i>	<u>267,136</u>	<u>179,285</u>	<u>311,484</u>	<u>13,716</u>
<i>Total Liabilities, Deferred Inflows and Fund Balances</i>	<u>\$612,687</u>	<u>\$203,760</u>	<u>\$382,845</u>	<u>\$88,716</u>

continued

<u>Grants</u>	<u>Cablevision</u>	<u>Law Enforcement</u>	<u>Indigent Driver's Alcohol Treatment</u>	<u>OMVI Enforcement & Education</u>	<u>Mandatory Drug Fines</u>
\$88,561	\$5,765	\$64,041	\$186,897	\$11,112	\$25,668
0	0	0	1,260	66	15
45,973	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	267	0	0	0
<u>\$134,534</u>	<u>\$5,765</u>	<u>\$64,308</u>	<u>\$188,157</u>	<u>\$11,178</u>	<u>\$25,683</u>
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
36,907	0	0	0	0	0
0	0	267	0	0	0
97,627	0	64,041	188,157	11,178	25,683
0	5,765	0	0	0	0
0	0	0	0	0	0
97,627	5,765	64,308	188,157	11,178	25,683
<u>\$134,534</u>	<u>\$5,765</u>	<u>\$64,308</u>	<u>\$188,157</u>	<u>\$11,178</u>	<u>\$25,683</u>

continued

City of Chillicothe, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2014

	Parking	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$14,709	\$4,384	\$24,357	\$1,003,162
Cash and Cash Equivalents in Segregated Accounts	0	0	0	1,341
Intergovernmental Receivable	0	6,909	6,909	624,286
Income Taxes Receivable	0	0	0	109,858
Property Taxes Receivable	0	107,737	107,737	215,474
Material and Supplies Inventory	0	0	0	29,373
Prepaid Items	0	0	0	6,881
<i>Total Assets</i>	<u>\$14,709</u>	<u>\$119,030</u>	<u>\$139,003</u>	<u>\$1,990,375</u>
Liabilities:				
Accounts Payable	\$0	\$0	\$0	\$8,764
Accrued Wages and Benefits	1,666	0	0	26,122
Intergovernmental Payable	2,207	30,473	50,472	111,136
Interfund Payable	0	0	0	3,811
<i>Total Liabilities</i>	<u>3,873</u>	<u>30,473</u>	<u>50,472</u>	<u>149,833</u>
Deferred Inflows of Resources	<u>0</u>	<u>114,646</u>	<u>114,646</u>	<u>717,571</u>
Fund Balances:				
Nonspendable	0	0	0	36,254
Restricted	10,836	0	0	1,133,156
Assigned	0	0	0	5,765
Unassigned	0	(26,089)	(26,115)	(52,204)
<i>Total Fund Balances</i>	<u>10,836</u>	<u>(26,089)</u>	<u>(26,115)</u>	<u>1,122,971</u>
<i>Total Liabilities, Deferred Inflows and Fund Balances</i>	<u><u>\$14,709</u></u>	<u><u>\$119,030</u></u>	<u><u>\$139,003</u></u>	<u><u>\$1,990,375</u></u>

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

	Street Construction Maintenance & Repair	State Highway	Parks & Recreation	HUD
Revenues:				
Property Taxes	\$0	\$0	\$0	\$0
Income Taxes	0	0	545,745	0
Charges for Services	0	0	11,858	0
Fines, Licenses, and Permits	0	0	60	0
Intergovernmental	905,165	73,403	0	200,887
Other	20,033	0	2,532	0
<i>Total Revenues</i>	925,198	73,403	560,195	200,887
Expenditures:				
<i>Current:</i>				
<i>Security of Persons and Property:</i>				
Police	0	0	0	0
Fire	0	0	0	0
Transportation	875,335	123,652	0	0
Leisure Time Services	0	0	504,430	0
Community Environment	0	0	0	243,596
<i>Debt Service:</i>				
Principal Retirements	127,613	0	1,209	0
Interest and Fiscal Charges	13,650	0	239	0
<i>Total Expenditures</i>	1,016,598	123,652	505,878	243,596
<i>Excess of Revenues Over (Under) Expenditures</i>	(91,400)	(50,249)	54,317	(42,709)
Other Financing Sources and Uses				
Transfers In	0	0	9,800	0
Transfers Out	(2,450)	0	(587)	0
<i>Total Other Financing Sources and Uses</i>	(2,450)	0	9,213	0
<i>Net Change in Fund Balance</i>	(93,850)	(50,249)	63,530	(42,709)
<i>Fund Balance (Deficit) at Beginning of Year</i>	360,986	229,534	247,954	56,425
<i>Fund Balance (Deficit) at End of Year</i>	\$267,136	\$179,285	\$311,484	\$13,716

continued

<u>Grants</u>	<u>Cablevision</u>	<u>Law Enforcement</u>	<u>Indigent Driver's Alcohol Treatment</u>	<u>OMVI Enforcement & Education</u>	<u>Mandatory Drug Fines</u>
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	8,068	29,997	2,073	2,547
59,184	0	7,000	0	0	0
0	0	0	0	0	0
<u>59,184</u>	<u>0</u>	<u>15,068</u>	<u>29,997</u>	<u>2,073</u>	<u>2,547</u>
0	0	15,803	43,429	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
10,444	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>10,444</u>	<u>0</u>	<u>15,803</u>	<u>43,429</u>	<u>0</u>	<u>0</u>
<u>48,740</u>	<u>0</u>	<u>(735)</u>	<u>(13,432)</u>	<u>2,073</u>	<u>2,547</u>
0	0	0	0	0	0
(31,514)	0	0	0	0	0
<u>(31,514)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
17,226	0	(735)	(13,432)	2,073	2,547
<u>80,401</u>	<u>5,765</u>	<u>65,043</u>	<u>201,589</u>	<u>9,105</u>	<u>23,136</u>
<u>\$97,627</u>	<u>\$5,765</u>	<u>\$64,308</u>	<u>\$188,157</u>	<u>\$11,178</u>	<u>\$25,683</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, 2014

	Parking	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
Revenues:				
Property Taxes	\$0	\$110,125	\$110,125	\$220,250
Income Taxes	0	0	0	545,745
Charges for Services	5,185	0	0	17,043
Fines, Licenses, and Permits	3,224	0	0	45,969
Intergovernmental	0	13,936	13,936	1,273,511
Other	13,986	21,124	28,399	86,074
<i>Total Revenues</i>	<u>22,395</u>	<u>145,185</u>	<u>152,460</u>	<u>2,188,592</u>
Expenditures:				
<i>Current:</i>				
<i>Security of Persons and Property:</i>				
Police	0	525,492	0	584,724
Fire	0	0	702,169	702,169
Transportation	130,366	0	0	1,129,353
Leisure Time Services	0	0	0	504,430
Community Environment	0	0	0	254,040
<i>Debt Service:</i>				
Principal Retirements	0	6,780	23,220	158,822
Interest and Fiscal Charges	0	2,085	7,142	23,116
<i>Total Expenditures</i>	<u>130,366</u>	<u>534,357</u>	<u>732,531</u>	<u>3,356,654</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(107,971)</u>	<u>(389,172)</u>	<u>(580,071)</u>	<u>(1,168,062)</u>
Other Financing Sources and Uses				
Transfers In	92,350	411,257	621,769	1,135,176
Transfers Out	(396)	0	0	(34,947)
<i>Total Other Financing Sources and Uses</i>	<u>91,954</u>	<u>411,257</u>	<u>621,769</u>	<u>1,100,229</u>
<i>Net Change in Fund Balance</i>	(16,017)	22,085	41,698	(67,833)
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>26,853</u>	<u>(48,174)</u>	<u>(67,813)</u>	<u>1,190,804</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$10,836</u>	<u>(\$26,089)</u>	<u>(\$26,115)</u>	<u>\$1,122,971</u>

City of Chillicothe, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2014

	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	\$258,475	\$441,355	\$731,830
Intergovernmental Receivable	0	60,131	0	0	60,131
Income Taxes Receivable	0	0	146,399	36,542	182,941
Prepaid Items	0	0	8,355	0	8,355
<i>Total Assets</i>	<u>\$32,000</u>	<u>\$60,131</u>	<u>\$413,229</u>	<u>\$477,897</u>	<u>\$983,257</u>
Liabilities:					
Accounts Payable	\$0	\$0	\$95,984	\$5,443	\$101,427
Interfund Payable	0	0	3,646	3,646	7,292
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>99,630</u>	<u>9,089</u>	<u>108,719</u>
Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>66,686</u>	<u>16,645</u>	<u>83,331</u>
Fund Balances:					
Nonspendable	0	0	8,355	0	8,355
Restricted	32,000	60,131	238,558	452,163	782,852
<i>Total Fund Balances</i>	<u>32,000</u>	<u>60,131</u>	<u>246,913</u>	<u>452,163</u>	<u>791,207</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$32,000</u>	<u>\$60,131</u>	<u>\$413,229</u>	<u>\$477,897</u>	<u>\$983,257</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, 2014

	Capital Improvement	Issue II	Safety Levy Capital	Parks & Recreation Capital	Total Nonmajor Capital Projects Funds
Revenues:					
Income Taxes	\$0	\$0	\$705,463	\$176,085	\$881,548
Intergovernmental	0	60,131	32,850	4,960	97,941
Other	0	0	0	19,670	19,670
<i>Total Revenues</i>	<u>0</u>	<u>60,131</u>	<u>738,313</u>	<u>200,715</u>	<u>999,159</u>
Expenditures:					
Capital Outlay	0	0	288,723	248,731	537,454
<i>Debt Service:</i>					
Principal Retirements	0	0	90,000	0	90,000
Interest and Fiscal Charges	0	0	15,158	0	15,158
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>393,881</u>	<u>248,731</u>	<u>642,612</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>60,131</u>	<u>344,432</u>	<u>(48,016)</u>	<u>356,547</u>
Other Financing Sources and Uses:					
Proceeds of Loans	0	0	100,000	0	100,000
Transfers In	0	0	6,779	14,316	21,095
Transfers Out	0	0	(350,000)	(20,000)	(370,000)
<i>Total Other Financing Sources and Uses</i>	<u>0</u>	<u>0</u>	<u>(243,221)</u>	<u>(5,684)</u>	<u>(248,905)</u>
<i>Net Change in Fund Balance</i>	0	60,131	101,211	(53,700)	107,642
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>32,000</u>	<u>0</u>	<u>145,702</u>	<u>505,863</u>	<u>683,565</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u><u>\$32,000</u></u>	<u><u>\$60,131</u></u>	<u><u>\$246,913</u></u>	<u><u>\$452,163</u></u>	<u><u>\$791,207</u></u>

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Local Taxes	\$10,393,357	\$10,173,557	\$10,126,591	(\$46,966)
Charges for Services	3,290,964	3,150,403	3,217,297	66,894
Fines, Licenses and Permits	1,595,620	1,538,385	1,636,449	98,064
Intergovernmental	872,864	884,614	891,715	7,101
Special Assessments	12,000	4,000	3,752	(248)
Investment Earnings	20,000	18,000	16,880	(1,120)
Miscellaneous	357,000	508,489	523,044	14,555
Total Revenue	16,541,805	16,277,448	16,415,728	138,280
Expenditures				
<i>Current:</i>				
General Government				
Mayor				
Personal Services	199,777	209,249	208,849	400
Fringe Benefits	103,262	121,169	121,164	5
Travel Transportation	800	0	0	0
Materials and Supplies	26,200	28,128	26,170	1,958
Contractual Services	4,500	11,561	8,629	2,932
Other	6,610	5,482	2,801	2,681
Total Mayor	341,149	375,589	367,613	7,976
City Council				
Personal Services	60,671	60,671	60,671	0
Fringe Benefits	174,079	196,079	195,010	1,069
Materials and Supplies	200	475	308	167
Other	0	25	25	0
Total City Council	234,950	257,250	256,014	1,236
Treasurer				
Personal Services	8,961	8,961	8,961	0
Fringe Benefits	1,659	1,741	1,741	0
Materials and Supplies	1,240	1,240	76	1,164
Contractual Services	13,450	13,450	10,913	2,537
Other	200	200	0	200
Total Treasurer	25,510	25,592	21,691	3,901

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, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Income Tax Department				
Personal Services	131,252	121,153	121,133	20
Fringe Benefits	88,933	74,379	74,052	327
Materials and Supplies	6,500	6,317	3,777	2,540
Contractual Services	5,000	5,492	5,354	138
Capital Outlay	4,350	8,350	8,350	0
Other	50	78	2	76
Total Income Tax Department	236,085	215,769	212,668	3,101
Land and Buildings				
Materials and Supplies	174,341	168,762	150,439	18,323
Contractual Services	14,500	20,015	17,385	2,630
Capital Outlay	25,000	25,000	19,423	5,577
Other	500	564	564	0
Total Land and Buildings	214,341	214,341	187,811	26,530
Law Director				
Personal Services	305,755	313,947	310,529	3,418
Fringe Benefits	130,576	121,519	121,258	261
Travel Transportation	250	250	0	250
Materials and Supplies	31,210	30,819	28,087	2,732
Contractual Services	3,765	4,656	3,665	991
Other	4,500	4,000	103	3,897
Total Law Director	476,056	475,191	463,642	11,549
Auditor				
Personal Services	232,175	227,531	227,174	357
Fringe Benefits	133,809	126,359	119,859	6,500
Travel Transportation	1,300	1,520	1,256	264
Materials and Supplies	6,290	5,970	3,521	2,449
Contractual Services	0	150	79	71
Capital Outlay	74,000	74,000	412	73,588
Other	500	500	298	202
Total Auditor	448,074	436,030	352,599	83,431

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, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Municipal Court				
Personal Services	1,051,627	1,013,213	1,009,242	3,971
Fringe Benefits	596,189	542,586	541,476	1,110
Travel Transportation	4,275	4,025	3,303	722
Materials and Supplies	76,663	78,777	67,470	11,307
Contractual Services	19,965	32,889	20,553	12,336
Capital Outlay	48,037	50,507	29,063	21,444
Other	8,780	6,916	4,015	2,901
Total Municipal Court	1,805,536	1,728,913	1,675,122	53,791
Civil Service				
Personal Services	23,760	21,689	21,689	0
Fringe Benefits	4,733	11,804	11,359	445
Travel	200	0	0	0
Materials and Supplies	7,950	9,146	3,207	5,939
Contractual Services	5,000	8,531	3,470	5,061
Other	150	223	72	151
Total Civil Service	41,793	51,393	39,797	11,596
Service Department				
Personal Services	100,856	101,291	98,910	2,381
Fringe Benefits	41,616	41,181	39,992	1,189
Travel Transportation	100	0	0	0
Materials and Supplies	3,800	3,115	2,947	168
Contractual Services	2,100	2,600	580	2,020
Other	185	170	137	33
Total Service Department	148,657	148,357	142,566	5,791
Engineering				
Personal Services	242,019	274,486	274,433	53
Fringe Benefits	152,758	153,702	153,681	21
Travel Transportation	400	150	17	133
Materials and Supplies	14,850	14,876	14,030	846
Contractual Services	18,851	17,917	16,976	941
Capital Outlay	2,021	4,826	3,109	1,717
Other	4,525	5,243	5,028	215
Total Engineering	435,424	471,200	467,274	3,926

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Postage and Stores				
Materials and Supplies	65,000	65,000	52,223	12,777
Total Postage and Stores	65,000	65,000	52,223	12,777
Miscellaneous				
Fringe Benefits	19,000	19,000	13,939	5,061
Travel Transportation	0	2,000	1,508	492
Materials and Supplies	489,800	510,800	481,382	29,418
Contractual Services	136,500	158,165	151,378	6,787
Other	51,200	99,868	79,843	20,025
Total Miscellaneous	696,500	789,833	728,050	61,783
Total General Government	5,169,075	5,254,458	4,967,070	287,388
Security of Persons and Property				
Police Department				
Personal Services	3,012,466	3,111,313	3,089,169	22,144
Fringe Benefits	1,176,296	1,118,949	1,118,603	346
Travel Transportation	1,000	1,000	435	565
Materials and Supplies	250,225	231,770	203,565	28,205
Contractual Services	104,237	101,877	79,214	22,663
Other	49,200	51,749	34,707	17,042
Total Police Department	4,593,424	4,616,658	4,525,693	90,965
Fire Department				
Personal Services	3,010,700	3,161,385	3,161,385	0
Fringe Benefits	1,030,704	1,020,192	1,019,716	476
Travel Transportation	500	500	96	404
Materials and Supplies	236,650	256,752	224,596	32,156
Contractual Services	24,500	24,500	19,972	4,528
Capital Outlay	0	6,115	4,348	1,767
Other	45,500	47,039	44,790	2,249
Total Fire Department	4,348,554	4,516,483	4,474,903	41,580
Civil Defense				
Other	6,350	6,350	6,350	0
Total Civil Defense	6,350	6,350	6,350	0
Total Security of Persons and Property	8,948,328	9,139,491	9,006,946	132,545

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Transportation				
Streets and Sidewalks				
Materials and Supplies	323,500	323,500	317,033	6,467
Total Streets and Sidewalks	323,500	323,500	317,033	6,467
Total Transportation	323,500	323,500	317,033	6,467
Community Environment				
Planning Commission				
Materials and Supplies	75	54	52	2
Total Planning Commission	75	54	52	2
Design and Review				
Materials and Supplies	200	55	55	0
Contractual Services	0	255	255	0
Other	100	0	0	0
Total Design and Review	300	310	310	0
Total Community Environment	375	364	362	2
Basic Utility Services				
Refuse Department				
Personal Services	297,318	346,529	346,529	0
Fringe Benefits	154,349	154,847	154,847	0
Materials and Supplies	27,690	27,641	27,178	463
Contractual Services	285,000	285,000	268,151	16,849
Capital Outlay	35,000	335,000	285,512	49,488
Other	18,000	22,849	19,265	3,584
Total Refuse Department	817,357	1,171,866	1,101,482	70,384
Total Basic Utility Services	817,357	1,171,866	1,101,482	70,384

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Leisure Time Activities				
Swimming Pool				
Personal Services	71,750	64,103	64,079	24
Fringe Benefits	17,200	11,819	11,234	585
Materials and Supplies	32,774	46,967	31,742	15,225
Contractual Services	5,000	5,000	1,160	3,840
Other	800	1,492	1,220	272
Total Swimming Pool	<u>127,524</u>	<u>129,381</u>	<u>109,435</u>	<u>19,946</u>
Total Leisure Time Activities	<u>127,524</u>	<u>129,381</u>	<u>109,435</u>	<u>19,946</u>
Debt Service:				
Principal Retirements	40,000	40,000	40,000	0
Interest and Fiscal Charges	75,554	75,554	75,554	0
Total Debt Service	<u>115,554</u>	<u>115,554</u>	<u>115,554</u>	<u>0</u>
Total Expenditures	<u>15,501,713</u>	<u>16,134,614</u>	<u>15,617,882</u>	<u>516,732</u>
Excess of Revenues Over (Under) Expenditures	1,040,092	142,834	797,846	655,012
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	15,000	0	0	0
Issuance of Notes	0	300,000	300,000	0
Transfers-In	545,189	543,378	510,957	(32,421)
Transfers-Out	(1,626,300)	(1,718,837)	(1,718,461)	376
Total Other Sources (Uses)	<u>(1,066,111)</u>	<u>(875,459)</u>	<u>(907,504)</u>	<u>(32,045)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(26,019)	(732,625)	(109,658)	622,967
Fund Balances at Beginning of Year	1,159,910	1,159,910	1,159,910	0
Prior Year Encumbrances Appropriated	<u>54,394</u>	<u>54,394</u>	<u>54,394</u>	<u>0</u>
Fund Balances at End of Year	<u>\$1,188,285</u>	<u>\$481,679</u>	<u>\$1,104,646</u>	<u>\$622,967</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, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues				
Local Taxes	\$712,100	\$692,100	\$693,378	\$1,278
Charges for Services	1,742,205	2,012,205	2,029,661	17,456
Intergovernmental	1,564,058	1,463,373	1,398,844	(64,529)
Other	93,397	93,397	115,333	21,936
Total Revenue	4,111,760	4,261,075	4,237,216	(23,859)
Expenditures				
<i>Current:</i>				
Transportation				
Bus Transit System				
Personal Services	1,557,697	1,523,697	1,366,326	157,371
Fringe Benefits	733,623	752,623	691,799	60,824
Travel Transportation	270	310	310	0
Materials and Supplies	562,469	571,364	488,274	83,090
Contractual Services	914,360	1,383,196	1,357,002	26,194
Capital Outlay	0	156,994	156,144	850
Other	203,954	228,345	227,995	350
Debt Service	70,100	70,100	70,100	0
Total Transportation	4,042,473	4,686,629	4,357,950	328,679
Total Expenditures	4,042,473	4,686,629	4,357,950	328,679
Excess of Revenues (Under) Expenditures	69,287	(425,554)	(120,734)	304,820
Other Financing Sources (Uses)				
Transfers-In	0	0	22,999	22,999
Transfers-Out	(22,850)	(22,850)	(21,687)	1,163
Total Other Sources (Uses)	(22,850)	(22,850)	1,312	24,162
Excess of Revenues and Other Sources (Under) Expenditures and Other Uses	46,437	(448,404)	(119,422)	328,982
Fund Balances at Beginning of Year	333,667	333,667	333,667	0
Prior Year Encumbrances Appropriated	11,294	11,294	11,294	0
Fund Balances at End of Year	\$391,398	(\$103,443)	\$225,539	\$328,982

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$705,000	\$930,000	\$900,148	(\$29,852)
Miscellaneous	8,000	8,000	20,033	12,033
Total Revenue	713,000	938,000	920,181	(17,819)
Expenditures				
<i>Current:</i>				
Transportation				
Street Maintenance & Repair				
Personal Services	367,909	441,164	441,164	0
Fringe Benefits	226,602	220,049	220,049	0
Materials and Supplies	172,631	240,339	233,312	7,027
Contractual Services	35,500	13,479	12,937	542
Capital Outlay	0	28,143	28,143	0
Other	200	326	325	1
Total Transportation	802,842	943,500	935,930	7,570
Debt Service	128,650	141,263	141,263	0
Total Debt Service	128,650	141,263	141,263	0
Total Expenditures	931,492	1,084,763	1,077,193	7,570
Excess of Revenues (Under) Expenditures	(218,492)	(146,763)	(157,012)	(10,249)
Other Financing Sources				
Transfers-Out	0	(2,450)	(2,450)	0
Total Other Sources	0	(2,450)	(2,450)	0
Excess of Revenues and Other Sources (Under) Expenditures	(218,492)	(149,213)	(159,462)	(10,249)
Fund Balances at Beginning of Year	196,962	196,962	196,962	0
Prior Year Encumbrances Appropriated	48,264	48,264	48,264	0
Fund Balances at End of Year	\$26,734	\$96,013	\$85,764	(\$10,249)

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$75,000	\$75,000	\$72,985	(\$2,015)
Total Revenue	75,000	75,000	72,985	(2,015)
Expenditures				
<i>Current:</i>				
Transportation				
Capital Outlay	129,717	256,267	123,652	132,615
Total Transportation	129,717	256,267	123,652	132,615
Total Expenditures	129,717	256,267	123,652	132,615
Excess of Revenues Over (Under) Expenditures	(54,717)	(181,267)	(50,667)	130,600
Fund Balances at Beginning of Year	213,965	213,965	213,965	0
Prior Year Encumbrances Appropriated	3,750	3,750	3,750	0
Fund Balances at End of Year	\$162,998	\$36,448	\$167,048	\$130,600

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Income Taxes	\$560,000	\$516,000	\$520,311	\$4,311
Charges for Services	12,000	12,000	11,858	(142)
Fines, Licenses and Permits	0	0	60	60
Other	11,180	11,180	14,780	3,600
Total Revenue	583,180	539,180	547,009	7,829
Expenditures				
<i>Current:</i>				
Leisure Time Activities				
Parks and Recreation				
Personal Services	315,887	305,587	255,167	50,420
Fringe Benefits	154,957	165,257	147,026	18,231
Materials and Supplies	97,850	97,490	87,055	10,435
Contractual Services	6,500	5,510	3,658	1,852
Other	4,613	5,477	4,556	921
Total Leisure Time Activities	579,807	579,321	497,462	81,859
Total Expenditures	579,807	579,321	497,462	81,859
Excess of Revenues Over (Under) Expenditures	3,373	(40,141)	49,547	89,688
Other Financing Sources (Uses)				
Transfers-In	9,800	9,800	9,800	0
Transfers-Out	(100)	(587)	(587)	0
Total Other Sources (Uses)	9,700	9,213	9,213	0
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	13,073	(30,928)	58,760	89,688
Fund Balances at Beginning of Year	209,865	209,865	209,865	0
Fund Balances at End of Year	\$222,938	\$178,937	\$268,625	\$89,688

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$202,575	\$202,575	\$200,887	(\$1,688)
Total Revenue	202,575	202,575	200,887	(1,688)
Expenditures				
<i>Current:</i>				
Community Environment				
Rehabilitation & Development				
Materials and Supplies	180,575	229,856	222,823	7,033
Contractual Services	22,000	22,000	22,000	0
Total Community Environment	202,575	251,856	244,823	7,033
Total Expenditures	202,575	251,856	244,823	7,033
Excess of Revenues Over (Under) Expenditures	0	(49,281)	(43,936)	5,345
Fund Balances at Beginning of Year	32,275	32,275	32,275	0
Prior Year Encumbrances Appropriated	24,151	24,151	24,151	0
Fund Balances at End of Year	\$56,426	\$7,145	\$12,490	\$5,345

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$32,514	\$32,514	\$56,713	\$24,199
Total Revenue	32,514	32,514	56,713	24,199
Expenditures				
<i>Current:</i>				
Community Environment				
State Grants				
Materials and Supplies	0	10,444	10,444	0
Capital Outlay	0	10,444	0	10,444
Total Community Environment	0	20,888	10,444	10,444
Total Expenditures	0	20,888	10,444	10,444
Excess of Revenues Over Expenditures	32,514	11,626	46,269	34,643
Other Financing (Uses)				
Transfers-Out	(31,514)	(31,514)	(31,514)	0
Total Other (Uses)	(31,514)	(31,514)	(31,514)	0
Excess of Revenues Over (Under) Expenditures and Other (Uses)	1,000	(19,888)	14,755	34,643
Fund Balances at Beginning of Year	73,806	73,806	73,806	0
Fund Balances at End of Year	\$74,806	\$53,918	\$88,561	\$34,643

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, 2014

	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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses and Permits	\$15,000	\$15,000	\$22,798	\$7,798
Total Revenue	15,000	15,000	22,798	7,798
Expenditures				
<i>Current:</i>				
Security of Persons and Property Enforcement & Education Other	20,000	28,837	15,320	13,517
Total Security of Persons and Property	20,000	28,837	15,320	13,517
Total Expenditures	20,000	28,837	15,320	13,517
Excess of Revenues Over (Under) Expenditures	(5,000)	(13,837)	7,478	21,315
Fund Balances at Beginning of Year	56,563	56,563	56,563	0
Fund Balances at End of Year	\$51,563	\$42,726	\$64,041	\$21,315

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses and Permits	\$30,000	\$30,000	\$29,840	(\$160)
Total Revenue	30,000	30,000	29,840	(160)
Expenditures				
<i>Current:</i>				
Security of Persons and Property				
Alcohol Treatment				
Contractual Services	85,000	85,000	43,429	41,571
Total Security of Persons and Property	85,000	85,000	43,429	41,571
Total Expenditures	85,000	85,000	43,429	41,571
Excess of Revenues (Under) Expenditures	(55,000)	(55,000)	(13,589)	41,411
Fund Balances at Beginning of Year	200,486	200,486	200,486	0
Fund Balances at End of Year	\$145,486	\$145,486	\$186,897	\$41,411

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses and Permits	\$2,500	\$2,500	\$2,183	(\$317)
Total Revenue	2,500	2,500	2,183	(317)
Expenditures				
Total Expenditures	0	0	0	0
Excess of Revenues Over (Under) Expenditures	2,500	2,500	2,183	(317)
Fund Balances at Beginning of Year	8,929	8,929	8,929	0
Fund Balances at End of Year	\$11,429	\$11,429	\$11,112	(\$317)

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses and Permits	\$3,000	\$3,000	\$2,615	(\$385)
Total Revenue	3,000	3,000	2,615	(385)
Expenditures				
<i>Current:</i>				
Security of Persons and Property Enforcement & Education Other	10,000	10,000	0	10,000
Total Security of Persons and Property	10,000	10,000	0	10,000
Total Expenditures	10,000	10,000	0	10,000
Excess of Revenues Over (Under) Expenditures	(7,000)	(7,000)	2,615	9,615
Fund Balances at Beginning of Year	23,053	23,053	23,053	0
Fund Balances at End of Year	\$16,053	\$16,053	\$25,668	\$9,615

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, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Charges for Services	\$5,500	\$5,500	\$5,185	(\$315)
Fines, Licenses and Permits	5,000	5,000	3,224	(1,776)
Miscellaneous	12,000	13,000	13,986	986
Total Revenue	22,500	23,500	22,395	(1,105)
Expenditures				
<i>Current:</i>				
Transportation				
Traffic Control & Parking Facility				
Personal Services	52,950	89,303	82,740	6,563
Fringe Benefits	18,060	23,707	23,201	506
Materials and Supplies	15,950	24,269	20,773	3,496
Contractual Services	1,000	1,150	823	327
Capital Outlay	0	2,500	2,500	0
Other	0	205	200	5
Total Transportation	87,960	141,134	130,237	10,897
Total Expenditures	87,960	141,134	130,237	10,897
Excess of Revenues (Under) Expenditures	(65,460)	(117,634)	(107,842)	9,792
Other Financing Sources (Uses)				
Transfers-In	42,000	92,350	92,350	0
Transfers Out	0	(676)	(396)	280
Total Other Sources (Uses)	42,000	91,674	91,954	280
Excess of Revenues and Other Sources (Under) Expenditures and Other Uses	(23,460)	(25,960)	(15,888)	10,072
Fund Balances at Beginning of Year	30,597	30,597	30,597	0
Fund Balances at End of Year	\$7,137	\$4,637	\$14,709	\$10,072

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$121,233	\$121,233	\$110,125	(\$11,108)
Intergovernmental	0	0	13,936	13,936
Other	0	21,124	21,124	0
Total Revenue	<u>121,233</u>	<u>142,357</u>	<u>145,185</u>	<u>2,828</u>
Expenditures				
<i>Current:</i>				
Security of Persons and Property				
Police Pension & Disability				
Fringe Benefits	540,000	548,554	546,996	1,558
Other	0	2,446	2,446	0
Debt Service	8,880	8,880	8,865	15
Total Security of Persons & Property	<u>548,880</u>	<u>559,880</u>	<u>558,307</u>	<u>1,573</u>
Total Expenditures	<u>548,880</u>	<u>559,880</u>	<u>558,307</u>	<u>1,573</u>
Excess of Revenues (Under) Expenditures	(427,647)	(417,523)	(413,122)	4,401
Other Financing Sources				
Transfers-In	430,000	441,000	411,257	(29,743)
Total Other Sources	<u>430,000</u>	<u>441,000</u>	<u>411,257</u>	<u>(29,743)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures	2,353	23,477	(1,865)	(25,342)
Fund Balances at Beginning of Year	6,249	6,249	6,249	0
Fund Balances at End of Year	<u>\$8,602</u>	<u>\$29,726</u>	<u>\$4,384</u>	<u>(\$25,342)</u>

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$121,233	\$121,233	\$110,125	(\$11,108)
Intergovernmental	0	0	13,936	13,936
Other	0	28,399	28,399	0
Total Revenue	121,233	149,632	152,460	2,828
Expenditures				
<i>Current:</i>				
Security of Persons and Property				
Fire Pension & Disability				
Fringe Benefits	700,000	736,554	736,228	326
Other	0	2,446	2,445	1
Debt Service	30,362	30,362	30,362	0
Total Security of Persons & Property	730,362	769,362	769,035	327
Total Expenditures	730,362	769,362	769,035	327
Excess of Revenues (Under) Expenditures	(609,129)	(619,730)	(616,575)	3,155
Other Financing Sources				
Transfers-In	620,000	656,000	621,769	(34,231)
Total Other Sources	620,000	656,000	621,769	(34,231)
Excess of Revenues and Other Sources Over Expenditures	10,871	36,270	5,194	(31,076)
Fund Balances at Beginning of Year	19,163	19,163	19,163	0
Fund Balances at End of Year	\$30,034	\$55,433	\$24,357	(\$31,076)

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Total Revenue	\$0	\$0	\$0	\$0
Expenditures				
Total Expenditures	0	0	0	0
Excess of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balances at Beginning of Year	16,647	16,647	16,647	0
Fund Balances at End of Year	\$16,647	\$16,647	\$16,647	\$0

City of Chillicothe, Ohio
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balances - Budget and Actual (Budget Basis)
 Capital Improvement Fund
 For the Year Ended December 31, 2014

	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, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$220,000	\$220,000	\$0	(\$220,000)
Total Revenue	220,000	220,000	0	(220,000)
Expenditures				
Capital Outlay				
Capital Outlay	220,000	220,000	0	220,000
Total Capital Outlay	220,000	220,000	0	220,000
Total Expenditures	220,000	220,000	0	220,000
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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Income Taxes	\$713,500	\$693,500	\$693,379	(\$121)
Intergovernmental	0	0	32,850	32,850
Total Revenue	713,500	693,500	726,229	32,729
Expenditures				
Capital Outlay				
Materials and Supplies	16,867	16,867	11,034	5,833
Contractual Services	30,996	30,996	29,818	1,178
Capital Outlay	205,986	405,449	351,377	54,072
Other	20,720	22,020	19,660	2,360
Debt Service	105,158	105,158	105,158	0
Total Capital Outlay	379,727	580,490	517,047	63,443
Total Expenditures	379,727	580,490	517,047	63,443
Excess of Revenues Over Expenditures	333,773	113,010	209,182	96,172
Other Financing Sources (Uses)				
Proceeds of Loans	0	100,000	100,000	0
Transfers-In	0	0	6,779	6,779
Transfers-Out	(350,000)	(350,000)	(350,000)	0
Total Other Sources (Uses)	(350,000)	(250,000)	(243,221)	6,779
Excess of Revenues and Other Sources (Under) Expenditures and Other Uses	(16,227)	(136,990)	(34,039)	102,951
Fund Balances at Beginning of Year	128,300	128,300	128,300	0
Prior Year Encumbrances Appropriated	6,633	6,633	6,633	0
Fund Balances at End of Year	\$118,706	(\$2,057)	\$100,894	\$102,951

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Income Taxes	\$178,225	\$168,225	\$173,067	\$4,842
Intergovernmental	0		4,960	4,960
Miscellaneous	0	0	19,670	19,670
Total Revenue	178,225	168,225	197,697	29,472
Expenditures				
Capital Outlay				
Capital Outlay	25,000	302,816	246,985	55,831
Other	7,284	7,284	0	7,284
Total Capital Outlay	32,284	310,100	246,985	63,115
Total Expenditures	32,284	310,100	246,985	63,115
Excess of Revenues Over (Under) Expenditures	145,941	(141,875)	(49,288)	92,587
Other Financing (Uses)				
Transfers-In	0	0	14,316	14,316
Transfers-Out	(20,000)	(20,000)	(20,000)	0
Total Other (Uses)	(20,000)	(20,000)	(5,684)	14,316
Excess of Revenues Over (Under) Expenditures and Other Uses	125,941	(161,875)	(54,972)	106,903
Fund Balances at Beginning of Year	496,094	496,094	496,094	0
Fund Balances at End of Year	\$622,035	\$334,219	\$441,122	\$106,903

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment Earnings	\$20	\$20	\$0	(\$20)
Total Revenue	20	20	0	(20)
Expenditures				
Total Expenditures	0	0	0	0
Excess of Revenues Over Expenditures	20	20	0	(20)
Fund Balances at Beginning of Year	3,265	3,265	3,265	0
Fund Balances at End of Year	<u>\$3,285</u>	<u>\$3,285</u>	<u>\$3,265</u>	<u>(\$20)</u>

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Floodwall Fund
For the Year Ended December 31, 2014

	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				
Materials and Supplies	44,100	44,313	40,468	3,845
Capital Outlay	0	25,000	21,695	3,305
Other	400	187	187	0
Total Community Environment	44,500	69,500	62,350	7,150
Total Expenditures	44,500	69,500	62,350	7,150
Excess of Revenues (Under) Expenditures	(44,500)	(69,500)	(62,350)	7,150
Other Financing Sources (Uses)				
Transfers-In	30,000	30,000	29,575	(425)
Transfers-Out	(9,800)	(9,800)	(9,800)	0
Total Other Sources (Uses)	20,200	20,200	19,775	(425)
Excess of Revenues and Other Sources (Under) Expenditures and Other Uses	(24,300)	(49,300)	(42,575)	6,725
Fund Balances at Beginning of Year	93,823	93,823	93,823	0
Fund Balances at End of Year	\$69,523	\$44,523	\$51,248	\$6,725

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Total Revenue	\$0	\$0	\$0	\$0
Expenditures				
<i>Current:</i>				
General Government				
Unallocated & Refunded Income Tax				
Other	335,000	351,000	348,930	2,070
Total General Government	335,000	351,000	348,930	2,070
Total Expenditures	335,000	351,000	348,930	2,070
Excess of Revenues (Under) Expenditures	(335,000)	(351,000)	(348,930)	2,070
Other Financing Sources				
Transfers-In	335,000	351,650	351,650	0
Total Other Sources	335,000	351,650	351,650	0
Excess of Revenues and Other Sources Over Expenditures	0	650	2,720	2,070
Fund Balances at Beginning of Year	3,029	3,029	3,029	0
Fund Balances at End of Year	\$3,029	\$3,679	\$5,749	\$2,070

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, 2014

	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	44,569	13,431
Total Capital Outlay	58,000	58,000	44,569	13,431
Total Expenditures	58,000	58,000	44,569	13,431
Excess of Revenues (Under) Expenditures	(58,000)	(58,000)	(44,569)	13,431
Other Financing Sources				
Transfers-In	58,000	58,000	58,000	0
Total Other Sources	58,000	58,000	58,000	0
Excess of Revenues and Other Sources Over Expenditures	0	0	13,431	13,431
Fund Balances at Beginning of Year	2,074	2,074	2,074	0
Fund Balances at End of Year	\$2,074	\$2,074	\$15,505	\$13,431

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$0	\$0	\$0	\$0
Total Revenue	0	0	0	0
Expenditures				
Capital Outlay				
Capital Outlay	15,000	18,700	5,121	13,579
Total Capital Outlay	15,000	18,700	5,121	13,579
Total Expenditures	15,000	18,700	5,121	13,579
Excess of Revenues (Under) Expenditures	(15,000)	(18,700)	(5,121)	13,579
Other Financing Sources				
Transfers-In	0	2,000	0	(2,000)
Total Other Sources	0	2,000	0	(2,000)
Excess of Revenues and Other Sources (Under) Expenditures	(15,000)	(16,700)	(5,121)	11,579
Fund Balances at Beginning of Year	14,348	14,348	14,348	0
Prior Year Encumbrances Appropriated	3,700	3,700	3,700	0
Fund Balances at End of Year	<u>\$3,048</u>	<u>\$1,348</u>	<u>\$12,927</u>	<u>\$11,579</u>

City of Chillicothe, Ohio
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balances - Budget and Actual (Budget Basis)
 Unclaimed Monies Fund
 For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$5,000	\$5,000	\$6,946	\$1,946
Total Revenue	5,000	5,000	6,946	1,946
Expenditures				
<i>Current:</i>				
General Government				
Monies Claimed	1,500	1,500	912	\$588
Total General Government	1,500	1,500	912	588
Total Expenditures	1,500	1,500	912	588
Excess of Revenues Over Expenditures	3,500	3,500	6,034	2,534
Fund Balances at Beginning of Year	71,744	71,744	71,744	0
Fund Balances at End of Year	\$75,244	\$75,244	\$77,778	\$2,534

**CITY OF CHILLICOTHE, OHIO
ENTERPRISE FUNDS**

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

City of Chillicothe, Ohio
Schedule of Revenues, Expenses, and Changes in
Fund Equity - Budget and Actual (Budget Basis)
Water Fund
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Charges for Services	\$4,222,250	\$4,222,250	\$4,361,308	\$139,058
Other Operating Revenue	95,000	95,000	125,262	30,262
Total Revenue	4,317,250	4,317,250	4,486,570	169,320
Expenses				
<i>Current:</i>				
Personal Services	1,204,504	1,249,181	1,234,480	14,701
Fringe Benefits	781,619	736,941	708,540	28,401
Travel Transportation	90	0	0	0
Contractual Services	141,519	181,865	141,097	40,768
Materials and Supplies	773,050	802,060	704,353	97,707
Other Operating Expenses	272,454	306,011	251,752	54,259
Capital Outlay	406,012	414,702	317,667	97,035
<i>Debt Service:</i>				
Principal Retirement	3,656,000	3,656,000	3,656,000	0
Interest and Fiscal Charges	96,750	96,750	78,276	18,474
Total Expenses	7,331,998	7,443,510	7,092,165	351,345
Excess of Revenues (Under) Expenses	(3,014,748)	(3,126,260)	(2,605,595)	520,665
Other Financing Sources (Uses)				
Issuance of Notes	0	2,441,000	2,441,000	0
Transfers-Out	(6,900)	(6,586)	(2,197)	4,389
Total Other Sources (Uses)	(6,900)	2,434,414	2,438,803	4,389
Excess of Revenues and Other Sources (Under) Expenses and Other Uses	(3,021,648)	(691,846)	(166,792)	525,054
Fund Equity at Beginning of Year	3,882,827	3,882,827	3,882,827	0
Prior Year Encumbrances Appropriated	44,852	44,852	44,852	0
Fund Equity at End of Year	\$906,031	\$3,235,833	\$3,760,887	\$525,054

City of Chillicothe, Ohio
Schedule of Revenues, Expenses, and Changes in
Fund Equity - Budget and Actual (Budget Basis)
Sewer Fund
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Charges for Services	\$3,005,000	\$3,005,000	\$3,048,509	\$43,509
Other Operating Revenues	39,000	39,000	55,043	16,043
Total Revenue	3,044,000	3,044,000	3,103,552	59,552
Expenses				
<i>Current:</i>				
Personal Services	1,311,495	1,314,661	1,129,737	184,924
Fringe Benefits	620,784	617,619	599,925	17,694
Travel Transportation	290	0	0	0
Contractual Services	89,307	110,816	96,592	14,224
Materials and Supplies	509,585	482,951	378,509	104,442
Other Operating Expenses	246,165	201,250	192,641	8,609
Capital Outlay	845,638	609,907	293,978	315,929
<i>Debt Service:</i>				
Interest and Fiscal Charges	500,000	520,800	520,000	800
Bond Issuance Costs	51,379	35,580	35,538	42
Total Expenses	4,174,643	3,893,584	3,246,920	646,664
Excess of Revenues (Under) Expenses	(1,130,643)	(849,584)	(143,368)	706,216
Other Financing Sources (Uses)				
Transfers-In	30,000	30,000	29,575	(425)
Transfers-Out	(5,740)	(99,300)	(1,935)	97,365
Total Other Sources (Uses)	24,260	(69,300)	27,640	96,940
Excess of Revenues and Other Sources (Under) Expenses and Other Uses	(1,106,383)	(918,884)	(115,728)	803,156
Fund Equity at Beginning of Year	3,891,740	3,891,740	3,891,740	0
Prior Year Encumbrances Appropriated	156,047	156,047	156,047	0
Fund Equity at End of Year	\$2,941,404	\$3,128,903	\$3,932,059	\$803,156

**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, 2014

	Balance 1/1/2014	Additions	Reductions	Balance 12/31/2014
Deposits Agency				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$33,480	\$9,349	\$4,370	\$38,459
<i>Total Assets</i>	<u>\$33,480</u>	<u>\$9,349</u>	<u>\$4,370</u>	<u>\$38,459</u>
Liabilities				
Deposits Held and Due to Others	\$33,480	\$9,349	\$4,370	\$38,459
<i>Total Liabilities</i>	<u>\$33,480</u>	<u>\$9,349</u>	<u>\$4,370</u>	<u>\$38,459</u>
Municipal Court Agency				
Assets				
Cash and Cash Equivalents in Segregated Accounts	\$148,749	\$1,556,238	\$1,550,134	\$154,853
<i>Total Assets</i>	<u>\$148,749</u>	<u>\$1,556,238</u>	<u>\$1,550,134</u>	<u>\$154,853</u>
Liabilities				
Intergovernmental Payable	\$63,358	\$736,939	\$729,204	\$71,093
Undistributed Monies	85,391	257,693	259,324	83,760
Deposits Held and Due to Others	0	561,606	561,606	0
<i>Total Liabilities</i>	<u>\$148,749</u>	<u>\$1,556,238</u>	<u>\$1,550,134</u>	<u>\$154,853</u>
Total Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$33,480	\$9,349	\$4,370	\$38,459
Cash and Cash Equivalents in Segregated Accounts	148,749	1,556,238	1,550,134	154,853
<i>Total Assets</i>	<u>\$182,229</u>	<u>\$1,565,587</u>	<u>\$1,554,504</u>	<u>\$193,312</u>
Liabilities				
Intergovernmental Payable	\$63,358	\$736,939	\$729,204	\$71,093
Undistributed Monies	85,391	257,693	259,324	83,760
Deposits Held and Due to Others	33,480	570,955	565,976	38,459
<i>Total Liabilities</i>	<u>\$182,229</u>	<u>\$1,565,587</u>	<u>\$1,554,504</u>	<u>\$193,312</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.	120-125
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.	126-130
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.	131-136
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.	137-138
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.	139-143

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

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Net Investment in Capital Assets	\$43,667,909	\$42,148,445	\$39,625,809	\$39,182,366	\$39,109,104	\$40,021,089	\$37,577,135	\$37,188,766	\$36,003,964	\$34,537,906
<i>Restricted:</i>										
Debt Service	0	0	0	0	13,507	14,099	14,670	14,956	1,940	3,152
Capital Projects	852,087	860,236	749,643	1,007,274	321,193	1,488,796	2,433,951	587,122	753,555	874,538
<i>Permanent Fund:</i>										
Expendable	2,027	2,067	2,107	2,147	2,187	2,207	2,235	2,250	2,265	2,265
Nonexpendable	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Street Construction, Maintenance and Repair	0	241,458	500,525	402,192	321,959	326,271	377,749	597,155	577,311	493,184
Bus Transit	398,195	537,217	210,363	319,668	2,465,846	205,481	13,980	144,362	454,151	585,710
Housing and Urban Development Program	353,292	564,022	355,957	602,453	1,234,949	418,947	655,388	630,777	211,626	88,716
Other Purposes	1,025,505	1,194,703	1,896,031	1,801,592	1,216,833	998,585	950,556	770,263	918,037	983,910
Unrestricted (Deficit)	1,001,156	1,666,778	1,050,438	1,105,720	686,586	(1,172,862)	(266,958)	(273,582)	575,723	1,138,575
Total Governmental Activities Net Position	\$47,301,171	\$47,215,926	\$44,391,873	\$44,424,412	\$45,373,164	\$42,303,613	\$41,759,706	\$39,663,069	\$39,499,572	\$38,708,956
Business Type - Activities										
Net Investment in Capital Assets	\$28,629,701	\$29,514,918	\$30,375,860	\$31,628,281	\$32,021,986	\$32,510,938	\$30,558,748	\$32,431,229	\$32,846,152	\$33,479,256
<i>Restricted:</i>										
Debt Service	2,008,181	1,784,142	1,902,831	1,652,563	1,694,714	1,627,337	1,283,936	1,283,936	1,351,634	1,351,634
Capital Projects	1,817,822	1,712,772	1,818,467	1,818,467	1,818,467	1,818,467	1,818,467	1,818,467	1,818,467	1,818,467
Unrestricted	5,867,063	5,964,273	6,045,463	5,481,570	5,094,530	4,830,440	7,450,049	4,928,272	4,914,405	4,764,895
Total Business-Type Activities Net Position	\$38,322,767	\$38,976,105	\$40,142,621	\$40,580,881	\$40,629,697	\$40,787,182	\$41,111,200	\$40,461,904	\$40,930,658	\$41,414,252
Primary Government										
Net Investment in Capital Assets	\$72,297,610	\$71,663,363	\$70,001,669	\$70,810,647	\$71,131,090	\$72,532,027	\$68,135,883	\$69,619,995	\$68,850,116	\$68,017,162
Restricted	6,458,109	6,897,617	7,436,924	7,607,356	9,090,655	6,901,190	7,551,932	5,850,288	6,089,986	6,202,576
Unrestricted	6,868,219	7,631,051	7,095,901	6,587,290	5,781,116	3,657,578	7,183,091	4,654,690	5,490,128	5,903,470
Total Primary Government Net Position	\$85,623,938	\$86,192,031	\$84,534,494	\$85,005,293	\$86,002,861	\$83,090,795	\$82,870,906	\$80,124,973	\$80,430,230	\$80,123,208

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Program Revenues										
Governmental Activities										
<i>Charges for Services:</i>										
General Government	\$2,531,302	\$1,314,164	\$1,503,926	\$1,682,510	\$2,155,542	\$2,619,886	\$2,248,670	\$2,198,878	\$2,064,040	\$2,206,675
Security of Persons and Property:										
Police	46,768	59,875	54,079	356,516	96,135	57,760	52,402	62,719	43,245	42,685
Fire	702,281	923,551	936,958	960,872	1,112,873	1,138,072	1,227,034	1,128,525	1,090,048	1,136,677
Transportation	153,898	132,002	212,326	123,925	192,654	848,534	1,059,399	1,200,451	1,159,503	2,038,070
Basic Utility Services	984,951	1,002,555	1,135,399	989,259	1,004,003	989,639	942,951	939,539	1,620,594	1,460,742
Leisure Time Activities	65,876	75,608	100,105	136,601	103,915	90,134	107,531	125,053	72,920	109,667
Subtotal - Charges for Services	<u>4,485,076</u>	<u>3,507,755</u>	<u>3,942,793</u>	<u>4,249,683</u>	<u>4,665,122</u>	<u>5,744,025</u>	<u>5,637,987</u>	<u>5,655,165</u>	<u>6,050,350</u>	<u>6,994,516</u>
<i>Operating Grants and Contributions:</i>										
General Government	157,944	24,617	24,039	25,746	24,324	207,793	250,860	225,772	224,910	212,942
Security of Persons and Property:										
Police	0	0	0	0	0	151,421	0	29,330	132,204	74,464
Fire	0	0	0	0	0	146,250	0	155,117	254,413	30,317
Transportation	1,843,493	3,217,282	2,722,949	2,391,097	3,387,055	1,555,346	2,125,408	2,341,454	3,524,770	2,464,472
Community Environment	156,795	719,748	629,112	583,111	1,971,841	131,711	1,866,383	1,127,170	50,375	120,686
Leisure Time Activities	93,209	45,214	4,657	5,633	5,973	6,407	17,046	19,877	5,938	17,440
Subtotal - Operating Grants and Contributions	<u>2,251,441</u>	<u>4,006,861</u>	<u>3,380,757</u>	<u>3,005,587</u>	<u>5,389,193</u>	<u>2,198,928</u>	<u>4,259,697</u>	<u>3,898,720</u>	<u>4,192,610</u>	<u>2,920,321</u>
<i>Capital Grants and Contributions:</i>										
Security of Persons and Property:										
Police	0	0	0	6,297	0	0	0	0	0	0
Transportation	0	390,873	200,230	0	3,691,384	794,490	336,199	464,966	99,608	60,131
Leisure Time Activities	0	0	0	104,747	87,321	136,400	0	0	33,997	4,960
Subtotal - Capital Grants and Contributions	<u>0</u>	<u>390,873</u>	<u>200,230</u>	<u>111,044</u>	<u>3,778,705</u>	<u>930,890</u>	<u>336,199</u>	<u>464,966</u>	<u>133,605</u>	<u>65,091</u>
Total Governmental Activities Program Revenues	<u>6,736,517</u>	<u>7,905,489</u>	<u>7,523,780</u>	<u>7,366,314</u>	<u>13,833,020</u>	<u>8,873,843</u>	<u>10,233,883</u>	<u>10,018,851</u>	<u>10,376,565</u>	<u>9,979,928</u>
Business-Type Activities										
<i>Charges for Services</i>										
Water	4,489,093	4,327,931	4,476,992	4,366,400	4,401,964	4,439,150	4,515,934	3,747,483	4,467,383	4,343,590
Sewer	3,072,422	3,133,368	3,467,668	3,227,754	3,155,672	3,086,853	3,188,581	2,658,330	3,189,215	3,026,390
Total Business-Type Activities Program Revenues	<u>7,561,515</u>	<u>7,461,299</u>	<u>7,944,660</u>	<u>7,594,154</u>	<u>7,557,636</u>	<u>7,526,003</u>	<u>7,704,515</u>	<u>6,405,813</u>	<u>7,656,598</u>	<u>7,369,980</u>
Total Primary Government Program Revenues	<u>\$14,298,032</u>	<u>\$15,366,788</u>	<u>\$15,468,440</u>	<u>\$14,960,468</u>	<u>\$21,390,656</u>	<u>\$16,399,846</u>	<u>\$17,938,398</u>	<u>\$16,424,664</u>	<u>\$18,033,163</u>	<u>\$17,349,908</u>

continued

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities										
General Government	\$5,207,638	\$4,021,651	\$5,063,213	\$5,269,764	\$5,856,422	\$5,972,704	\$5,714,391	\$5,699,394	\$5,333,744	\$5,100,298
Security of Persons and Property:										
Police	4,576,143	4,895,745	5,693,551	5,406,935	5,616,398	5,921,752	5,347,177	5,537,262	5,414,997	5,338,983
Fire	4,233,574	4,751,817	4,567,222	5,206,800	5,370,049	5,427,992	5,486,905	5,692,471	5,586,698	5,564,205
Transportation	5,814,354	6,446,996	6,730,013	6,191,675	7,341,642	5,650,615	6,504,578	6,321,374	6,134,684	6,402,993
Community Environment	1,113,876	698,547	772,615	677,158	1,685,430	969,074	1,432,828	930,752	833,234	603,419
Basic Utility Services	792,471	1,006,902	1,064,347	934,806	874,302	1,172,801	673,426	920,910	752,633	1,108,199
Leisure Time Activities	1,070,174	1,040,184	1,089,656	927,550	520,058	856,056	863,046	933,458	617,180	775,554
Interest and Fiscal Charges	100,026	101,033	91,207	124,333	136,428	132,305	116,032	115,936	125,816	167,577
Issuance Costs	0	0	0	0	0	0	0	0	156,699	0
<i>Total Governmental Activities Expenses</i>	<u>22,908,256</u>	<u>22,962,875</u>	<u>25,071,824</u>	<u>24,739,021</u>	<u>27,400,729</u>	<u>26,103,299</u>	<u>26,138,383</u>	<u>26,151,557</u>	<u>24,955,685</u>	<u>25,061,228</u>
Business-Type Activities										
Water	3,952,924	3,722,375	4,134,872	4,169,380	4,400,088	3,900,284	4,995,184	4,089,141	3,896,122	3,983,254
Sewer	3,240,301	3,012,331	3,022,759	3,148,719	3,248,239	3,887,721	3,328,562	3,103,909	3,494,256	3,123,064
<i>Total Business-Type Activities Expenses</i>	<u>7,193,225</u>	<u>6,734,706</u>	<u>7,157,631</u>	<u>7,318,099</u>	<u>7,648,327</u>	<u>7,788,005</u>	<u>8,323,746</u>	<u>7,193,050</u>	<u>7,390,378</u>	<u>7,106,318</u>
<i>Total Primary Government Program Expenses</i>	<u>30,101,481</u>	<u>29,697,581</u>	<u>32,229,455</u>	<u>32,057,120</u>	<u>35,049,056</u>	<u>33,891,304</u>	<u>34,462,129</u>	<u>33,344,607</u>	<u>32,346,063</u>	<u>32,167,546</u>
Net (Expense)/Revenue										
Governmental Activities	(16,171,739)	(15,057,386)	(17,548,044)	(17,372,707)	(13,567,709)	(17,229,456)	(15,904,500)	(16,132,706)	(14,579,120)	(15,081,300)
Business-Type Activities	<u>368,290</u>	<u>726,593</u>	<u>787,029</u>	<u>276,055</u>	<u>(90,691)</u>	<u>(262,002)</u>	<u>(619,231)</u>	<u>(787,237)</u>	<u>266,220</u>	<u>263,662</u>
<i>Total Primary Government Net Expense</i>	<u>(15,803,449)</u>	<u>(14,330,793)</u>	<u>(16,761,015)</u>	<u>(17,096,652)</u>	<u>(13,658,400)</u>	<u>(17,491,458)</u>	<u>(16,523,731)</u>	<u>(16,919,943)</u>	<u>(14,312,900)</u>	<u>(14,817,638)</u>

continued

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position										
Governmental Activities										
<i>Taxes:</i>										
<i>Property and Other Local Taxes Levied for:</i>										
General Purposes	1,466,655	1,425,510	1,071,126	986,223	935,673	941,165	899,306	880,624	883,741	865,677
Police and Fire Pension	0	0	255,262	236,293	221,814	226,362	216,144	211,970	226,163	222,750
<i>Municipal Income Taxes Levied for:</i>										
General Purposes	9,601,686	9,452,405	9,594,677	9,211,925	9,186,508	9,109,304	9,495,655	9,598,751	9,662,424	9,863,588
Transportation	0	0	0	669,926	668,288	662,443	690,670	697,395	702,702	716,139
Capital Outlay	687,951	691,474	810,292	836,963	836,331	827,341	864,429	862,151	878,096	894,889
Other Taxes	85,188	420,586	249,109	190,237	133,653	230,591	207,975	238,930	243,520	262,223
<i>Grants and Entitlements not Restricted to</i>										
Specific Programs	1,661,266	1,775,562	1,685,694	3,738,582	2,098,454	1,820,969	1,937,176	979,018	1,148,330	915,163
Investment Income	302,373	544,065	656,517	358,230	151,647	55,348	50,035	31,662	16,768	17,177
Miscellaneous	399,199	679,206	419,520	622,353	323,883	456,890	341,810	549,757	674,708	558,521
Gain on Sale of Capital Assets	0	0	0	0	0	387	0	0	0	0
Total Governmental Activities	14,204,318	14,988,808	14,742,197	16,850,732	14,556,251	14,330,800	14,703,200	14,050,258	14,436,452	14,316,127
Business-Type Activities										
Investment Income	61,635	127,267	112,221	36,975	16	0	2,846	1,911	1,134	5,142
Miscellaneous	38,714	73,434	249,060	105,659	99,701	403,064	118,047	121,841	180,571	189,347
Total Business-Type Activities	100,349	200,701	361,281	142,634	99,717	403,064	120,893	123,752	181,705	194,489
Total Primary Government General Revenues and Other Changes in Net Position	14,304,667	15,189,509	15,103,478	16,993,366	14,655,968	14,733,864	14,824,093	14,174,010	14,618,157	14,510,616
Transfers										
Governmental Activities	(22,060)	(16,667)	(18,206)	(19,571)	(39,790)	(16,423)	(14,352)	(14,189)	(20,829)	(25,443)
Business-Type Activities	22,060	16,667	18,206	19,571	39,790	16,423	14,352	14,189	20,829	25,443
Change in Net Position										
Governmental Activities	(1,989,481)	(85,245)	(2,824,053)	(541,546)	948,752	(2,915,079)	(1,215,652)	(2,096,637)	(163,497)	(790,616)
Business-Type Activities	490,699	943,961	1,166,516	438,260	48,816	157,485	(483,986)	(649,296)	468,754	483,594
Total Primary Government Change in Net Position	(\$1,498,782)	\$858,716	(\$1,657,537)	(\$103,286)	\$997,568	(\$2,757,594)	(\$1,699,638)	(\$2,745,933)	\$305,257	(\$307,022)

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$234,274	\$200,693	\$217,361	\$112,003	\$141,640	\$0	\$0	\$0	\$0	\$0
Unreserved	3,460,144	3,801,025	3,274,545	4,463,107	2,232,978	0	0	0	0	0
Nonspendable	0	0	0	0	0	220,157	252,251	261,459	258,593	248,463
Committed	0	0	0	0	0	197,064	159,667	110,387	114,900	87,271
Assigned	0	0	0	0	0	32,505	46,264	14,607	0	0
Unassigned	0	0	0	0	0	1,133,784	1,334,086	(520,457)	1,703,062	1,948,943
Total General Fund	3,694,418	4,001,718	3,491,906	4,575,110	2,374,618	1,583,510	1,792,268	(134,004)	2,076,555	2,284,677
All Other Governmental Funds										
Reserved	696,053	768,321	243,570	1,595,859	443,926	0	0	0	0	0
<i>Unreserved, Undesignated, Reported in:</i>										
Special Revenue Funds	971,065	1,701,632	2,138,285	581,784	865,429	0	0	0	0	0
Debt Service Funds	12,669	13,085	15,950	16,325	16,591	0	0	0	0	0
Capital Projects Funds	484,927	810,503	528,189	572,514	97,329	0	0	0	0	0
Permanent Funds	2,027	2,067	2,107	2,147	2,187	0	0	0	0	0
Nonspendable	0	0	0	0	0	19,740	44,927	53,611	90,404	110,275
Restricted	0	0	0	0	0	1,134,928	1,636,977	1,202,380	2,409,387	2,203,639
Assigned	0	0	0	0	0	5,765	5,765	5,765	5,765	5,765
Unassigned	0	0	0	0	0	(1,942,241)	(2,216,810)	(2,695,504)	(115,987)	(52,204)
Total All Other Governmental Funds	2,166,741	3,295,608	2,928,101	2,768,629	1,425,462	(781,808)	(529,141)	(1,433,748)	2,389,569	2,267,475
Total Governmental Funds	\$5,861,159	\$7,297,326	\$6,420,007	\$7,343,739	\$3,800,080	\$801,702	\$1,263,127	(\$1,567,752)	\$4,466,124	\$4,552,152

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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Property Taxes	\$1,471,716	\$1,430,536	\$1,326,120	\$1,215,794	\$1,153,839	\$1,162,849	\$1,132,782	\$1,088,740	\$1,115,022	\$1,075,485
Municipal Income Taxes	10,209,835	10,075,395	10,473,453	10,718,814	10,691,127	10,599,088	10,526,861	10,851,650	11,177,609	11,303,794
Other Taxes	164,990	420,586	249,109	190,237	133,653	230,591	207,975	238,930	243,520	262,223
Charges for Services	2,928,451	2,135,699	2,386,542	2,212,147	2,415,065	4,081,250	3,957,405	3,997,022	4,501,048	5,255,945
Fines, Licenses and Permits	3,313,382	1,372,056	1,556,251	2,003,958	2,232,953	1,597,242	1,658,779	1,631,754	1,525,476	1,734,819
Intergovernmental	4,279,833	5,685,333	5,439,441	6,625,215	9,847,621	6,506,226	6,682,596	5,175,386	5,827,097	3,465,617
Special Assessments	7,871	5,017	19,934	21,631	17,104	50,186	34,087	7,558	13,150	3,752
Investment Earnings	302,373	544,065	656,517	358,230	151,647	55,348	50,035	31,662	16,768	17,177
Miscellaneous	526,713	733,004	431,371	653,732	354,180	502,048	437,117	647,058	702,684	767,139
Total Revenues	23,205,164	22,401,691	22,538,738	23,999,758	26,997,189	24,784,828	24,687,637	23,669,760	25,122,374	23,885,951
Expenditures										
<i>Current:</i>										
General Government	7,225,043	4,629,603	5,005,119	5,149,587	6,715,055	5,856,255	5,604,348	5,766,533	5,449,967	5,202,316
<i>Security of Persons and Property:</i>										
Police	4,159,841	4,535,032	5,013,183	5,198,129	5,724,315	5,617,250	5,332,157	5,437,570	4,983,010	5,072,888
Fire	4,134,698	4,182,352	4,563,369	4,687,957	4,880,108	5,051,759	5,091,470	5,360,909	5,096,719	5,171,591
Transportation	3,759,348	4,306,075	4,643,236	4,688,758	8,567,602	6,090,170	4,838,279	4,292,719	5,575,178	5,584,486
Community Environment	791,855	382,103	489,853	352,345	1,370,904	859,783	1,163,349	619,530	525,336	299,055
Basic Utilities Services	806,492	1,009,378	1,069,275	946,803	880,792	843,424	685,053	892,274	756,499	1,101,188
Leisure Time Activities	776,363	788,703	900,563	866,912	936,905	783,079	746,962	740,641	492,124	613,047
Capital Outlay	646,646	1,156,485	1,599,605	356,415	1,715,632	1,277,088	576,632	3,172,838	445,986	587,718
<i>Debt Service:</i>										
Principal Retirement	306,305	321,075	721,505	726,220	327,983	1,164,204	264,081	175,691	438,596	388,174
Interest and Fiscal Charges	102,493	103,578	93,755	126,952	139,122	134,923	118,684	116,222	112,800	173,042
Issuance Costs	0	0	0	0	0	0	0	0	156,699	0
Total Expenditures	22,709,084	21,414,384	24,099,463	23,100,078	31,258,418	27,677,935	24,421,015	26,574,927	24,032,914	24,193,505
<i>Excess of Revenues Over (Under) Expenditures</i>	496,080	987,307	(1,560,725)	899,680	(4,261,229)	(2,893,107)	266,622	(2,905,167)	1,089,460	(307,554)
Other Financing Sources (Uses)										
Sale of Capital Assets	0	4,492	29,727	0	11,101	23,339	0	25,832	41,696	0
Refunding Bonds Issues	0	0	0	0	0	0	0	0	4,850,000	0
Premium on General Obligation Bonds	0	0	0	0	0	0	0	0	31,481	0
Issuance of Notes	0	400,000	600,000	200,000	900,000	0	0	0	0	300,000
Insurance Recoveries	0	0	0	17,892	0	0	0	0	0	0
Proceeds from Loan	126,126	0	0	0	0	0	0	0	0	100,000
Inception of Capital Lease	69,106	61,035	71,885	25,731	46,259	42,285	209,155	62,645	42,068	19,025
Payment for Refunded Note	0	0	0	0	(200,000)	0	0	0	0	0
Transfers In	2,459,970	2,750,793	2,239,304	2,820,011	3,420,697	2,884,584	2,503,682	1,965,487	2,396,777	1,610,036
Transfers Out	(2,482,030)	(2,767,460)	(2,257,510)	(2,839,582)	(3,460,487)	(2,901,007)	(2,518,034)	(1,979,676)	(2,417,606)	(1,635,479)
Total Other Financing Sources (Uses)	173,172	448,860	683,406	224,052	717,570	49,201	194,803	74,288	4,944,416	393,582
Net Change in Fund Balances	\$669,252	\$1,436,167	(\$877,319)	\$1,123,732	(\$3,543,659)	(\$2,843,906)	\$461,425	(\$2,830,879)	\$6,033,876	\$86,028
Debt Service as a Percentage of Noncapital Expenditures	1.9%	2.1%	3.6%	4.0%	1.9%	5.3%	1.6%	1.3%	2.5%	2.5%

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

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

Collection Year	Real Property		Tangible Personal Property		Tangible Personal Property		Total		Ratio	Direct Rate
	Assessed Value		Public Utility		General Business		Estimated Actual Value			
	Residential/Agricultural/Commercial/Industrial	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2005	\$356,696,600	\$1,019,133,143	\$21,343,390	\$24,253,852	\$88,563,590	\$354,254,360	\$466,603,580	\$1,397,641,355	33.39%	3.20
2006	359,476,340	1,027,075,257	19,197,300	21,815,114	60,785,720	324,190,507	439,459,360	1,373,080,878	32.01%	3.20
2007	361,865,550	1,033,901,571	18,246,050	20,734,148	38,150,840	305,206,720	418,262,440	1,359,842,439	30.76%	3.20
2008	398,492,350	1,138,549,571	14,169,310	16,101,489	15,581,790	249,308,640	428,243,450	1,403,959,700	30.50%	3.20
2009	396,324,680	1,132,256,229	15,266,240	17,348,000	2,605,380	20,843,040	414,196,300	1,170,447,269	35.39%	3.20
2010	397,696,220	1,136,274,914	17,742,500	20,161,932	1,250,990	20,015,840	416,689,710	1,176,452,686	35.42%	3.20
2011	390,798,540	1,116,567,257	18,993,540	21,583,568	0	0	409,792,080	1,138,150,825	36.01%	3.20
2012	383,333,450	1,095,238,429	20,775,130	23,608,102	0	0	404,108,580	1,118,846,531	36.12%	3.20
2013	382,797,100	1,093,706,000	21,039,510	23,908,534	0	0	403,836,610	1,117,614,534	36.13%	3.20
2014	373,143,320	1,066,123,771	22,222,520	25,252,864	0	0	395,365,840	1,091,376,635	36.23%	3.20

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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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Direct Tax Rate:										
City of Chillicothe Millage										
General Operating	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
Police Pension	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Fire Pension	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
<i>Total City Direct Rate Millage</i>	<u>3.20</u>	<u>3.20</u>	<u>3.20</u>	<u>3.20</u>	<u>3.20</u>	<u>3.20</u>	<u>3.20</u>	<u>3.20</u>	<u>3.20</u>	<u>3.20</u>
Overlapping Rates by Taxing District:										
Ross County Millage										
Operating	10.40	10.40	10.40	10.60	11.70	11.70	12.50	12.50	12.50	12.50
<i>Total County Millage</i>	<u>10.40</u>	<u>10.40</u>	<u>10.40</u>	<u>10.60</u>	<u>11.70</u>	<u>11.70</u>	<u>12.50</u>	<u>12.50</u>	<u>12.50</u>	<u>12.50</u>
Chillicothe City School District Millage										
Operating	40.20	46.20	46.20	46.20	46.20	46.20	46.20	46.20	46.20	53.30
Debt Service	4.47	4.47	4.47	4.47	4.47	4.47	4.80	4.80	4.80	5.80
<i>Total School Millage</i>	<u>44.67</u>	<u>50.67</u>	<u>50.67</u>	<u>50.67</u>	<u>50.67</u>	<u>50.67</u>	<u>51.00</u>	<u>51.00</u>	<u>51.00</u>	<u>59.10</u>
Other Millage										
Operating	3.80	3.80	4.80	4.80	4.80	4.80	5.80	5.80	5.80	5.80
<i>Total Other Millage</i>	<u>3.80</u>	<u>3.80</u>	<u>4.80</u>	<u>4.80</u>	<u>4.80</u>	<u>4.80</u>	<u>5.80</u>	<u>5.80</u>	<u>5.80</u>	<u>5.80</u>
Total Direct and Overlapping Millage	<u>62.07</u>	<u>68.07</u>	<u>69.07</u>	<u>69.27</u>	<u>70.37</u>	<u>70.37</u>	<u>72.50</u>	<u>72.50</u>	<u>72.50</u>	<u>80.60</u>

Source: Ross County Auditor

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

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

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

Year	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections (1)	Total Tax Collections (2)	Percent of Total Tax Collections To Tax Levy	Total Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
2005	\$1,462,582	\$1,427,113	97.57%	\$35,811	\$1,462,924	100.02%	\$46,670	3.19%
2006	1,372,991	1,339,805	97.58%	38,675	1,378,480	100.40%	52,481	3.82%
2007	1,308,996	1,282,064	97.94%	40,662	1,322,726	101.05%	59,173	4.52%
2008	1,328,749	1,289,316	97.03%	56,208	1,345,524	101.26%	55,618	4.19%
2009	1,286,895	1,245,462	96.78%	41,434	1,286,896	100.00%	60,422	4.70%
2010	1,294,281	1,256,523	97.08%	37,818	1,294,341	100.00%	64,742	5.00%
2011	1,272,921	1,210,720	95.11%	51,912	1,262,632	99.19%	41,513	3.26%
2012	1,253,115	1,205,570	96.21%	28,702	1,234,272	98.50%	44,015	3.51%
2013	1,252,173	1,215,108	97.04%	29,323	1,244,431	99.38%	38,815	3.10%
2014	1,224,221	1,174,894	95.97%	28,692	1,203,586	98.31%	50,917	4.16%

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Source: Ross County Auditor

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

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

City of Chillicothe, Ohio
Principal Taxpayers - Real Estate and PU-PP Tax
2014 and 2005

2014		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
American Electric Power	\$19,697,670	4.98%
P.H. Glatfelter	13,760,430	3.48%
Chillicothe Mall Inc.	4,218,580	1.07%
DDR Chillicothe LLC	3,794,550	0.96%
Chillicothe Telephone	2,969,340	0.75%
Central Center LTD	2,929,970	0.74%
Sam's Real Estate Business	2,618,050	0.66%
Columbia Gas of Ohio	2,370,750	0.60%
Zane Plaza LLC	2,319,440	0.59%
K-Mart Corporation	2,310,010	0.58%
Total	\$56,988,790	14.41%
Total Assessed Valuation	\$395,365,840	

2005		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Mead Westvaco	\$26,990,630	7.14%
Horizon Telecom, Inc.	11,228,720	2.97%
American Electric Power	10,615,960	2.81%
Chillicothe Mall Inc.	3,454,820	0.91%
Central Center LTD	2,899,370	0.77%
PPG Industries Inc.	2,810,420	0.74%
Real Estate Finance Trust	2,328,100	0.62%
Zane Plaza LLC	2,061,970	0.55%
DDR Chillicothe LLC	1,795,090	0.47%
RG Chilli Associates LTD	1,648,510	0.44%
Total	\$65,833,590	17.41%
Total Assessed Valuation	\$378,039,990	

Source: Ross County Auditor

(1) The amounts presented represent the assessed values upon which 2014 and 2005 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>
2005	1.60%	\$10,172,778	\$8,521,259	83.77%	\$910,361	8.95%	\$741,158	7.29%
2006	1.60%	10,138,072	8,461,085	83.46%	968,369	9.55%	708,618	6.99%
2007	1.60%	10,594,908	8,682,707	81.95%	1,122,212	10.59%	789,989	7.46%
2008	1.60%	10,746,951	8,666,403	80.64%	1,252,889	11.66%	827,659	7.70%
2009	1.60%	10,498,943	8,433,031	80.32%	1,236,915	11.78%	828,997	7.90%
2010	1.60%	10,669,085	8,626,375	80.85%	1,301,488	12.20%	741,222	6.95%
2011	1.60%	10,824,547	8,718,614	80.54%	1,347,319	12.45%	758,613	7.01%
2012	1.60%	11,010,046	9,033,890	82.05%	1,143,223	10.38%	832,932	7.57%
2013	1.60%	11,244,828	9,032,367	80.32%	1,341,249	11.93%	871,212	7.75%
2014	1.60%	11,093,639	9,051,918	81.60%	1,159,502	10.45%	882,220	7.95%

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Source: City Income Tax Department

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

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

YEAR	Governmental Activities					Business-Type Activities				TOTAL DEBT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	OPWC LOANS	LONG TERM NOTES	LOANS	CAPITAL LEASES	GENERAL OBLIGATION BONDS	MORTGAGE REVENUE BONDS	LONG TERM NOTES	CAPITAL LEASES			
2005	\$1,915,000	\$113,513	\$0	\$0	\$154,650	\$1,935,000	\$10,330,000	\$0	\$0	\$14,448,163	2.87%	\$663
2006	1,660,000	100,900	0	0	162,223	1,855,000	9,145,000	0	0	12,923,123	2.56%	593
2007	1,405,000	88,287	0	0	141,498	1,770,000	7,925,000	0	0	11,329,785	2.27%	520
2008	1,140,000	75,675	0	0	117,598	1,685,000	6,675,000	0	0	9,693,273	2.33%	445
2009	870,000	63,063	0	0	114,276	1,595,000	5,665,000	0	0	8,307,339	1.68%	373
2010	660,000	50,450	0	0	107,864	1,510,000	4,615,000	0	0	6,943,314	1.48%	317
2011	450,000	37,838	0	0	270,679	1,415,000	3,520,000	0	0	5,693,517	1.22%	260
2012	355,000	25,225	0	0	258,451	1,320,000	2,390,000	2,441,000	0	6,789,676	1.45%	310
2013	4,850,000	12,613	0	0	223,699	1,670,000	1,215,000	2,441,000	15,011	10,427,323	2.23%	476
2014	4,550,000	0	300,000	100,000	167,163	1,150,000	0	2,441,000	11,939	8,720,102	1.83%	398

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
2005	21,796	\$1,428,446,081	\$14,180,000	0.99%	\$651
2006	21,796	1,373,080,878	12,660,000	0.92%	581
2007	21,796	1,359,842,439	11,100,000	0.82%	509
2008	21,796	1,403,959,700	9,500,000	0.68%	436
2009	22,296	1,170,447,269	8,130,000	0.69%	365
2010	21,901	1,176,452,686	6,785,000	0.58%	310
2011	21,901	1,138,150,825	5,385,000	0.47%	246
2012	21,901	1,118,846,531	4,065,000	0.36%	186
2013	21,901	1,117,614,534	7,735,000	0.69%	353
2014	21,899	1,091,376,635	5,700,000	0.52%	260

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Sources:

- (1) U.S. Census Bureau
- (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, 2014

JURISDICTION	GOVERNMENTAL ACTIVITIES DEBT OUTSTANDING	PERCENTAGE APPLICABLE TO CITY (1)	AMOUNT APPLICABLE TO CITY
DIRECT - CITY OF CHILLICOTHE			
CAPITAL LEASES	\$167,163	100.00%	\$167,163
LOANS PAYABLE	100,000	100.00%	100,000
BOND ANTICIPATION NOTES	300,000	100.00%	300,000
GENERAL OBLIGATION BONDS	4,550,000	100.00%	4,550,000
TOTAL DIRECT DEBT	5,117,163		5,117,163
OVERLAPPING			
ROSS COUNTY	8,316,391	32.54%	2,706,154
CHILLICOTHE CITY SCHOOLS	27,848,159	92.04%	25,631,446
UNION-SCIOTO LOCAL SCHOOLS	1,942,466	18.57%	360,716
SOUTHEASTERN LOCAL SCHOOLS	1,948,386	1.77%	34,486
ZANE TRACE LOCAL SCHOOLS	1,302,075	1.06%	13,802
SCIOTO TOWNSHIP	87,769	83.05%	72,892
SPRINGFIELD TOWNSHIP	279,775	3.83%	10,715
TOTAL OVERLAPPING DEBT	41,725,021		28,830,211
TOTAL	\$46,842,184		\$33,947,374

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Assessed Property Value	\$466,603,580	\$439,459,360	\$418,262,440	\$428,243,450	\$414,196,300	\$416,689,710	\$409,792,080	\$404,108,580	\$403,836,610	\$395,365,840
Overall Legal Debt Limit (10 1/2% of Assessed Valuation)	48,993,376	46,143,233	43,917,556	44,965,562	43,490,612	43,752,420	43,028,168	42,431,401	42,402,844	41,513,413
Debt Outstanding:										
General Obligation Bonds	1,915,000	1,660,000	1,405,000	1,140,000	870,000	660,000	450,000	355,000	4,850,000	4,550,000
General Obligation Bonds - Enterprise	1,935,000	1,855,000	1,770,000	1,685,000	1,595,000	1,510,000	1,415,000	1,320,000	1,670,000	1,150,000
General Obligation Revenue Bonds	10,330,000	9,145,000	7,925,000	6,675,000	5,665,000	4,615,000	3,520,000	2,390,000	1,215,000	0
OPWC Loans	113,513	100,900	88,287	75,675	63,063	50,450	37,838	25,225	12,613	0
Loan Payable	0	0	0	0	0	0	0	0	0	100,000
Notes Payable	1,700,000	1,200,000	1,300,000	3,000,000	4,800,000	4,400,000	8,341,000	7,681,000	2,441,000	2,741,000
Total Gross Indebtedness	15,993,513	13,960,900	12,488,287	12,575,675	12,993,063	11,235,450	13,763,838	11,771,225	10,188,613	8,541,000
Less:										
Notes Payable from Governmental Fund Revenues	800,000	600,000	400,000	2,800,000	4,800,000	4,400,000	5,100,000	4,640,000	0	300,000
Notes Payable from Enterprise Fund Revenues	900,000	600,000	300,000	0	0	0	3,241,000	3,041,000	2,441,000	2,441,000
Revenue Bonds Payable from Enterprise Fund Revenues	10,330,000	9,145,000	7,925,000	6,675,000	5,665,000	4,615,000	3,520,000	2,390,000	1,215,000	0
G.O. Bonds Payable from Enterprise Fund Revenues	1,935,000	1,855,000	1,770,000	1,685,000	1,595,000	1,510,000	1,415,000	1,320,000	1,670,000	1,150,000
OPWC Loan Payable from Governmental Fund Revenues	113,513	100,900	88,287	75,675	63,063	50,450	37,838	25,225	12,613	0
Loan Payable from Governmental Fund Revenues	0	0	0	0	0	0	0	0	0	100,000
Bond Retirement Fund Balance	12,669	13,086	15,950	16,326	16,591	16,646	16,646	16,646	16,646	16,646
Total Net Debt Applicable to Debt Limit	1,902,331	1,646,914	1,989,050	1,323,674	853,409	643,354	433,354	338,354	4,833,354	4,533,354
Legal Debt Margin Within 10 1/2% Limitations	\$47,091,045	\$44,496,319	\$41,928,506	\$43,641,888	\$42,637,203	\$43,109,066	\$42,594,814	\$42,093,047	\$37,569,490	\$36,980,059
Legal Debt Margin as a Percentage of the Debt Limit	96.12%	96.43%	95.47%	97.06%	98.04%	98.53%	98.99%	99.20%	88.60%	89.08%
Unvoted Debt Limitation (5 1/2% of Assessed Valuation)	\$25,663,197	\$24,170,265	\$23,004,434	\$23,553,390	\$22,780,797	\$22,917,934	\$22,538,564	\$22,225,972	\$22,211,014	\$21,745,121
Total Gross Indebtedness	15,993,513	13,960,900	12,488,287	12,575,675	12,993,063	11,235,450	13,763,838	11,771,225	10,188,613	8,541,000
Less:										
Notes Payable from Governmental Fund Revenues	800,000	600,000	400,000	2,800,000	4,800,000	4,400,000	5,100,000	4,640,000	0	300,000
Notes Payable from Enterprise Fund Revenues	900,000	600,000	300,000	0	0	0	3,241,000	3,041,000	2,441,000	2,441,000
Revenue Bonds Payable from Enterprise Fund Revenues	10,330,000	9,145,000	7,925,000	6,675,000	5,665,000	4,615,000	3,520,000	2,390,000	1,215,000	0
G.O. Bonds Payable from Enterprise Fund Revenues	1,935,000	1,855,000	1,770,000	1,685,000	1,595,000	1,510,000	1,415,000	1,320,000	1,670,000	1,150,000
OPWC Loan Payable from Governmental Fund Revenues	113,513	100,900	88,287	75,675	63,063	50,450	37,838	25,225	12,613	0
Loan Payable from Governmental Fund Revenues	0	0	0	0	0	0	0	0	0	100,000
Bond Retirement Fund Balance	12,669	13,086	15,950	16,326	16,591	16,646	16,646	16,646	16,646	16,646
Net Debt Within 5 1/2% Limitations	1,902,331	1,646,914	1,989,050	1,323,674	853,409	643,354	433,354	338,354	4,833,354	4,533,354
Unvoted Legal Debt Margin Within 5 1/2% Limitations	\$23,760,866	\$22,523,351	\$21,015,384	\$22,229,716	\$21,927,388	\$22,274,580	\$22,105,210	\$21,887,618	\$17,377,660	\$17,211,767
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	92.59%	93.19%	91.35%	94.38%	96.25%	97.19%	98.08%	98.48%	78.24%	79.15%

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	
2005	\$4,569,734	\$2,806,797	\$1,762,937	\$930,000	\$348,715	1.38
2006	4,476,401	2,532,230	1,944,171	945,000	330,115	1.52
2007	4,736,631	3,085,979	1,650,652	965,000	301,505	1.30
2008	4,367,330	2,893,049	1,474,281	985,000	290,950	1.16
2009	4,401,980	3,310,974	1,091,006	1,010,000	266,817	0.85
2010	4,439,150	2,863,090	1,576,060	1,050,000	226,417	1.23
2011	4,518,780	3,919,286	599,494	1,095,000	184,418	0.47
2012	3,749,394	2,770,143	979,251	1,130,000	147,188	0.77
2013	4,467,383	2,976,961	1,490,422	1,175,000	104,813	1.16
2014	4,343,590	3,056,584	1,287,006	1,215,000	60,750	1.01

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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	
2005	\$3,092,130	\$2,551,986	\$540,144	\$230,000	\$48,835	1.94
2006	3,185,599	2,293,202	892,397	240,000	38,025	3.21
2007	3,569,310	2,304,866	1,264,444	255,000	26,265	4.50
2008	3,233,799	2,419,443	814,356	265,000	13,515	2.92
2009	3,155,672	2,522,863	632,809	0	0	0
2010	3,086,853	3,165,581	(78,728)	0	0	0
2011	3,188,581	2,590,976	597,605	0	0	0
2012	2,658,330	2,382,254	276,076	0	0	0
2013	3,190,439	2,776,428	414,011	0	0	0
2014	3,026,390	2,448,510	577,880	0	0	0

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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)
2005	21,796	\$503,988,908	\$23,123	40.0	3,350	7.3%	\$466,603,580
2006	21,796	503,988,908	23,123	40.0	3,145	6.2%	439,459,360
2007	21,796	498,387,336	22,866	40.0	3,171	8.0%	418,262,440
2008	21,796	416,325,396	19,101	40.0	3,137	8.0%	428,243,450
2009	22,296	494,525,280	22,180	40.0	3,122	12.5%	414,196,300
2010	21,901	468,528,093	21,393	40.0	3,118	10.8%	416,689,710
2011	21,901	468,528,093	21,393	40.0	2,905	8.7%	409,792,080
2012	21,901	468,528,093	21,393	40.0	3,051	8.2%	404,108,580
2013	21,901	468,528,093	21,393	40.0	2,891	8.5%	403,836,610
2014	21,899	476,872,624	21,776	40.0	3,073	6.3%	395,365,840

Sources:

- (1) U.S. Census Bureau
- (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 EIGHT YEARS AGO

2014			
Employer	Nature of Business	Employees	Percentage of Total City Employment
Glatfelter Paper Company	Paper Industry	1,301	17.99%
Ross County	County Government	925	12.79%
Wal-Mart	Retail	856	11.84%
Ohio University-Chillicothe	College Campus	585	8.09%
Chillicothe City Schools	Education	324	4.48%
Menards	Retail	264	3.65%
City of Chillicothe	City Government	255	3.53%
Lowe's	Retail	237	3.28%
Horizon Family of Companies	Communications	180	2.49%
Time Warner	Cable TV/Internet	100	1.38%
Total		<u>5,027</u>	<u>69.51%</u>
Total Employment Within the City		<u>7,232</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 Government	597	1.75%
Chillicothe City Schools	Education	350	1.03%
City of Chillicothe	City Government	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 NINE YEARS

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government									
Square Footage Occupied	39,577	39,577	39,577	39,577	39,577	39,577	39,577	39,577	39,577
Administrative Vehicles	0	0	0	0	0	0	0	0	0
Engineering Vehicles	3	10	10	9	9	9	9	9	9
Municipal Court Vehicles	1	2	2	2	2	2	2	2	2
Service Department Vehicles	26	33	34	34	34	34	35	34	36
Police									
Stations	1	1	1	1	1	2	2	2	2
Square Footage of Building	29,090	29,090	29,090	29,090	29,090	29,090	29,090	29,090	29,090
Vehicles	26	21	23	22	26	33	33	34	32
Fire									
Stations	3	3	3	3	3	3	3	3	3
Square Footage of Building	23,476	23,476	23,476	23,476	23,476	23,476	23,476	23,476	23,476
Vehicles	21	28	30	27	27	27	28	28	27
Recreation									
Number of Parks	12	12	12	12	13	13	13	13	13
Number of Pools	1	1	1	1	1	1	1	1	1
Number of Tennis Courts	4	4	4	4	4	4	4	4	4
Number of Baseball Diamonds	13	13	13	13	13	13	13	13	13
Number of Tot Lots	4	4	4	4	4	4	4	4	4
Number of Soccer Fields	8	8	8	8	8	8	8	8	8
Vehicles	9	22	22	21	21	21	22	22	23
Floodwall									
Miles	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Transportation									
Square Footage of Building	26,157	26,157	26,157	26,157	18,855	18,855	18,855	18,855	18,855
Vehicles	17	20	21	24	21	23	16	20	20
Water Department									
Water Lines (miles)	100	133	133	133	133	136	136	136	136
Vehicles	14	17	20	20	21	21	19	19	19
Sewer Department									
Sewer Lines/Storm Sewer (miles)	101	103	103	103	103	105	105	106	106
Vehicles	14	25	26	26	28	29	25	26	26

Sources: Chillicothe City Auditor and Chillicothe City Engineer

(1) Information prior to 2006 is not available.

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Council	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Auditor	6.5	6.5	6.5	6.5	6.5	5.5	4.5	4.5	4.5	4.5
Income Tax	3	3	3	3	3	3	3	2	2	3
Treasurer	1	1	1	1	1	1	1	1	1	1
Mayor	6	5.5	5.5	6.5	5.5	4.5	4.5	4.5	4.5	3.5
Law Director	5	5.5	6	7	7	6.5	5.5	6	5	5
Engineering	8	11	7	7	6	7	6	6	6	6
Civil Service	1	1	1	1	2.5	2.5	2.5	2.5	2.5	0
Municipal Court	24.5	24	25	24.5	23.5	23.5	23	21.5	23	19
Security of Persons and Property										
Police	49	50	52	53.5	54.5	50	51	50.5	48	44
Fire	43	45	45	47	47	42	47	47	44	43
School Crossing Guards	7	7.5	7.5	7.5	7.5	0	0	0	0	0
Traffic Control-Meters	1	1	1	1	1	0	0	0	0	0
Leisure Time Activities										
Parks	2	5	5	5	5	4	4	4	1	1
Recreation	7.5	4	6	5	4	3	3	3	3	5
Transportation										
Service	28.5	25.5	25.5	25.5	27	22	20	20	18	17
Transit	22	22	24	24	24	23	23	23	31	30.5
Basic Utility Services										
Water	19	26	28	28	29	25.5	28.5	28	27	26.5
Sewer	22.5	17.5	17.5	18.5	17.5	16.5	17	16.5	16	15
Totals:	<u>262</u>	<u>266.5</u>	<u>272</u>	<u>277</u>	<u>277</u>	<u>245</u>	<u>249</u>	<u>245.5</u>	<u>242</u>	<u>229.5</u>

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Source: City Payroll Department W-2 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 NINE YEARS

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government									
<i>Council and Clerk</i>									
Number of Ordinances Passed	153	156	166	158	103	125	103	107	115
Number of Resolutions Passed	40	21	25	26	19	20	22	19	16
Number of Planning Commission Docket Items	12	16	11	6	10	10	12	13	12
Zoning Board of Appeals Docket Items	39	31	35	23	32	20	21	19	9
Design & Review Board Docket Items	40	35	32	55	27	32	37	41	35
<i>Finance Department</i>									
Number of Checks/Vouchers Issued	5,647	5,928	5,646	6,290	5,185	5,197	5,482	4,853	5,144
Amount of Checks Written	\$27,646,498	\$34,031,388	\$33,538,991	\$42,906,483	\$34,508,413	\$38,000,816	\$43,661,426	\$44,504,621	\$34,821,093
Interest Earnings for fiscal year (cash basis)	\$543,654	\$767,972	\$335,401	\$203,115	\$59,358	\$54,710	\$34,509	\$17,995	\$16,882
Number of Receipts Issued	882	2,297	2,036	2,340	2,491	2,194	2,049	2,047	2,398
Agency Ratings - Moody's Financial Services	A2	A2	A2	A2	A2	A2	A2	A2	A2
General Fund Receipts (cash basis)	\$16,807,568	\$17,002,025	\$16,144,252	\$19,634,492	\$16,075,288	\$18,270,177	\$17,611,705	\$18,020,422	\$16,173,260
General Fund Expenditures (cash basis)	\$16,589,421	\$17,221,144	\$16,590,076	\$19,145,869	\$17,039,755	\$18,494,994	\$20,203,210	\$18,698,612	\$16,583,845
General Fund Cash Balances	\$2,538,822	\$2,483,975	\$2,678,364	\$3,520,378	\$2,587,572	\$2,772,711	\$1,022,988	\$1,191,040	\$1,144,727
<i>Income Tax Department</i>									
Number of Individual Returns	7,468	7,753	7,864	8,176	6,715	12,665	8,180	7,116	5,979
Amount of Business Returns	2,186	2,170	2,239	2,359	2,141	2,888	2,338	2,177	1,899
Number of Business Withholding Accounts	1,731	1,878	1,960	1,952	1,862	1,968	2,087	2,206	2,127
Amount of Penalties and Interest Collected	\$60,750	\$47,954	\$54,444	\$107,958	\$63,209	\$49,456	\$45,888	\$34,077	\$61,556
Annual Number of Corporate Withholding Forms Processed	10,320	11,088	10,864	11,365	11,530	11,835	11,937	11,877	11,941
Annual Number of Balance Due Statements Forms Processed	1,686	723	1,908	1,948	1,985	1,683	1,662	1,562	1,403
Annual Number of Estimated Payment Forms Processed	2,325	1,717	2,440	2,414	1,892	2,053	2,094	1,823	1,378
Annual Number of Reconciliations of Withholding Processed	1,291	1,505	1,677	1,714	1,347	1,526	1,360	1,658	1,698
<i>Engineering Department</i>									
Dollar Amount of Construction Overseen by Engineer	\$60,750	\$250,000	\$1,200,000	\$1,000,000	\$700,000	\$700,000	\$500,000	\$1,500,000	\$1,200,000
<i>Municipal Court</i>									
Number of Civil Cases	1,820	2,139	2,027	1,895	1,568	1,634	1,698	1,384	1,292
Amount of Criminal Cases	4,645	4,708	4,720	4,122	3,684	4,110	3,590	3,737	3,348
Amount of Traffic Cases	9,226	8,767	10,327	10,121	8,663	9,023	10,014	8,500	9,617
Amount of Small Claims Cases	560	716	435	229	163	146	155	142	256

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 NINE YEARS

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014
<i>Civil Service</i>									
Number of Police Entry Tests Administered	1	0	0	108	52	0	56	0	71
Number of Fire Entry Tests Administered	0	1	0	57	0	66	0	0	0
Number of Police Promotional Tests Administered	0	1	0	14	0	5	4	0	10
Number of Fire Promotional Tests Administered	0	0	6	0	1	16	0	14	0
Number of Hires of Police Officers from Certified Lists	5	3	0	5	0	4	2	0	2
Number of Hires of Fire/Medics Officers from Certified Lists	0	0	0	0	0	8	6	0	2
Number of Promotions from Police Certified Lists	0	1	0	2	0	1	2	0	1
Number of Promotions from Fire Certified Lists	0	0	0	0	0	6	2	4	2
<i>Building Department Indicators</i>									
Construction Permits Issued	25	31	13	11	10	8	10	8	12
Estimated Value of Construction	\$21,179,322	\$47,408,815	\$16,967,414	\$17,823,496	\$18,217,008	\$12,635,438	\$22,245,181	\$2,139,000	\$2,430,567
Number of Permits Issued	887	890	849	947	901	867	1,099	902	798
Amount of Revenue Generated from Permits	\$97,684	\$101,433	\$127,646	\$79,438	\$79,257	\$117,985	\$123,461	\$141,653	\$179,793
Number of Contractor Registrations Issued	436	380	344	377	344	374	270	190	300
Revenue Generated from Above 1	\$21,800	\$18,950	\$3,306	\$3,413	\$2,764	\$1,970	\$13,500	\$3,291	\$5,701
<i>Police Department</i>									
Total Calls for Service	27,642	26,259	25,610	25,984	24,162	24,429	25,457	23,047	23,245
Number of Traffic Citations Issued	3,600	2,942	3,008	1,995	2,165	3,144	3,277	2,346	2,465
Number of Parking Citations Issued (2)	4,209	3,840	3,400	2,229	1,134	N/A	N/A	N/A	N/A
Number of Criminal Arrests	2,916	5,113	5,010	3,790	2,462	2,808	3,414	3,130	2,941
Number of Accident Reports Completed	1,035	1,147	1,121	1,033	1,251	916	1,189	1,225	1,375
DUI Arrests	225	171	187	176	100	101	97	101	85
Prisoner costs for room and board	\$298,437	\$310,516	\$375,252	\$372,985	\$369,559	\$0	\$0	\$0	\$0
Motor Vehicle Accidents	639	820	771	724	902	710	843	858	1,006
Property Damage Accidents	396	327	350	309	349	366	346	367	369
Fatalities from Motor Vehicle Accidents	0	0	0	1	0	1	3	0	0
Gasoline Costs of Fleet	\$72,276	\$81,763	\$75,859	\$63,199	\$87,492	\$115,574	\$124,490	\$112,069	\$107,862
DARE Program hours	1,440	1,440	1,440	1,600	1,600	1,680	1,600	1,600	1,600
<i>Fire Department</i>									
EMS Calls	4,857	4,846	4,911	5,134	5,045	5,407	5,079	4,618	4,893
Ambulance Billing Collections (net)	\$923,551	\$936,958	\$893,804	\$1,030,299	\$1,128,158	\$1,224,578	\$1,105,372	\$1,120,547	\$1,127,057
Fire Calls	639	771	795	681	777	823	796	704	692
Fires with Loss	48	58	52	35	40	54	42	42	29
Fires with Losses Exceeding \$10K	5	7	4	7	10	16	19	15	8
Fire Losses \$	\$1,665,125	\$241,035	\$931,810	\$255,490	\$2,062,830	\$628,110	\$2,383,260	\$379,250	\$393,201
Fire Safety Inspections	100 plus	100 plus	100 plus	100 plus	75	75	220	400 plus	515
Number of Times Mutual Aid Given to Fire	11	0	7	0	0	0	1	4	0
Number of Times Mutual Aid Received for Fire	2	0	0	7	2	0	0	1	1
Number of Injuries Requiring Medical Attention	4	6	4	3	19	7	7	2	2
Fatalities Due to Fire	1	0	1	2	2	0	0	0	0

Source: Departments of the City of Chillicothe

(1) Information prior to 2006 is not available.

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

continued

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

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014
Leisure Time Activities									
<i>Recreation Department</i>									
Recreation Swimming Pool Receipts	\$37,144	\$60,956	\$92,861	\$48,588	\$49,537	\$62,176	\$58,019	\$61,131	\$71,006
Recreation Mens, Women & Chillicothe Leagues Receipts	\$23,127	\$21,395	\$25,315	\$25,790	\$22,572	\$24,775	\$0	\$0	\$0
Number of Tree License Issues	23	53	19	19	20	17	0	8	13
Amount of Revenue from Tree License	\$575	\$1,325	\$475	\$475	\$500	\$425	\$0	\$200	\$300
Total Acreage all Parks	225	225	225	876	876	876	876	876	876
Transportation									
<i>Street Construction & State Highway</i>									
Street Sweeper (hours)	1,200	1,400	1,100	1,000	950	900	0	950	1,050
Cold Patch (hours)	1,400	1,600	1,600	1,500	1,700	2,000	0	1,800	2,080
Snow and Ice Removal (regular hours)	200	180	200	300	400	150	221	215	400
Snow and Ice Removal (overtime hours)	150	200	200	449	452	332	0	350	375
Leaf Collection (hours)	2,880	2,800	3,000	3,000	2,000	2,000	0	3,000	3,500
Downtown Square Repair after Events (hours)	104	50	75	75	50	50	0	68	75
Tons of Snow Melting Salt Purchased (Nov-Mar)	416	578	151	810	692	791	642	721	954
Cost of Salt Purchased	\$16,648	\$23,120	\$6,054	\$48,096	\$43,973	\$50,201	\$40,754	\$33,357	\$66,031
Basic Utility Services									
<i>Refuse Department</i>									
Refuse Disposal per year (in tons) August through July	8,356	8,252	8,124	7,566	8,261	7,599	7,954	7,895	7,548
Refuse Disposal cost per year August through July	\$342,175	\$312,107	\$286,340	\$290,408	\$290,000	\$252,335	\$234,749	\$282,233	\$268,151
<i>Water Department (2)</i>									
Water Rates per 1st 300 Cu ft of Water Used (Inside City) bimonthly	14.18	14.18	14.48	14.48	14.48	11.68	11.92	12.40	12.40
Water Rates per 1st 300 Cu ft of Water Used (Outside City) bimonthly	21.28	21.28	21.71	21.71	21.71	17.54	17.89	18.61	18.61
Total Water Collections Annually (including P&I)	\$4,301,855	\$4,607,872	\$4,242,825	\$4,233,031	\$4,370,433	\$3,835,549	\$0	\$3,927,993	\$4,236,920
Number of Active Customers	9,312	9,207	9,153	9,167	9,151	9,196	0	9,300	9,360
<i>WasteWater Department (3)</i>									
Sewer Rates per 1st 300 Cu ft of Water Used (Inside City) bimonthly	11.51	11.51	11.74	11.74	11.74	8.58	8.75	9.11	9.11
Sewer Rates per 1st 300 Cu ft of Water Used (Outside City) bimonthly	17.26	17.26	17.61	17.61	17.61	12.84	13.10	13.64	13.64
Total Flow of Wastewater Treatment Plant (Millions of Gallons)	789.495	797.027	1009.626	934.845	901.546	1015.795	874.905	877.677	874.301
Tons of Dry Sludge Removed	334.672	324.410	313.360	341.000	481.480	291.220	337.440	388.859	391.840
Wastewater Calls for Service	210	220	250	19	250	200	200	250	230
After Hours Wastewater Calls for Service (hours)	721	176	596	76	300	250	250	300	330
Sewer Jet, Vac-all, other services (hours)	1,144	800	953	1,000	1,500	1,500	2,500	3,000	3,500

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).



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 18, 2015**