

City of Chillicothe
Ross County, Ohio
Single Audit
For the Year Ended December 31, 2016



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Dave Yost • Auditor of State

City Council
City of Chillicothe
35 S Paint St
Chillicothe, OH 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, 2016 through December 31, 2016. 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

September 8, 2017

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City of Chillicothe
Table of Contents
For the Year Ended December 31, 2016

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

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City of Chillicothe
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

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 Development Services Agency:</i>			
Community Development Block Grants/State's Program	A-F-14-104-1	14.228	\$2,726
Community Development Block Grants/State's Program	A-F-15-104-1	14.228	<u>5,140</u>
Total Community Development Block Grants/State's Program			<u>7,866</u>
Total U.S. Department of Housing and Urban Development			7,866
<u>U.S. Department of Justice</u>			
<i>Direct:</i>			
Bullet Proof Vest Partnership Program	N/A	16.607	3,905
<i>Passed through Ohio Office of Attorney General:</i>			
Crime Victim Assistance	VAGENE539	16.575	<u>31,764</u>
Total U.S. Department of Justice			35,669
<u>U.S. Department of Transportation</u>			
<i>Passed through Ohio Department of Transportation:</i>			
Formula Grants for Rural Areas	RPTF-4096-036-161	20.509	1,131,528
Formula Grants for Rural Areas	RPTM-0096-036-161	20.509	<u>228,700</u>
Total Formula Grants for Other Than Urbanized Areas			<u>1,360,228</u>
Total U.S. Department of Transportation			<u>1,360,228</u>
Total Federal Awards Expenditures			<u><u>\$1,403,763</u></u>

N/A - direct award.

Total accompanying notes are an integral part of this schedule.

City of Chillicothe
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the City of Chillicothe, Ohio (the City) under programs of the federal government for the year ended December 31, 2016. The information on this schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2 – Significant Accounting Policies

Expenditures reported on the schedule are reported on the cash basis of accounting. Such expenditures are recognized following either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 – 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 4 – 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, 2016, 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 23, 2017.

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 have not been 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 entity'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 2016-002 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 2016-001 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 Response 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.
Portsmouth, Ohio

June 23, 2017

**Report on Compliance For Each Major Program; Report on Internal Control Over Compliance; and
Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

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 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 qualified 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 the 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 CFDA 20.509 Formula Grants for Rural Areas as described in finding number 2016-003 for Suspension & Debarment. Compliance with such requirement is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

Qualified Opinion on the 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 Formula Grants for Rural Areas Program for the year ended December 31, 2016.

Other Matters

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2016-003, that we consider to be a material weakness.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

City of Chillicothe, Ohio

Report on Compliance For Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Page 3

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 23, 2017, 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 the Uniform Guidance 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.
Portsmouth, Ohio

June 23, 2017

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City of Chillicothe
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

Section I – Summary of Auditor’s Results

<i>Financial Statements</i>	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No
<i>Federal Awards</i>	
Internal control over major federal program(s):	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	No
Type of auditor’s report issued on compliance for major federal programs:	Qualified
Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
Identification of major federal program(s):	Formula Grants for Rural Areas, CFDA #20.509
Dollar threshold used to distinguish between type A and type B programs:	Type A: >\$750,000 Type B: all others
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

Finding 2016-001 – 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. Various errors were identified in the financial statements, including errors related to accruals, net position classifications, and the presentation of cash in segregated accounts. In addition, we noted that two capital asset deletions should have been deleted in the prior year. Certain errors were corrected in the financial statements to ensure the financial statements were not materially misstated. Other errors were immaterial to the financial statements and were not deemed necessary to correct. These adjustments were primarily the result of erroneous computations within the compilation process. The City should implement monitoring procedures over the financial reporting process to ensure that financial information presented is fairly stated.

Client Response:

The City should be able to prepare information to the compilers quicker allowing more time to review next year. We should have more experience and a stabilized system which will allow us to have the CAFR prepared more timely.

City of Chillicothe
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

Finding 2016-002 – Material Weakness – Budgetary Information Within Accounting System

Proper and timely recording of budgetary information in the accounting system is pertinent to ensure a properly functioning control environment. Officials of the City rely on information recorded within the accounting system to make spending and budgeting decisions. During testing, we noted that the final budgetary modifications were not recorded in the client’s accounting system. The City should implement the appropriate procedures, such as reconciling budgetary information within the accounting system to formally approved budgets, to ensure that budgetary information is presented accurately and completely.

Client Response:

We will look at what the new system can do to help with this issue, continue to stamp and certify invoices.

Section III – Federal Award Findings and Questioned Costs
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CFDA Title and Number	Formula Grants for Rural Areas
Federal Award Number and Year	RPTF-4096-036-161 RPTM-0096-036-161
Federal Agency	United States Department of Transportation
Pass-Through Entity	Ohio Department of Transportation

Finding 2016-003 – Noncompliance/Material Weakness – Suspension & Debarment

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

The City did not maintain evidence that the SAMs database was checked for potentially suspended or debarred vendors prior to making payments with federal funds. The City should have policies and procedures in place to ensure that the City complies with Federal regulations regarding suspended or debarred vendors, including review for suspended or debarred vendors prior to making payment with federal funds. Furthermore, evidence of such review should be maintained.

Responsible Official’s Response and Corrective Action Planned:

Transit will review policy and assign responsibility to staff for implementation.

Planned Implementation Date of Corrective Action:

June 30, 2017

Person Responsible for Corrective Action:

Transit Director

City of Chillicothe
Schedule of Prior Audit Findings
For the Year Ended December 31, 2016

Finding Number	Finding Summary	Status	Additional Information
Finding 2015-001	Material Weakness – Financial Reporting	Not Corrected	Reissued as Finding 2016-001

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City of Chillicothe, Ohio Comprehensive Annual Financial Report

For the Year Ended December 31, 2016



Kristal Spetnagel

Chillicothe City Auditor

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TABLE OF CONTENTS **Page**

INTRODUCTORY SECTION

Transmittal Letter	1
GFOA Certificate of Achievement	8
Listing of Elected Officials.....	9
Listing of Appointed Officials.....	10
Organizational Chart.....	11
City Auditor's Staff.....	12

FINANCIAL SECTION

Independent Auditors' Report	
Management's Discussion and Analysis	13

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position	24
Statement of Activities.....	25

Fund Financial Statements:

Balance Sheet - Governmental Funds	27
Reconciliation of Total Governmental Fund Balances To Net Position of Governmental Activities	28
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	29
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
Statement of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual (Budget Basis)	
General Fund	31
Street Construction Maintenance and Repair Fund	32
Bus Transit Fund	33
Statement of Fund Net Position - Proprietary Funds	34
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds.....	35
Statement of Cash Flows - Proprietary Funds.....	36
Statement of Fiduciary Net Position - Fiduciary Funds	38
Notes to the Basic Financial Statements.....	39

Required Supplementary Information:

Schedule of the City's Proportionate Share of the Net Pension Liability - OPERS.....	84
Schedule of the City's Proportionate Share of the Net Pension Liability - OP&F.....	85
Schedule of the City's Contributions - OPERS	86
Schedule of the City's Contributions - OP&F	88

TABLE OF CONTENTS - Continued **Page**

FINANCIAL SECTION - Continued

Combining Statements and Individual Fund Schedules:

Combining Statements - Nonmajor Funds:	
Description of Funds.....	90
Combining Balance Sheet - Nonmajor Governmental Funds	94
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	95
Combining Balance Sheet - Nonmajor Special Revenue Funds	96
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	98
Combining Balance Sheet - Nonmajor Capital Projects Funds.....	100
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Capital Projects Funds	101
Individual Fund Schedules of Revenues, Expenditures/Expenses and Changes in Fund Balances/Equity - Budget and Actual (Budget Basis):	
General Fund.....	102
Street Construction Maintenance & Repair Fund	108
Bus Transit Fund.....	109
State Highway Fund.....	110
Parks and Recreation Fund	111
HUD Fund.....	112
Grants Fund.....	113
Cablevision Fund	114
Law Enforcement Fund.....	115
Indigent Driver's Alcohol Treatment Fund.....	116
OMVI Enforcement and Education Fund	117
Mandatory Drug Fines Fund	118
Parking Fund.....	119
Police Pension Fund.....	120
Fire Pension Fund	121
Bond Retirement Fund	122
Capital Improvement Fund	123
Issue II Fund	124
Safety Levy Capital Fund	125
Parks and Recreation Capital Fund	126
Carlisle Hill Fund.....	127
Floodwall Fund	128
Income Tax Fund	129
Landfill Closure Fund	130
Streetscape Fund	131
Unclaimed Monies Fund.....	132
Description of Proprietary Funds	133
Water Fund.....	134
Sewer Fund	135
Internal Service Fund.....	136
Description of Agency Funds.....	137
Statement of Changes in Assets and Liabilities - Agency Funds	138

TABLE OF CONTENTS - Continued

Page

STATISTICAL SECTION

Statistical Table Description	139
Net Position by Component, Last Ten Years, (Accrual Basis of Accounting).....	140
Changes in Net Position, Last Ten Years (Accrual Basis of Accounting)	141
Fund Balances, Governmental Funds, Last Ten Years (Modified Accrual Basis of Accounting)	144
Changes in Fund Balances, Governmental Funds, Last Ten Years (Modified Accrual Basis of Accounting)	145
Assessed Valuation and Estimated Actual Values of Taxable Property, Last Ten Years	146
Property Tax Rates - Direct and Overlapping Governments, Last Ten Years	147
Property Tax Levies and Collections, Last Ten Years	148
Principal Taxpayers - Real Estate and PU-PP Tax, 2016 and 2007	149
Income Tax Revenue Base and Collections, Last Ten Years	150
Ratio of Outstanding Debt to Total Personal Income and Debt Per Capita, Last Ten Years	151
Ratio of General Obligation Bonded Debt to Assessed Value and Bonded Debt Per Capita, Last Ten Years.....	152
Computation of Direct and Overlapping Governmental Activities Debt	153
Legal Debt Margin, Last Ten Years	154
Pledged Revenue Coverage, Water System Mortgage Revenue Bonds, Last Ten Years	155
Pledged Revenue Coverage, Sewer System Mortgage Revenue Bonds, Last Ten Years	156
Demographic and Economic Statistics, Last Ten Years.....	157
Principal Employers, Current Year and Nine Years Ago	158
Capital Assets Statistics by Function Program, Last Ten Years.....	159
Full-Time Equivalent City Government Employees by Function Program, Last Ten Years	160
Operating Indicators by Function Program, Last Ten Years	161

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CHILLICOTHE
OHIO'S FIRST CAPITAL

KRISTAL SPETNAGEL
CITY AUDITOR

June 23, 2017

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

FROM: City Auditor Kristal Spetnagel 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, 2016. This report, prepared by the City Auditor's Office, contains a comprehensive analysis of the City's financial position and activities for the year 2016. 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 2016 basic financial statements were audited by Millhuff-Stang C.P.A., Inc. This audit was conducted according to generally accepted auditing standards and Government Auditing Standards and included a legal and financial compliance audit, a review of internal controls, and tests of transactions. The Independent Auditor's opinion letter is at the beginning of the financial section.

Reporting Entity

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

History and City Organization

The City of Chillicothe, the first capital of the State of Ohio, was founded in 1796 and served as Ohio's Capital twice from 1803 to 1809 and from 1812 to 1816. Located in Ross County, at the intersection of Routes 23, 35, and 50 approximately 45 miles south of Columbus, Ohio, Chillicothe covers 9.7 square miles and has approximately 21,901 citizens according to the 2016 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, 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 275 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 2016 was 5.2% which is the lowest it has been since 2006 when it was 6.2% and is half of the peak in 2009 of 12.5%.

Other developments of note:

Glatfelter Paper Company, one of the region's largest employers, has made a strong commitment to having a long-term presence in Chillicothe. The company has started a \$31 million dollar project to convert two boilers from coal power to natural gas. A project and investment of this size sends a clear message to the community that the Glatfelter Corporation and the paper mill will be a part of Chillicothe for a long time to come.

Another of the region's largest employers is investing in its facility; the Paccar Corporation is well underway on a \$17 million dollar construction project on its Kenworth Chillicothe plant. The project is a 25,000 square foot addition to the facility, which is being built on-top of its current facility. The additional space is designed to enhance truck quality and build efficiency and is a strong sign to Chillicothe and the region that Kenworth is here to stay. Just down the road from Kenworth, Riffle Machine Works announced a \$2.9 million dollar expansion of its facility in early 2016, its third major expansion since 2007.

North Bridge Street continues to be a regional hub for shopping and dining, and construction on this thoroughfare seems to be nonstop. The most notable of the current projects is the construction of a Fairfield Inn and Suites that opened in the fall of 2016.

Last but not least, Downtown Chillicothe's dramatic revitalization continues to gain momentum. Major investment continues across downtown, with major renovations underway to prepare for everything from a brew pub to a children's museum.

Long-Term Financial Planning

Chillicothe voters passed two independent income tax levies in May of 2015, each of which was for .02%. The first is dedicated to the City street construction, maintenance, and repair while the other is dedicated to safety services. The overall Chillicothe City income tax increased from 1.6% to 2.0% effective January 1, 2016. The levy is aimed at paving the streets of Chillicothe and restoring the safety levy capital account to its full potential, allowing Police and Fire to catch up on needed capital improvements. In September of 2015 the City borrowed \$2,000,000 to begin road construction projects. In September 2016, the City re-issued \$1,900,000 in Notes, paying down \$100,000 in principal. In October 2016, the City issued an additional \$3,000,000 in Bonds to continue road construction projects. As of December 31, 2016, the City has spent approximately \$2,100,000 in street construction projects.

The City has sent an assignment to council to begin the process of establishing a Strategic Plan that will be used to set priorities, focus energy and resources, strengthen operations, and ensure that the City is working toward common goals. The Strategic Plan will offer direction, and help make decisions on allocating its resources and funding to pursue capital projects or other development needs. It will also lay down a path to meet estimated future financial or capital needs to ensure a strong financial position in the future.

The City has also discussed the creation of a Budget Stabilization Fund to assist in stabilizing revenues during periods of economic recession or budget crisis. The fund would provide a safeguard to protect critical programs during an economic downturn and help the City maintain a balanced budget.

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, 2015. 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-five 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 26th 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 12 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,



Kristal M. Spetnagel,
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, 2015

Executive Director/CEO

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

MAYOR

Luke Feeney
Term Expires 12-31-19

CITY COUNCIL

Bruce Arnold
President
Term Expires 12-31-17

Beth Neal
1st Ward Council
Term Expires 12-31-17

Alicia Gray
3rd Ward Council
Term Expires 12-31-17

Joel Fleurima
5th Ward Council
Term Expires 12-31-17

Dustin Proehl
Council At Large
Term Expires 12-31-17

David Clay
2nd Ward Council
Term Expires 12-31-17

Dave Tatman
4th Ward Council
Term Expires 12-31-17

Patricia Patrick
6th Ward Council
Term Expires 12-31-17

Ceil Corcoran
Council At Large
Term Expires 12-31-17

Jean Kerney
Council At Large
Term Expires 12-31-17

CITY AUDITOR

Kristal Spetnagel
Term Expires 12-31-17

CITY TREASURER

Jeremy Siberell
Term Expires 12-31-17

DIRECTOR OF LAW

Sherri Rutherford
Term Expires 12-31-19

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

CITY ENGINEER	Tom Day
UTILITIES DIRECTOR	Richard Johnson
SAFETY/SERVICE DIRECTOR	Jeffrey Carmen
PARKS/RECREATION DIRECTOR	William Bonner
TRANSIT DIRECTOR	Mike Green
CLERK OF COUNCIL	John Fosson
ASSISTANT LAW DIRECTOR	Ben Sigall
ASSISTANT LAW DIRECTOR	Michele Rout
ASSISTANT LAW DIRECTOR	Carrie Charles
ASSISTANT LAW DIRECTOR	Pamela Wells

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

CITY AUDITOR	Kristal Spetnagel
TAX AUDITOR	Julie Parker
SYSTEM ADMINISTRATOR	Heidi Leasure
ACCOUNTS PAYABLE ADMINISTRATOR	Amy Arnold
ACCOUNTING CLERK	Holly Cousins
ACCOUNTING CLERK	Lisa Downard
AUDITOR'S CLERK	Jeanne Meyer
AUDITOR'S CLERK	Danielle Graves
PART-TIME CLERK	Kathy Knece

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, 2016, 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Street Construction Maintenance & Repair 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 13 through 23 and the net pension liability and employer contributions schedules on pages 84 through 89 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and 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 nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2017 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 the effectiveness of the City's 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.
Portsmouth, Ohio

June 23, 2017

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
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, 2016. 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 \$1,760,137; net position of the governmental activities decreased \$2,100,648; and net position of the business-type activities increased \$340,511.
2. The General Fund balance of \$3,677,506 increased \$701,070 or 23.55%, from the previous year's balance of \$2,976,436. This was primarily due to an increase 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 these 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 24 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, 2016
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 25 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances, for the General Fund, Street Construction Maintenance and Repair Fund and Bus Transit Fund, which are considered to be major funds. Data from the other 22 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary Funds - The City maintains two different types of proprietary funds; enterprise funds and internal service 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. Internal service funds are an accounting device used to accumulate and allocate cost internally among the City's various functions. The City uses an internal service fund to account for the fuel purchasing program of the City. Because this service predominately benefits governmental rather than business-type functions, it has been included with governmental activities in the government-wide financial statements.

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 certain 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, 2016
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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Net Position (assets and deferred outflows minus liabilities and deferred inflows), Revenues, Expenses and Increase (Decrease) in net position.

Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and Other Assets	\$15,438,284	\$11,555,863	\$10,371,764	\$9,655,729	\$25,810,048	\$21,211,592
Capital Assets, Net	<u>35,982,625</u>	<u>37,476,274</u>	<u>35,918,148</u>	<u>36,769,606</u>	<u>71,900,773</u>	<u>74,245,880</u>
<i>Total Assets</i>	<u>51,420,909</u>	<u>49,032,137</u>	<u>46,289,912</u>	<u>46,425,335</u>	<u>97,710,821</u>	<u>95,457,472</u>
Deferred Outflows of Resources	<u>6,759,474</u>	<u>2,555,462</u>	<u>1,208,432</u>	<u>405,771</u>	<u>7,967,906</u>	<u>2,961,233</u>
Liabilities:						
Current and Other Liabilities	3,703,040	3,488,104	278,863	308,011	3,981,903	3,796,115
<i>Long-Term Liabilities:</i>						
Due Within One Year	1,803,079	1,356,698	881,875	863,287	2,684,954	2,219,985
<i>Due in More Than One Year:</i>						
Net Pension Liability	23,755,343	18,751,653	2,933,494	2,065,057	26,688,837	20,816,710
Other Amounts	<u>8,098,837</u>	<u>5,467,015</u>	<u>2,628,479</u>	<u>3,179,296</u>	<u>10,727,316</u>	<u>8,646,311</u>
<i>Total Liabilities</i>	<u>37,360,299</u>	<u>29,063,470</u>	<u>6,722,711</u>	<u>6,415,651</u>	<u>44,083,010</u>	<u>35,479,121</u>
Deferred Inflows of Resources	<u>1,838,255</u>	<u>1,441,652</u>	<u>55,946</u>	<u>36,279</u>	<u>1,894,201</u>	<u>1,477,931</u>
Net Position:						
Net Investments in						
Capital Assets	29,083,001	31,019,197	33,244,740	33,549,707	62,327,741	64,568,904
<i>Restricted For:</i>						
Debt Service	0	2,720	4	4	4	2,724
Capital Projects	783,956	691,212	618,468	618,468	1,402,424	1,309,680
Other Purposes	4,576,188	1,965,410	0	0	4,576,188	1,965,410
<i>Permanent Fund Purpose:</i>						
Expendable	2,310	2,295	0	0	2,310	2,295
Nonexpendable	1,000	1,000	0	0	1,000	1,000
Unrestricted (Deficit)	<u>(15,464,626)</u>	<u>(12,599,357)</u>	<u>6,856,475</u>	<u>6,210,997</u>	<u>(8,608,151)</u>	<u>(6,388,360)</u>
Total Net Position	<u>\$18,981,829</u>	<u>\$21,082,477</u>	<u>\$40,719,687</u>	<u>\$40,379,176</u>	<u>\$59,701,516</u>	<u>\$61,461,653</u>

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

The City adopted GASB Statement No. 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of these financial statements will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service,
2. Minus plan assets available to pay these benefits.

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is included within the long-term liability section of the statement of net position.

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

In accordance with GASB 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the City is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Current and other assets of governmental activities increased by \$3,882,421 or 33.60% due to increases in cash and cash equivalents held by the City primarily for unspent bond proceeds. Capital assets of the governmental activities decreased \$1,493,649 or 3.99% due to depreciation expense exceeding acquisitions. Current and other liabilities of the governmental activities increased by \$214,936 or 6.16% due to an increase in accounts payable within the General Fund. Long-term liabilities increased as a result of an increase to the estimate for net pension liability, and the issuance of general obligation bonds during 2016.

Current and other assets of business-type activities increased by \$716,035 or 7.42% as a result of an increase in equity in pooled cash and cash equivalents. Capital assets decreased by \$851,458 or 2.32% due to depreciation for the year. Current and other liabilities of business-type activities decreased by \$29,148 or 9.46% due to a decrease in accrued wages and benefits. Long-term liabilities increased as a result of an increase to the estimate for net pension liability.

The City of Chillicothe's total net position decreased from \$61,461,653 at the beginning of 2016 to \$59,701,516 at the end of the year, a change of \$1,760,137 or 2.86%. This decrease is the result of a decrease in the net position of the governmental activities of \$2,100,648 or 9.96% and an increase in the net position of the business-type activities of \$340,511 or 0.84%.

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 2016 and 2015.

Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Program Revenues:						
Charges for Services	\$7,084,308	\$7,273,909	\$7,321,034	\$7,481,246	\$14,405,342	\$14,755,155
Operating Grants and Contributions	2,762,668	2,813,439	0	0	2,762,668	2,813,439
Capital Grants	105,450	330,000	0	0	105,450	330,000
General Revenues:						
Property Taxes	1,098,799	1,076,510	0	0	1,098,799	1,076,510
Income and Other Taxes	14,920,733	12,271,839	0	0	14,920,733	12,271,839
Grants and Entitlements	860,806	741,609	0	0	860,806	741,609
Other	936,129	720,907	218,022	158,384	1,154,151	879,291
<i>Total Revenues</i>	<u>27,768,893</u>	<u>25,228,213</u>	<u>7,539,056</u>	<u>7,639,630</u>	<u>35,307,949</u>	<u>32,867,843</u>

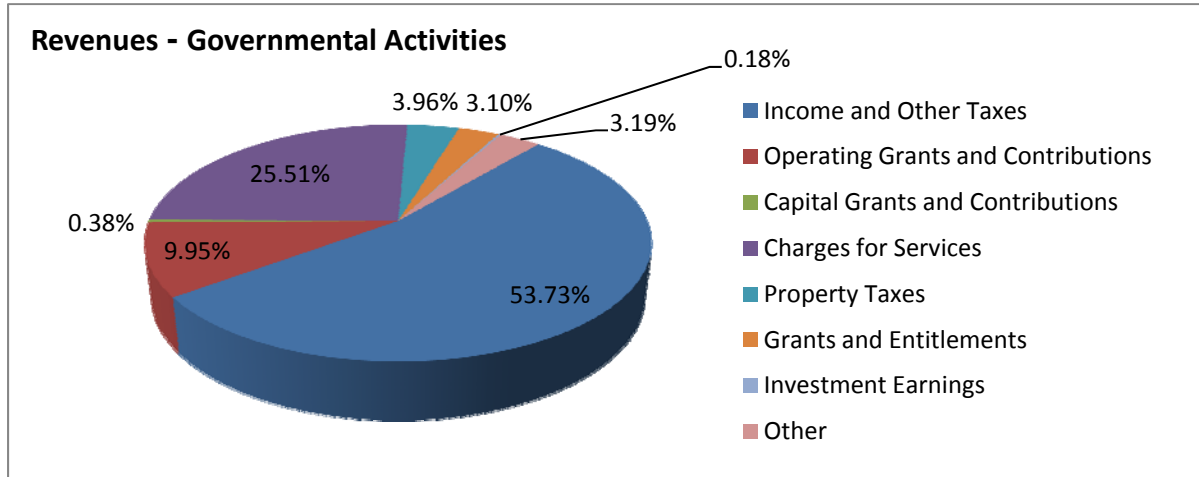
City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Program Expenses						
General Government	\$5,849,212	\$5,586,664	\$0	\$0	\$5,849,212	\$5,586,664
<i>Security of Persons and Property:</i>						
Police	6,400,259	5,207,081	0	0	6,400,259	5,207,081
Fire	6,144,215	5,263,397	0	0	6,144,215	5,263,397
Transportation	8,833,139	8,356,705	0	0	8,833,139	8,356,705
Leisure Time Activities	997,693	789,943	0	0	997,693	789,943
Community Environment	432,011	445,176	0	0	432,011	445,176
Basic Utility Services	920,757	898,156	0	0	920,757	898,156
Interest and Fiscal Charges	191,771	177,562	0	0	191,771	177,562
Issuance Costs	71,950	6,928	0	0	71,950	6,928
Water and Sewer	0	0	7,227,079	6,953,906	7,227,079	6,953,906
<i>Total Expenses</i>	<u>29,841,007</u>	<u>26,731,612</u>	<u>7,227,079</u>	<u>6,953,906</u>	<u>37,068,086</u>	<u>33,685,518</u>
Increase (Decrease) in Net Position Before Transfers	(2,072,114)	(1,503,399)	311,977	685,724	(1,760,137)	(817,675)
Net Transfers In (Out)	<u>(28,534)</u>	<u>(11,832)</u>	<u>28,534</u>	<u>11,832</u>	<u>0</u>	<u>0</u>
Increase (Decrease) in Net Position After Transfers	(2,100,648)	(1,515,231)	340,511	697,556	(1,760,137)	(817,675)
Net position at Beginning of Year	<u>21,082,477</u>	<u>22,597,708</u>	<u>40,379,176</u>	<u>39,681,620</u>	<u>61,461,653</u>	<u>62,279,328</u>
<i>Net position at End of Year</i>	<u>\$18,981,829</u>	<u>\$21,082,477</u>	<u>\$40,719,687</u>	<u>\$40,379,176</u>	<u>\$59,701,516</u>	<u>\$61,461,653</u>

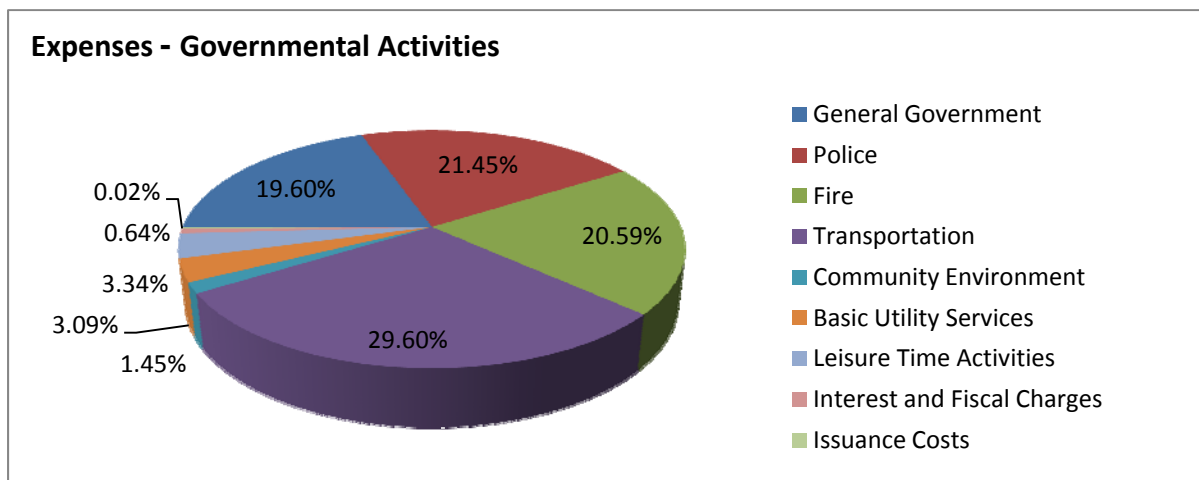
City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

Governmental Activities

Governmental activities decreased the City of Chillicothe's net position by \$2,100,648, which is a change from the previous year's decrease of \$1,515,231. Expenses increased for the year significantly more than revenues increased, which resulted in the decrease to net position.



Of the \$27,768,893 in total revenues, income and other taxes account for 53.73%; charges for services of \$7,084,308 account for 25.51%; operating grants and contributions account for 9.95%; capital grants and contributions account for 0.38%; and unrestricted grants and entitlements, property taxes, and other revenue make up the remaining 10.43%. The income and other tax revenue for 2016 was \$14,920,733, which was an increase of \$2,648,894 or 21.59%, which is a result of the 0.4% income tax rate increase approved by the voters of the City.



The largest functional expense for the City of Chillicothe was for security of persons and property, which includes the Police and Fire departments. Security of persons and property and transportation functions had increases in expenses as a result of additional available funding from the income tax rate increases for safety services and street improvements.

**City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
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 \$340,511. The majority of the increase in net position is due to revenues still exceeding expenses for the year, even though expenses increased and revenues decreased slightly.

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 2016, the total fund balance for the General Fund was \$3,677,506 of which \$3,369,441 was unassigned.

During the current year, the fund balance of the General Fund increased by \$701,070. The increase in the General Fund balance was primarily the result of an increase in income tax revenue.

At the end of 2016, the Street Fund had a fund balance of \$2,122,059, which is an increase of \$2,535,795. This was a result of an issuance of general obligation bonds, and an increase in income tax revenue.

At the end of 2016, the Bus Transit Fund had a fund balance of \$541,380, which is a decrease of \$219,109. This was a result of a decrease in intergovernmental revenue for the year.

Proprietary Funds

During the current year, the net position of the City of Chillicothe's Water Fund increased by \$333,289 or 1.44%. The increase in the Water Fund net position is due to revenues exceeding expenses, even though expenses increased during 2016.

During the current year, the net position of the Sewer Fund increased by \$7,222 or 0.04%. The increase in the Sewer Fund net position is the result of the department controlling spending and keeping expenses within the charges for the fund.

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 2016, 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 \$17,826,886 and the final budgeted revenue amount was \$17,755,569.

The largest difference between the General Fund's original budget and final budget was in Local Taxes, which decreased \$251,386 or 2.12%. This was due to a decrease in the estimated receipts for income tax.

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

The differences between the General Fund's original budget and final amended budget of expenditures amounted to a \$487,827 increase, which included a \$322,937 additional appropriation for general government.

The difference between the General Fund's final budget and actual for the general government expenditures was \$307,814 or 5.48%. This decrease in actual expenditures was primarily the result of decreases in materials and supplies in several departments.

Capital Assets and Debt Administration

CAPITAL ASSETS AT DECEMBER 31
(NET OF DEPRECIATION)

	Governmental Activities		Business-Type Activities	
	2016	2015	2016	2015
Land	\$6,864,490	\$6,864,490	\$1,889,017	\$1,889,017
Construction in Progress	47,500	0	154,394	0
Land Improvements	111,889	156,299	1,560	2,600
Buildings, Structures and Improvements	10,376,035	10,817,397	2,311,256	2,464,222
Plant and Facilities	0	0	12,761,739	13,277,778
Furniture, Fixture & Equipment	2,636,361	2,743,235	468,484	403,890
Infrastructure	15,946,350	16,894,853	18,331,698	18,732,099
Total	<u>\$35,982,625</u>	<u>\$37,476,274</u>	<u>\$35,918,148</u>	<u>\$36,769,606</u>

Total capital assets for governmental activities of the City of Chillicothe for the year 2016 were \$35,982,625 or \$1,493,649 less than in 2015. This decrease was due to the current year depreciation exceeding the current year acquisitions.

The decrease in capital assets for business-type activities of \$851,458 was due primarily to the current year depreciation. Additional information concerning capital assets can be found in Note 8 of the notes to the basic financial statements.

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

As of December 31, 2016, the City of Chillicothe had \$12,064,813 in bonds, loans, and notes outstanding.

OUTSTANDING DEBT AT DECEMBER 31

	<u>2016</u>	<u>2015</u>
Governmental Activities		
General Obligation Bonds:		
Various Purpose	\$3,905,000	\$4,235,000
Garbage Truck	195,000	260,000
Street Construction	3,000,000	0
Squad/Leaf Blower	210,000	0
Police Cruisers	169,813	0
VCNB Squad Loan	50,000	75,000
Bond Anticipation Note	<u>1,900,000</u>	<u>2,000,000</u>
Total Governmental Activities	9,429,813	6,570,000
Business-Type Activities		
Sewer General Obligation Bonds	915,000	1,035,000
ARMC Water General Obligation Bonds	<u>1,720,000</u>	<u>2,135,000</u>
Total Business-Type Activities	<u>2,635,000</u>	<u>3,170,000</u>
Total	<u><u>\$12,064,813</u></u>	<u><u>\$9,740,000</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 \$210,000 general obligation bond was for the purchase of a squad and two leaf blowers.

The \$169,813 general obligation bond was for the purchase of seven police cruisers.

The \$195,000 general obligation bond is for the purchase of a garbage truck.

The \$3,000,000 general obligation bond is for street improvements.

The \$915,000 general obligation bonds are for wastewater treatment plant improvements and sewer improvements in the Neenah Gardens subdivision.

The \$1,720,000 general obligation bonds are for water system improvements near the Adena Regional Medical Center.

The \$50,000 VCNB loan was for the purchase of an emergency medical squad

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

**City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited**

Current Known Facts and Conditions

Chillicothe voters passed two independent income tax levies in May of 2015. Each levy was 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 increased from 1.6% to 2.0% effective January 1, 2016.

In September 2015, the City borrowed \$2,000,000 to begin road construction projects. In September 2016, the City re-issued \$1,900,000 in Bonds paying down \$100,000 in principal. In October 2016, the City issued an additional \$3,000,000 in Bonds to continue road construction projects. As of December 31, 2016, the City has spent approximately \$2,100,000 in street construction projects.

Significant retail development is still ongoing on North Bridge Street at the Guernsey Crossing site. Downtown development is strong as well. During 2016, several new businesses were opened, such as Rost Coffee, Nellie Dog Pottery, R Kitchen on Paint, and Paper City Coffee. As the community continues to grow, industries such as Kenworth Truck Company, Adena Hospital and Glatfelter are in the process of doing a lot of investing and construction upgrades. The Chillicothe City School System has also begun construction of a new elementary school that will consolidate all elementary students in one community school building. The new construction from these industries as well as continuing growth in the community will bring in additional revenue via permits, wages earned, and local dollars spent which will eventually lead to permanent improvement to the downtown area of Chillicothe.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, 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, 2016

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$9,237,405	\$8,604,068	\$17,841,473
Cash and Cash Equivalents in Segregated Accounts	100,513	0	100,513
Investments	1,000	0	1,000
Materials and Supplies Inventory	68,873	35,863	104,736
Accounts Receivable	433,835	1,043,160	1,476,995
Intergovernmental Receivable	1,214,468	0	1,214,468
Prepaid Items	174,764	70,203	244,967
Income Taxes Receivable	2,865,876	0	2,865,876
Property Taxes Receivable	1,183,029	0	1,183,029
Other Taxes Receivable	142,129	0	142,129
Special Assessments Receivable	16,392	0	16,392
<i>Restricted Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	0	618,466	618,466
Cash and Cash Equivalents with Fiscal Agents	0	4	4
Non-Depreciable Capital Assets	6,911,990	2,043,411	8,955,401
Depreciable Capital Assets, net	29,070,635	33,874,737	62,945,372
<i>Total Assets</i>	<u>51,420,909</u>	<u>46,289,912</u>	<u>97,710,821</u>
Deferred Outflows of Resources	<u>6,759,474</u>	<u>1,208,432</u>	<u>7,967,906</u>
Liabilities:			
Accounts Payable	801,043	148,185	949,228
Accrued Wages and Benefits	160,761	33,559	194,320
Contracts Payable	257,228	0	257,228
Intergovernmental Payable	520,808	92,328	613,136
Matured Compensated Absences	35,293	0	35,293
Accrued Interest Payable	27,907	4,791	32,698
Notes Payable	1,900,000	0	1,900,000
<i>Long-Term Liabilities:</i>			
Due Within One Year	1,803,079	881,875	2,684,954
<i>Due in More Than One Year:</i>			
Net Pension Liability	23,755,343	2,933,494	26,688,837
Other Amounts Due in More Than One Year	8,098,837	2,628,479	10,727,316
<i>Total Liabilities</i>	<u>37,360,299</u>	<u>6,722,711</u>	<u>44,083,010</u>
Deferred Inflows of Resources	<u>1,838,255</u>	<u>55,946</u>	<u>1,894,201</u>
Net Position:			
Net Investments in Capital Assets	29,083,001	33,244,740	62,327,741
<i>Restricted for:</i>			
Debt Service	0	4	4
Capital Outlay	783,956	618,468	1,402,424
Street Maintenance and Repair	2,507,600	0	2,507,600
Bus Transit	745,369	0	745,369
Housing and Urban Development	62,535	0	62,535
Other Purposes	1,260,684	0	1,260,684
<i>Permanent Fund Purpose:</i>			
Expendable	2,310	0	2,310
Nonexpendable	1,000	0	1,000
Unrestricted (Deficit)	(15,464,626)	6,856,475	(8,608,151)
<i>Total Net Position</i>	<u>\$18,981,829</u>	<u>\$40,719,687</u>	<u>\$59,701,516</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Activities
For the Year Ended December 31, 2016

	Program Revenues		
	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Expenses			
Governmental Activities:			
General Government	\$5,849,212	\$2,483,728	\$0
<i>Security of Persons and Property:</i>			
Police	6,400,259	33,477	14,800
Fire	6,144,215	1,037,872	14,017
Transportation	8,833,139	1,959,322	2,664,810
Leisure Time Services	997,693	114,592	0
Community Environment	432,011	0	69,041
Basic Utility Services	920,757	1,455,317	0
Interest and Fiscal Charges	191,771	0	0
Issuance Costs	71,950	0	0
<i>Total Governmental Activities</i>	<u>29,841,007</u>	<u>7,084,308</u>	<u>2,762,668</u>
Business-Type Activities:			
Sewer	3,148,529	3,044,372	0
Water	4,078,550	4,276,662	0
<i>Total Business-Type Activities</i>	<u>7,227,079</u>	<u>7,321,034</u>	<u>0</u>
<i>Totals</i>	<u>\$37,068,086</u>	<u>\$14,405,342</u>	<u>\$2,762,668</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

Gain on Sale of Capital Assets

Investment Earnings

Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(3,365,484)	\$0	(\$3,365,484)
(6,351,982)	0	(6,351,982)
(5,092,326)	0	(5,092,326)
(4,113,557)	0	(4,113,557)
(873,101)	0	(873,101)
(362,970)	0	(362,970)
534,560	0	534,560
(191,771)	0	(191,771)
(71,950)	0	(71,950)
<u>(19,888,581)</u>	<u>0</u>	<u>(19,888,581)</u>
0	(104,157)	(104,157)
<u>0</u>	<u>198,112</u>	<u>198,112</u>
<u>0</u>	<u>93,955</u>	<u>93,955</u>
<u>(19,888,581)</u>	<u>93,955</u>	<u>(19,794,626)</u>
884,981	0	884,981
213,818	0	213,818
11,500,817	0	11,500,817
2,176,293	0	2,176,293
938,664	0	938,664
304,959	0	304,959
860,806	0	860,806
13,318	0	13,318
49,563	0	49,563
<u>873,248</u>	<u>218,022</u>	<u>1,091,270</u>
17,816,467	218,022	18,034,489
<u>(28,534)</u>	<u>28,534</u>	<u>0</u>
<u>17,787,933</u>	<u>246,556</u>	<u>18,034,489</u>
(2,100,648)	340,511	(1,760,137)
<u>21,082,477</u>	<u>40,379,176</u>	<u>61,461,653</u>
<u>\$18,981,829</u>	<u>\$40,719,687</u>	<u>\$59,701,516</u>

City of Chillicothe, Ohio
Balance Sheet
Governmental Funds
December 31, 2016

	General	Street Construction Maintenance & Repair Fund	Bus Transit	All Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$2,644,181	\$4,002,385	\$727,839	\$1,809,659	\$9,184,064
Cash and Cash Equivalents in Segregated Accounts	98,911	0	0	1,602	100,513
Investments in City Treasury	0	0	0	1,000	1,000
Accounts Receivable	398,511	5,767	25,023	4,534	433,835
Interfund Receivable	20,489	0	0	110,000	130,489
Intergovernmental Receivable	392,311	444,888	232,520	144,749	1,214,468
Income Taxes Receivable	2,149,407	286,587	143,294	286,588	2,865,876
Property Taxes Receivable	953,389	0	0	229,640	1,183,029
Other Taxes Receivable	142,129	0	0	0	142,129
Special Assessments Receivable	16,392	0	0	0	16,392
Materials and Supplies Inventory	44,427	8,459	15,987	0	68,873
Prepaid Items	121,879	1,472	28,984	22,429	174,764
<i>Total Assets</i>	<u>\$6,982,026</u>	<u>\$4,749,558</u>	<u>\$1,173,647</u>	<u>\$2,610,201</u>	<u>\$15,515,432</u>
Liabilities:					
Accounts Payable	\$427,795	\$51,936	\$240,830	\$80,482	\$801,043
Accrued Wages and Benefits	128,778	6,169	21,473	4,341	160,761
Contracts Payable	5,495	202,725	0	49,008	257,228
Intergovernmental Payable	328,144	14,768	63,432	114,464	520,808
Matured Compensated Absences	35,293	0	0	0	35,293
Accrued Interest Payable	0	6,172	0	0	6,172
Interfund Payable	110,000	8,613	3,750	8,126	130,489
Notes Payable	0	1,900,000	0	0	1,900,000
<i>Total Liabilities</i>	<u>1,035,505</u>	<u>2,190,383</u>	<u>329,485</u>	<u>256,421</u>	<u>3,811,794</u>
Deferred Inflows of Resources	<u>2,269,015</u>	<u>437,116</u>	<u>302,782</u>	<u>439,700</u>	<u>3,448,613</u>
Fund Balances:					
Nonspendable	255,045	9,931	44,971	23,429	333,376
Restricted	0	2,112,128	496,409	1,884,886	4,493,423
Committed	34,567	0	0	0	34,567
Assigned	18,453	0	0	5,765	24,218
Unassigned	3,369,441	0	0	0	3,369,441
<i>Total Fund Balances</i>	<u>3,677,506</u>	<u>2,122,059</u>	<u>541,380</u>	<u>1,914,080</u>	<u>8,255,025</u>
<i>Total Liabilities, Deferred Inflows and Fund Balances</i>	<u>\$6,982,026</u>	<u>\$4,749,558</u>	<u>\$1,173,647</u>	<u>\$2,610,201</u>	<u>\$15,515,432</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, 2016

Total Governmental Fund Balances \$8,255,025

**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. 35,982,625

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

Property and Other Taxes	60,241
Income Taxes	1,405,240
Intergovernmental	850,367
Special Assessments	<u>9,977</u>

Total 2,325,825

Some interest is not due and payable in the current period and
 therefore is not reported in the funds. (21,735)

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	(3,905,000)
General Obligation Bonds	(3,574,813)
Premium on Bonds	(124,823)
Loan Payable	(50,000)
Capital Leases Payable	(136,767)
Landfill Postclosure Costs	(215,302)
Compensated Absences Payable	<u>(1,895,211)</u>

Total (9,901,916)

The net pension liability is not due and payable in the current
 period; therefore, the liability and related deferred
 inflows/outflows are not reported in the governmental funds:

Deferred Outflows - Pension	6,759,474
Deferred Inflows - Pension	(715,467)
Net Pension Liability	<u>(23,755,343)</u>

Total (17,711,336)

An internal service fund is used by management to charge the costs of fuel purchasing
 program to individual funds. The assets and liabilities of the internal service fund are
 included in governmental activities in the Statement of Net Position.

53,341

Net Position of Governmental Activities \$18,981,829

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, 2016

	General	Street Construction Maintenance & Repair Fund	Bus Transit	All Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$876,601	\$0	\$0	\$211,946	\$1,088,547
Income Taxes	10,643,895	1,282,053	742,094	1,480,726	14,148,768
Other Local Taxes	304,959	0	0	0	304,959
Charges for Services	3,103,425	0	1,933,629	101,274	5,138,328
Fines, Licenses, and Permits	1,862,827	0	0	54,687	1,917,514
Intergovernmental	867,926	894,451	1,448,447	320,184	3,531,008
Special Assessments	11,566	0	0	0	11,566
Interest	49,547	0	0	16	49,563
Contributions and Donations	0	0	0	26,900	26,900
Other	631,711	23,008	174,149	48,960	877,828
<i>Total Revenues</i>	<u>18,352,457</u>	<u>2,199,512</u>	<u>4,298,319</u>	<u>2,244,693</u>	<u>27,094,981</u>
Expenditures:					
<i>Current:</i>					
General Government	5,589,191	0	0	0	5,589,191
<i>Security of Persons and Property:</i>					
Police	4,924,198	0	0	589,985	5,514,183
Fire	4,504,232	0	0	690,159	5,194,391
Transportation	343,515	2,539,116	4,419,310	194,043	7,495,984
Leisure Time Services	0	0	0	690,016	690,016
Community Environment	52,816	0	0	41,895	94,711
Basic Utility Services	929,540	0	0	0	929,540
Capital Outlay	47,407	0	0	1,098,091	1,145,498
<i>Debt Service:</i>					
Principal Retirements	211,379	120,000	33,389	211,735	576,503
Interest and Fiscal Charges	86,858	34,826	44,532	23,307	189,523
Issuance Costs	0	71,950	0	0	71,950
<i>Total Expenditures</i>	<u>16,689,136</u>	<u>2,765,892</u>	<u>4,497,231</u>	<u>3,539,231</u>	<u>27,491,490</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,663,321</u>	<u>(566,380)</u>	<u>(198,912)</u>	<u>(1,294,538)</u>	<u>(396,509)</u>
Other Financing Sources and Uses:					
Proceeds from the Sale of Capital Assets	33,840	0	6,288	0	40,128
Issuance of General Obligation Bonds	61,764	3,000,000	0	374,653	3,436,417
Inception of Capital Lease	87,291	0	0	0	87,291
Premium on Debt Issued	0	102,175	0	0	102,175
Transfers In	110,003	0	0	1,232,350	1,342,353
Transfers Out	(1,255,149)	0	(26,485)	(89,253)	(1,370,887)
<i>Total Other Financing Sources and Uses</i>	<u>(962,251)</u>	<u>3,102,175</u>	<u>(20,197)</u>	<u>1,517,750</u>	<u>3,637,477</u>
<i>Net Change in Fund Balance</i>	701,070	2,535,795	(219,109)	223,212	3,240,968
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>2,976,436</u>	<u>(413,736)</u>	<u>760,489</u>	<u>1,690,868</u>	<u>5,014,057</u>
<i>Fund Balance at End of Year</i>	<u>\$3,677,506</u>	<u>\$2,122,059</u>	<u>\$541,380</u>	<u>\$1,914,080</u>	<u>\$8,255,025</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, 2016

Net Change in Fund Balances - Total Governmental Funds \$3,240,968

**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	1,827,793	
Current Year Depreciation	(3,294,632)	
Total	(1,466,839)	(1,466,839)

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.

(26,810)

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

Delinquent Property Taxes	10,252	
Income Taxes	467,006	
Intergovernmental	182,231	
Delinquent Special Assessments	1,105	
Total	660,594	660,594

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		576,503
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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.

(7,809)

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 Bonds	(3,436,417)	
Premium on Bonds Issued	(102,175)	
Inception of Capital Leases	(87,291)	
Total	(3,625,883)	(3,625,883)

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.

46,775

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	(85,857)	
Premium on Bonds Issued	5,561	
Capital Leases Traded-In	4,698	
Total	(75,598)	(75,598)

Contractually required contributions are reported as expenditures in governmental
 funds; however, the statement of activities reports these amounts as deferred
 outflows.

1,804,833

Except for amounts reported as deferred inflows/outflows, changes in the net
 pension liability are reported as pension expense in the statement of activities.

(3,239,688)

The internal service fund used by management to charge the cost of fuel purchasing program to individual funds
 is not reported in the government-wide Statement of Activities. Governmental expenditures
 and the related internal service fund revenue are eliminated. The net revenue (expense) of the
 internal service fund is allocated among the activities.

12,306

Change in Net Position - Governmental Activities

(\$2,100,648)

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, 2016

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
Revenues				
Local Taxes	\$11,859,706	\$11,608,320	\$12,221,381	\$613,061
Charges for Services	3,160,085	3,062,235	3,105,370	43,135
Fines, Licenses and Permits	1,560,400	1,701,790	1,842,651	140,861
Intergovernmental	932,495	917,395	934,106	16,711
Special Assessments	5,000	5,000	5,151	151
Investment Earnings	20,000	38,100	48,212	10,112
Other	289,200	422,729	455,185	32,456
Total Revenue	17,826,886	17,755,569	18,612,056	856,487
Expenditures:				
<i>Current:</i>				
General Government	5,297,632	5,620,569	5,312,755	307,814
Security of Persons and Property				
Police	5,122,247	5,192,733	5,101,033	91,700
Fire	4,504,725	4,543,311	4,533,217	10,094
Transportation	335,000	345,678	343,515	2,163
Community Environment	800	600	0	600
Basic Utility Services	901,818	970,158	947,790	22,368
<i>Debt Service:</i>				
Principal Retirement	115,000	115,000	115,000	0
Interest and Fiscal Charges	100,769	77,769	77,769	0
Total Expenditures	16,377,991	16,865,818	16,431,079	434,739
<i>Excess of Revenues Over Expenditures</i>	1,448,895	889,751	2,180,977	1,291,226
Other Financing Sources and Uses:				
Proceeds from Sale of Capital Assets	0	33,800	33,840	40
General Obligation Bonds Issued	0	61,764	61,764	0
Transfers In	152,625	83,625	110,003	26,378
Transfers Out	(1,643,086)	(1,728,199)	(1,707,349)	20,850
Total Other Financing Sources and Uses	(1,490,461)	(1,549,010)	(1,501,742)	47,268
<i>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</i>	(41,566)	(659,259)	679,235	1,338,494
<i>Fund Balances at Beginning of Year</i>	1,611,866	1,611,866	1,611,866	0
<i>Prior Year Encumbrances Appropriated</i>	25,183	25,183	25,183	0
Fund Balances at End of Year	\$1,595,483	\$977,790	\$2,316,284	\$1,338,494

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Budget Basis)
Street Construction Maintenance & Repair Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Local Taxes	\$1,405,000	\$1,125,000	\$1,174,920	\$49,920
Intergovernmental	903,000	918,000	886,616	(31,384)
Other	0	8,000	17,241	9,241
<i>Total Revenues</i>	<u>2,308,000</u>	<u>2,051,000</u>	<u>2,078,777</u>	<u>27,777</u>
Expenditures:				
<i>Current:</i>				
Transportation	1,604,751	6,199,330	2,487,688	3,711,642
<i>Debt Service:</i>				
Principal Retirement	2,120,000	2,120,000	2,120,000	0
Interest and Fiscal Charges	45,013	45,013	37,013	8,000
Issuance Costs	0	71,950	71,950	0
<i>Total Expenditures</i>	<u>3,769,764</u>	<u>8,436,293</u>	<u>4,716,651</u>	<u>3,719,642</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,461,764)	(6,385,293)	(2,637,874)	3,747,419
Other Financing Sources and Uses:				
Issuance of Notes	1,300,000	1,900,000	1,900,000	0
Issuance of General Obligation Bonds	0	3,000,000	3,000,000	0
Premium on Debt Issued	0	102,175	102,175	0
Transfers Out	0	(8,000)	0	8,000
<i>Total Other Financing Sources and Uses</i>	<u>1,300,000</u>	<u>4,994,175</u>	<u>5,002,175</u>	<u>8,000</u>
<i>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</i>	(161,764)	(1,391,118)	2,364,301	3,755,419
<i>Fund Balances at Beginning of Year</i>	716,408	716,408	716,408	0
<i>Prior Year Encumbrances Appropriated</i>	<u>786,215</u>	<u>786,215</u>	<u>786,215</u>	<u>0</u>
<i>Fund Balances at End of Year</i>	<u>\$1,340,859</u>	<u>\$111,505</u>	<u>\$3,866,924</u>	<u>\$3,755,419</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Budget Basis)
Bus Transit Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Local Taxes	\$708,000	\$708,000	\$758,829	\$50,829
Charges for Services	2,677,800	1,780,800	1,933,629	152,829
Intergovernmental	1,507,922	1,497,422	1,491,126	(6,296)
Other	114,700	113,000	149,126	36,126
<i>Total Revenues</i>	<u>5,008,422</u>	<u>4,099,222</u>	<u>4,332,710</u>	<u>233,488</u>
Expenditures:				
<i>Current:</i>				
Transportation	5,146,731	4,734,564	4,619,920	114,644
<i>Debt Service:</i>				
Principal Retirement	30,000	30,000	30,000	0
Interest and Fiscal Charges	43,732	43,732	43,731	1
<i>Total Expenditures</i>	<u>5,220,463</u>	<u>4,808,296</u>	<u>4,693,651</u>	<u>114,645</u>
<i>Excess of Revenues Under Expenditures</i>	(212,041)	(709,074)	(360,941)	348,133
Other Financing Sources and Uses:				
Proceeds from the Sale of Capital Assets	0	0	6,288	6,288
Transfers In	0	14,700	0	(14,700)
Transfers Out	(26,400)	(26,675)	(26,485)	190
<i>Total Other Financing Sources and Uses</i>	<u>(26,400)</u>	<u>(11,975)</u>	<u>(20,197)</u>	<u>(8,222)</u>
<i>Excess of Revenues and Other Sources Under Expenditures and Other Uses</i>	(238,441)	(721,049)	(381,138)	339,911
<i>Fund Balances at Beginning of Year</i>	751,620	751,620	751,620	0
<i>Prior Year Encumbrances Appropriated</i>	79,710	79,710	79,710	0
<i>Fund Balances at End of Year</i>	<u>\$592,889</u>	<u>\$110,281</u>	<u>\$450,192</u>	<u>\$339,911</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2016

	Enterprise Funds		Total	Governmental
	Water	Sewer		Internal Service
Assets:				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$4,790,955	\$3,813,113	\$8,604,068	\$53,341
Accounts Receivable	596,644	446,516	1,043,160	0
Materials and Supplies Inventory	28,995	6,868	35,863	0
Prepaid Items	40,686	29,517	70,203	0
<i>Total Current Assets</i>	<u>5,457,280</u>	<u>4,296,014</u>	<u>9,753,294</u>	<u>53,341</u>
<i>Noncurrent Assets:</i>				
<i>Restricted Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	0	618,466	618,466	0
Cash and Cash Equivalents with Fiscal Agents	4	0	4	0
Non-Depreciable Capital Assets	1,566,914	476,497	2,043,411	0
Depreciable Capital Assets, Net	19,749,958	14,124,779	33,874,737	0
<i>Total Noncurrent Assets</i>	<u>21,316,876</u>	<u>15,219,742</u>	<u>36,536,618</u>	<u>0</u>
<i>Total Assets</i>	<u>26,774,156</u>	<u>19,515,756</u>	<u>46,289,912</u>	<u>53,341</u>
Deferred Outflows of Resources	<u>648,676</u>	<u>559,756</u>	<u>1,208,432</u>	<u>0</u>
Liabilities:				
<i>Current:</i>				
Accounts Payable	112,344	35,841	148,185	0
Accrued Wages and Benefits	14,779	18,780	33,559	0
Intergovernmental Payable	50,764	41,564	92,328	0
Accrued Interest Payable	2,655	2,136	4,791	0
Compensated Absences Payable	170,164	167,945	338,109	0
General Obligation Bonds Payable	420,000	120,000	540,000	0
Capital Lease Payable	3,766	0	3,766	0
<i>Total Current Liabilities</i>	<u>774,472</u>	<u>386,266</u>	<u>1,160,738</u>	<u>0</u>
<i>Noncurrent Liabilities:</i>				
Compensated Absences Payable - net of current portion	257,678	223,659	481,337	0
General Obligation Bonds Payable - net of current portion	1,333,117	812,376	2,145,493	0
Capital Leases Payable - net of current portion	1,649	0	1,649	0
Net Pension Liability	1,602,549	1,330,945	2,933,494	0
<i>Total Noncurrent Liabilities</i>	<u>3,194,993</u>	<u>2,366,980</u>	<u>5,561,973</u>	<u>0</u>
<i>Total Liabilities</i>	<u>3,969,465</u>	<u>2,753,246</u>	<u>6,722,711</u>	<u>0</u>
Deferred Inflows of Resources	<u>30,563</u>	<u>25,383</u>	<u>55,946</u>	<u>0</u>
Net Position:				
Net Investments in Capital Assets	19,558,340	13,686,400	33,244,740	0
Restricted for Debt Service	4	0	4	0
Restricted for Capital Outlay	0	618,468	618,468	0
Unrestricted	3,864,460	2,992,015	6,856,475	53,341
<i>Total Net Position</i>	<u>\$23,422,804</u>	<u>\$17,296,883</u>	<u>\$40,719,687</u>	<u>\$53,341</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, 2016

	Enterprise Funds		Total	Governmental
	Water	Sewer		Internal Service
Operating Revenues:				
Charges for Services	\$4,276,662	\$3,044,372	\$7,321,034	\$290,851
Other	135,940	82,082	218,022	0
<i>Total Operating Revenues</i>	<u>4,412,602</u>	<u>3,126,454</u>	<u>7,539,056</u>	<u>290,851</u>
Operating Expenses:				
Personal Services	1,301,847	1,129,066	2,430,913	0
Fringe Benefits	795,270	578,131	1,373,401	0
Contractual Services	105,181	64,783	169,964	0
Materials and Supplies	449,163	491,695	940,858	278,545
Depreciation	802,386	635,573	1,437,959	0
Other	270,084	222,112	492,196	0
<i>Total Operating Expenses</i>	<u>3,723,931</u>	<u>3,121,360</u>	<u>6,845,291</u>	<u>278,545</u>
<i>Operating Income</i>	<u>688,671</u>	<u>5,094</u>	<u>693,765</u>	<u>12,306</u>
Non-Operating Expenses:				
Interest and Fiscal Charges	(29,734)	(27,169)	(56,903)	0
Loss on Disposal of Capital Assets	(324,885)	0	(324,885)	0
<i>Total Non-Operating Expense</i>	<u>(354,619)</u>	<u>(27,169)</u>	<u>(381,788)</u>	<u>0</u>
<i>Income (Loss) Before Transfers</i>	<u>334,052</u>	<u>(22,075)</u>	<u>311,977</u>	<u>12,306</u>
Transfers In	0	30,000	30,000	0
Transfers Out	(763)	(703)	(1,466)	0
<i>Change in Net Position</i>	<u>333,289</u>	<u>7,222</u>	<u>340,511</u>	<u>12,306</u>
<i>Net Position at Beginning of Year</i>	<u>23,089,515</u>	<u>17,289,661</u>	<u>40,379,176</u>	<u>41,035</u>
<i>Net Position at End of Year</i>	<u>\$23,422,804</u>	<u>\$17,296,883</u>	<u>\$40,719,687</u>	<u>\$53,341</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, 2016

	Enterprise Funds		Total	Governmental
	Water	Sewer		Activities
				Internal Service
Cash Flows from Operating Activities:				
Cash Received from Customers	\$4,289,422	\$3,043,061	\$7,332,483	\$290,851
Cash Received from Other Receipts	117,933	62,057	179,990	0
Cash Payments to Employees	(2,025,846)	(1,785,082)	(3,810,928)	0
Cash Payments for Contractual Services	(89,210)	(83,609)	(172,819)	0
Cash Payments for Supplies and Materials	(382,235)	(495,809)	(878,044)	(278,545)
Cash Payments for Other Expenses	(270,234)	(195,257)	(465,491)	0
<i>Net Cash Provided by Operating Activities</i>	<u>1,639,830</u>	<u>545,361</u>	<u>2,185,191</u>	<u>12,306</u>
Cash Flows from Non-Capital Financing Activities:				
Transfers In from Other Funds	0	30,000	30,000	0
Transfers Out to Other Funds	(763)	(703)	(1,466)	0
<i>Net Cash Provided (Used) by Non-Capital Financing Activities</i>	<u>(763)</u>	<u>29,297</u>	<u>28,534</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities:				
Principal Paid on Bonds, Notes and Capital Leases	(418,229)	(120,000)	(538,229)	0
Interest Paid on Bonds, Notes and Capital Leases	(38,525)	(27,550)	(66,075)	0
Cash Paid to Acquire/Construct Capital Assets	(830,401)	(80,985)	(911,386)	0
<i>Net Cash Used by Capital and Related Financing</i>	<u>(1,287,155)</u>	<u>(228,535)</u>	<u>(1,515,690)</u>	<u>0</u>
<i>Net Change In Cash and Cash Equivalents</i>	351,912	346,123	698,035	12,306
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>4,439,047</u>	<u>4,085,456</u>	<u>8,524,503</u>	<u>41,035</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$4,790,959</u></u>	<u><u>\$4,431,579</u></u>	<u><u>\$9,222,538</u></u>	<u><u>\$53,341</u></u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Enterprise Funds		Total	Governmental
	Water	Sewer		Activities
				Internal Service
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	\$688,671	\$5,094	\$693,765	\$12,306
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation Expense	802,386	635,573	1,437,959	0
<i>Changes in Assets and Liabilities:</i>				
(Increase) Decrease in Accounts Receivable	(5,247)	(21,336)	(26,583)	0
(Increase) Decrease in Material & Supply Inventory	11,703	(4,114)	7,589	0
(Increase) Decrease in Prepaid Items	1,048	(54)	994	0
(Increase) Decrease in Deferred Outflows of Resources	(442,253)	(362,908)	(805,161)	0
Increase (Decrease) in Accounts Payable	69,998	8,083	78,081	0
Increase (Decrease) in Accrued Wages Payable	(38,951)	(48,638)	(87,589)	0
Increase (Decrease) in Compensated Absences Payable	50,504	(33,742)	16,762	0
Increase (Decrease) in Intergovernmental Payable	(6,734)	(11,996)	(18,730)	0
Increase (Decrease) in Net Pension Liability	497,555	370,882	868,437	0
Increase (Decrease) in Deferred Inflows of Resources	11,150	8,517	19,667	0
Net Cash Provided by Operating Activities	<u>\$1,639,830</u>	<u>\$545,361</u>	<u>\$2,185,191</u>	<u>\$12,306</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2016

	Agency Funds
	<hr/>
Assets:	
<i>Current Assets:</i>	
Equity in Pooled Cash & Cash Equivalents	\$39,076
Cash and Cash Equivalents in Segregated Accounts	175,077
	<hr/>
<i>Total Assets</i>	\$214,153
	<hr/> <hr/>
Liabilities:	
<i>Current Liabilities:</i>	
Intergovernmental Payable	\$73,552
Undistributed Monies	101,525
Deposits Held and Due to Others	39,076
	<hr/>
<i>Total Liabilities</i>	\$214,153
	<hr/> <hr/>

See accompanying notes to the basic financial statements

**CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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. The internal service fund is presented as a single column on the face of the proprietary fund statements. 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.

Street Construction Maintenance & Repair Fund - To account for that portion of the state gasoline tax, motor vehicle registration fees, and income tax revenue designated for maintenance and repair of streets within the City.

**CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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.

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 either enterprise or internal service. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost reimbursement basis. 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.

The only internal service fund of the City accounts for a fuel purchasing program which provides bulk fuel purchases for vehicles of the various City departments.

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.

**CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets, all liabilities and deferred inflows/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 17).

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

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

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

**CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Expenditures/Expenses

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

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

Budgetary Accounting and Control

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

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

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

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

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

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

Cash and Cash Equivalents

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

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

CITY OF CHILlicothe, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

Following the local ordinance of the City as well as Ohio statutes, the City has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during 2016 amounted to \$49,547, which includes \$42,474 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 cost on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories are stated at cost determined on a first-in, first-out basis.

Inventory 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, 2016 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, 2016

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

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

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

Compensated Absences

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

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

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

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

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

**CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

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, matured compensated absences, and net pension liability 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.

**CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

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

Net 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 first 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 and charges for services provided to other city funds by the internal service fund. 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, 2016**

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 2016.

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, Street Construction Maintenance & Repair 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
FOR THE YEAR ENDED DECEMBER 31, 2016

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

Net Change in Fund Balance/Excess of Revenue and Other Sources			
Over (Under) Expenditures and Other Uses			
	<u>General Fund</u>	<u>Street Construction Maintenance & Repair</u>	<u>Bus Transit Fund</u>
GAAP Basis	\$701,070	\$2,535,795	(\$219,109)
<i>Adjustments:</i>			
Net Adjustments for Revenue Accruals	270,282	(120,735)	34,391
Net Adjustments for Expenditure Accruals	(212,541)	(1,815,297)	81,228
Encumbrances	(19,047)	(135,462)	(277,648)
Net Adjustment for Other Sources (Uses)	(52,291)	1,900,000	0
<i>Prospective Difference:</i>			
Activity of Funds Reclassified For GAAP Reporting Purposes	<u>(8,238)</u>	<u>0</u>	<u>0</u>
Budget Basis	<u><u>\$679,235</u></u>	<u><u>\$2,364,301</u></u>	<u><u>(\$381,138)</u></u>

NOTE 4 - NEW GASB PRONOUNCEMENTS AND RESTATEMENT OF NET POSITION

For fiscal year 2016, the City implemented GASB Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 38", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Government," GASB Statement No. 77, "Tax Abatement Disclosures," and GASB Statement No. 78, "Pension Provided through Certain Multiple-Employer Defined Benefit Pension Plans." The implementation of GASB Statements Nos. 72, 73, 76, 77 and 78 had no effect on the prior period fund balances of the City, but did have some additional disclosure requirements.

NOTE 5 - 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;

CITY OF CHILlicothe, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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	\$18,499,015
-Segregated	275,590
-Fiscal Agents	4
Investment (Carrying Amount)	1,000
Reconciling items (net) to arrive at bank balances for deposits	444,778
	<hr/>
Total available for deposit and investment	\$19,220,387
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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 Bank, 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, 2016, the carrying amount of all City deposits was \$18,774,609. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosures,” as of December 31, 2016, the City’s bank balance of \$19,219,387 was either covered by the Federal Deposit Insurance or collateralized by the financial institution’s public entity deposit pools in the manner described above.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Investments: As of December 31, 2016, the City had the following investments and maturities:

Investment Type	Fair Value	One Year or Less
U.S. Treasury Bond	\$1,000	\$1,000
Total	\$1,000	\$1,000

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. Standard and Poor’s has assigned a rating of “AA+” to U.S. Treasury Bonds.

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.

For fiscal year 2016, Governmental Accounting Standards Board (GASB) Statement No. 72, “Fair Value Measurement and Application,” was effective. This GASB pronouncement had no effect on beginning net position or fund balances, but did have some additional disclosure requirements. Accordingly, the City has categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above chart identifies the City’s recurring fair value measurements as of December 31, 2016.

The City’s investment is a Level 1 input.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2016 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:

CITY OF CHILlicothe, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Governmental Activities

General Fund:

Local Government Distributions	\$333,502
State Property Tax Reimbursements	<u>58,809</u>
Total General Fund	392,311

Street Construction Maintenance & Repair Distributions	444,888
Bus Transit Grants	232,520

Nonmajor Governmental Funds:

State Highway Distributions	36,072
HUD Grants	53,004
State Grants	40,784
Police & Fire Pension State Property Tax Reimbursements	14,106
Safety Levy Capital	<u>783</u>
Total Nonmajor Governmental Funds	<u>144,749</u>

Total Intergovernmental Receivables \$1,214,468

NOTE 7 – 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 are reported on the government-wide statement of net position and include deferred charges on refunding and pension expense. 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. A deferral for pension results from changes in Net Pension Liability not recognized as a component of current year pension expense. This amount is deferred and amortized over various periods as instructed by the pension plan administrators. Deferred outflows of resources related to pensions are explained further in Note 12.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
Pension	\$6,759,474	\$1,190,932	\$648,676	\$542,256
Deferred Charges on Refunding Debt	<u>0</u>	<u>17,500</u>	<u>0</u>	<u>17,500</u>
Total	<u><u>\$6,759,474</u></u>	<u><u>\$1,208,432</u></u>	<u><u>\$648,676</u></u>	<u><u>\$559,756</u></u>

CITY OF CHILlicothe, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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, unavailable revenues and pensions. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2016, but which were levied to finance year 2017 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Additionally, deferred inflows related to pensions are reported in the government-wide statement of net position. Deferred inflows related to pensions result from changes in net pension liability not recognized as a component of current year expense. Deferred inflows of resources related to pensions are explained further in Note 12.

	Governmental Activities	Business-Type Activities	Water Fund	Sewer Fund
Property Tax	\$1,122,788	\$0	\$0	\$0
Pension	715,467	55,946	30,563	25,383
Total	\$1,838,255	\$55,946	\$30,563	\$25,383

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

	Governmental Type Funds				
	General	Street	Bus Transit	Other Governmental Funds	Totals
Property Tax	\$953,389	\$0	\$0	\$229,640	\$1,183,029
Income Taxes	1,053,930	140,524	70,262	140,524	1,405,240
Grants and Entitlements	251,719	296,592	232,520	69,536	850,367
Special Assessment	9,977	0	0	0	9,977
Total Deferred Inflows of Resources	\$2,269,015	\$437,116	\$302,782	\$439,700	\$3,448,613

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 8 - CAPITAL ASSETS

The following table provides a summary of the changes in capital assets during 2016 for the governmental activities:

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016
Governmental Activities:				
<i>Nondepreciable Capital Assets:</i>				
Land	\$6,864,490	\$0	\$0	\$6,864,490
Construction in Progress	0	47,500	0	47,500
Total Nondepreciable Capital Assets	<u>6,864,490</u>	<u>47,500</u>	<u>0</u>	<u>6,911,990</u>
<i>Depreciable Capital Assets:</i>				
Land Improvements	5,054,024	950	0	5,054,974
Buildings, Structures & Improvements	20,674,786	15,983	0	20,690,769
Furniture, Fixtures, Equipment & Vehicles	13,793,841	902,068	(524,592)	14,171,317
Infrastructure	<u>60,169,527</u>	<u>861,292</u>	<u>0</u>	<u>61,030,819</u>
Total Depreciable Capital Assets	99,692,178	1,780,293	(524,592)	100,947,879
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(4,897,725)	(45,360)	0	(4,943,085)
Buildings, Structures & Improvements	(9,857,389)	(457,345)	0	(10,314,734)
Furniture, Fixtures, Equipment & Vehicles	(11,050,606)	(982,132)	497,782	(11,534,956)
Infrastructure	<u>(43,274,674)</u>	<u>(1,809,795)</u>	<u>0</u>	<u>(45,084,469)</u>
Total Accumulated Depreciation	<u>(69,080,394)</u>	<u>(3,294,632)</u>	<u>497,782</u>	<u>(71,877,244)</u>
Total Capital Assets Being Depreciated, Net	<u>30,611,784</u>	<u>(1,514,339)</u>	<u>(26,810)</u>	<u>29,070,635</u>
Governmental Activities Capital Assets, Net	<u><u>\$37,476,274</u></u>	<u><u>(\$1,466,839)</u></u>	<u><u>(\$26,810)</u></u>	<u><u>\$35,982,625</u></u>

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

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Governmental Activities

General Government	\$263,018
<i>Security of Persons and Property:</i>	
Police	248,582
Fire	335,079
Transportation	1,976,122
Community Environment	309,096
Leisure Time Activities	162,735

Governmental Activities Depreciation Expense

\$3,294,632

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/ 2016	Additions	Deletions	Balance 12/31/ 2016
Business-Type Activities:				
<i>Nondepreciable Capital Assets:</i>				
Land	\$1,889,017	\$0	\$0	\$1,889,017
Construction in Progress	0	154,394	0	154,394
Total Nondepreciable Capital Assets	<u>1,889,017</u>	<u>154,394</u>	<u>0</u>	<u>2,043,411</u>
<i>Depreciable Capital Assets:</i>				
Land Improvements	277,921	0	0	277,921
Buildings, Structures & Improvements	5,097,890	18,158	0	5,116,048
Plant & Facilities	26,027,607	0	0	26,027,607
Furniture, Fixtures, Equipment & Vehicles	3,351,231	193,565	(15,468)	3,529,328
Infrastructure	<u>31,247,228</u>	<u>545,269</u>	<u>(479,154)</u>	<u>31,313,343</u>
Total Depreciable Capital Assets	66,001,877	756,992	(494,622)	66,264,247
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(275,321)	(1,040)	0	(276,361)
Buildings, Structures & Improvements	(2,633,668)	(171,124)	0	(2,804,792)
Plant & Facilities	(12,749,829)	(516,039)	0	(13,265,868)
Furniture, Fixtures, Equipment & Vehicles	(2,947,341)	(128,971)	15,468	(3,060,844)
Infrastructure	<u>(12,515,129)</u>	<u>(620,785)</u>	<u>154,269</u>	<u>(12,981,645)</u>
Total Accumulated Depreciation	<u>(31,121,288)</u>	<u>(1,437,959)</u>	<u>169,737</u>	<u>(32,389,510)</u>
Total Capital Assets Being Depreciated, Net	<u>34,880,589</u>	<u>(680,967)</u>	<u>(324,885)</u>	<u>33,874,737</u>
Business-Type Activities Capital Assets, Net	<u><u>\$36,769,606</u></u>	<u><u>(\$526,573)</u></u>	<u><u>(\$324,885)</u></u>	<u><u>\$35,918,148</u></u>

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 9 – NOTES PAYABLE

The City’s note transactions for the year ended December 31, 2016, were as follows:

	Balance 1/1/ 2016	Additions	Deletions	Balance 12/31/ 2016
Governmental Activities:				
<i>Bond Anticipation Notes Payable:</i>				
Street Construction, 1.35%	\$2,000,000	\$0	(\$2,000,000)	\$0
Street Construction, 2.00%	0	1,900,000	0	1,900,000
Governmental Activities Notes Payable	\$0	\$1,900,000	\$0	\$1,900,000

In September 2016, the City issued \$1,900,000 in bond anticipation notes for the purpose of street improvements.

NOTE 10 - LONG-TERM OBLIGATIONS

The City’s long-term obligations activity for the year ended December 31, 2016 was as follows:

Governmental Activities General Obligation Bonds and Other Long-Term Obligations

	Balance 1/1/ 2016	Additions	Deletions	Balance 12/31/ 2016	Amount Due Within One Year
Governmental Activities:					
<i>General Obligation Refunding Bonds:</i>					
\$4,850,000, 1.00% - 4.00%, 2013 -2041					
Serial Bonds	\$1,905,000	\$0	(\$330,000)	\$1,575,000	\$330,000
Term Bonds	2,330,000	0	0	2,330,000	0
Issuance Premium on Bonds	22,975	0	(4,253)	18,722	0
<i>General Obligation Bonds:</i>					
Garbage Truck Project					
\$260,000, 2.00%, 2015-2019	260,000	0	(65,000)	195,000	65,000
Issuance Premium on Bonds	5,234	0	(1,308)	3,926	0
Street Improvement Project	0	3,000,000	0	3,000,000	265,000
\$3,000,000, 2.52%, 2016-2026					
Issuance Premium on Bonds	0	102,175	0	102,175	0
Squad / Leaf Blower					
\$210,000, 2.20%, 2016 -2020	0	210,000	0	210,000	52,631
7 Police Cruisers					
\$226,417, 1.95%, 2016 -2019	0	226,417	(56,604)	169,813	56,604
VCNB Loan -Squad					
\$100,000, 2.50%, 2014 -2018	75,000	0	(25,000)	50,000	25,000

(Continued)

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance 1/1/ 2016	Additions	Deletions	Balance 12/31/ 2016	Amount Due Within One Year
<i>Other Long-Term Obligations:</i>					
Compensated Absences	1,809,354	905,206	(819,349)	1,895,211	897,062
Capital Leases	154,073	87,291	(104,597)	136,767	57,956
Landfill Post-Closure Care	262,077	0	(46,775)	215,302	53,826
<i>Net Pension Liability:</i>					
OPERS	4,570,246	2,401,943	0	6,972,189	0
OP&F	14,181,407	2,601,747	0	16,783,154	0
Total Net Pension Liability	<u>18,751,653</u>	<u>5,003,690</u>	<u>0</u>	<u>23,755,343</u>	<u>0</u>
Governmental Activities					
Long-Term Obligations	<u>\$25,575,366</u>	<u>\$9,534,779</u>	<u>(\$1,452,886)</u>	<u>\$33,657,259</u>	<u>\$1,803,079</u>

General obligation bonds issued for governmental activities of the City are retired from the General, Street Construction Maintenance & Repair, Bus Transit, 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.

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. The City pays obligations related to employee compensation from the fund benefitting from their service.

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.

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

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

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

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

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

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

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

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

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).

CITY OF CHILlicothe, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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).

General Obligation Bonds – During 2015, the City issued \$260,000 of general obligation bonds for the retirement of \$300,000 of bond anticipation notes. The premium of \$5,234 on the issuance of the bonds is netted against this debt and is being amortized over the life of this debt. The bonds are retired through the General Fund using tax revenues.

General Obligation Bonds – During 2016, the City issued \$3,000,000 of general obligation bonds for the purpose of street improvement projects. The premium of \$102,175 on the issuance of the bonds is netted against this debt and is being amortized over the life of this debt. The bonds are retired through the Street Construction Maintenance and Repair Fund using tax revenues.

General Obligation Bonds - In June 2016, the City issued \$226,417 of general obligation bonds for the purpose of purchasing 7 police vehicles. This bond will be retired through the Safety Levy Capital Fund using tax revenues.

General Obligation Bonds - In October 2016, the City issued \$210,000 of general obligation bonds for the purpose of purchasing an emergency squad and two leaf vacuum machines. This bond will be retired through the General and Safety Levy Capital Funds using tax revenues.

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Business-Type Activities Bonds and Other Long-Term Obligations

	Balance 1/1/ 2016	Additions	Deletions	Balance 12/31/2016	Amount Due Within One Year
Business-Type Activities:					
<i>General Obligation Refunding Bonds Payable:</i>					
\$1,670,000, 1.00% - 4.00%, 2013 - 2023	\$1,035,000	\$0	(\$120,000)	\$915,000	\$120,000
Issuance Premium on Bonds	19,858	0	(2,482)	17,376	0
<i>General Obligation Bonds Payable:</i>					
ARMC Water Project Bond, 1.50%	2,135,000	0	(415,000)	1,720,000	420,000
Issuance Premium on Bonds	41,397	0	(8,280)	33,117	0
<i>Other Long-Term Obligations:</i>					
Compensated Absences	802,684	280,302	(263,540)	819,446	338,109
Capital Leases	8,644	0	(3,229)	5,415	3,766
<i>Net Pension Liability - OPERS:</i>					
Water	1,104,994	497,555	0	1,602,549	0
Sewer	960,063	370,882	0	1,330,945	0
Total Net Pension Liability - OPERS	<u>2,065,057</u>	<u>868,437</u>	<u>0</u>	<u>2,933,494</u>	<u>0</u>
Business-Type Activities					
Long-Term Obligations	<u><u>\$6,107,640</u></u>	<u><u>\$1,148,739</u></u>	<u><u>(\$812,531)</u></u>	<u><u>\$6,443,848</u></u>	<u><u>\$881,875</u></u>

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. General obligation bonds also require the City to generate revenues from the enterprise operations that are sufficient to meet debt service requirements.

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

During 2015, the City issued \$2,135,000 of general obligation bonds to retire the \$2,441,000 of bond anticipation notes. The bonds are retired through the Water Fund.

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. The City pays obligations related to employee compensation from the fund benefitting from their service.

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Debt service requirements are as follows:

For year ended December 31	G.O. Refunding Bonds		Garbage Truck G.O. Bonds		Squad Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$330,000	\$140,612	\$65,000	\$3,575	\$25,000	\$1,092
2018	300,000	134,013	65,000	2,600	25,000	467
2019	315,000	128,013	65,000	1,300	0	0
2020	195,000	120,925	0	0	0	0
2021	200,000	115,563	0	0	0	0
2022-2026	545,000	506,013	0	0	0	0
2027-2031	535,000	403,824	0	0	0	0
2032-2036	655,000	281,675	0	0	0	0
2037-2041	830,000	118,444	0	0	0	0
	<u>\$3,905,000</u>	<u>\$1,949,082</u>	<u>\$195,000</u>	<u>\$7,475</u>	<u>\$50,000</u>	<u>\$1,559</u>

For year ended December 31	Street Improvement Project G.O. Bonds		Squad/Leaf Blower Loan G.O. Bonds		7 Police Cruisers G.O. Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$265,000	\$76,644	\$52,631	\$2,151	\$56,604	\$3,311
2018	275,000	68,475	51,320	3,462	56,604	2,208
2019	285,000	60,225	52,449	2,333	56,605	1,104
2020	290,000	51,675	53,600	1,182	0	0
2021	295,000	45,875	0	0	0	0
2022-2026	1,590,000	131,375	0	0	0	0
	<u>\$3,000,000</u>	<u>\$434,269</u>	<u>\$210,000</u>	<u>\$9,128</u>	<u>\$169,813</u>	<u>\$6,623</u>

For year ended December 31	Sewer G.O. Refunding Bonds		Water G.O. Bonds	
	Principal	Interest	Principal	Interest
2017	\$120,000	\$25,150	\$420,000	\$32,300
2018	120,000	22,750	425,000	26,000
2019	130,000	20,350	435,000	17,500
2020	130,000	17,425	440,000	8,800
2021	135,000	13,850	0	0
2022-2025	280,000	15,400	0	0
	<u>\$915,000</u>	<u>\$114,925</u>	<u>\$1,720,000</u>	<u>\$84,600</u>

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 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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

and Recreation funds. These capital leased assets, consisting of equipment, have been capitalized in the amount of \$480,775 in the governmental funds, which represents the present value of the minimum lease payments at the time of acquisition. Principal payments in 2016 were \$99,899 in the governmental funds. The City also received credit on the trade-in of leased assets in the amount of \$4,698.

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 2016 were \$3,229 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, 2016 are as follows:

Year Ended December 31,	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2017	\$66,821	\$4,026
2018	58,632	1,678
2019	13,998	0
2020	7,698	0
2021	<u>5,757</u>	<u>0</u>
Total Future Minimum Lease Payments	152,906	5,704
Less: Amount Representing Interest	<u>(16,139)</u>	<u>(289)</u>
Present Value of Net Minimum Lease	<u><u>\$136,767</u></u>	<u><u>\$5,415</u></u>

NOTE 12 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the Statement of Net Position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City’s obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees’ services in exchange for compensation including pension.

CITY OF CHILlicothe, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). 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 with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

**CITY OF CHILLICOTHE, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2016**

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2016 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	<u>2.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$890,400 for 2016. Of this amount, \$13,035 is reported as an intergovernmental payable.

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Police</u>	<u>Firefighters</u>
2016 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2016 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$1,178,285 for 2016 of this amount, \$18,253 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$9,905,683	\$16,783,154	\$26,688,837
Proportion of the Net Pension Liability	0.057188%	0.2608890%	
Pension Expense	\$1,453,734	\$2,132,750	\$3,586,484

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$2,901,159	\$2,753,194	\$5,654,353
Changes in proportion and differences between City contributions and proportionate share of contributions	227,368	0	227,368
City contributions subsequent to the measurement date	<u>890,400</u>	<u>1,178,285</u>	<u>2,068,685</u>
Total Deferred Outflows of Resources	<u>\$4,018,927</u>	<u>\$3,931,479</u>	<u>\$7,950,406</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$188,916	\$47,126	\$236,042
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>0</u>	<u>535,371</u>	<u>535,371</u>
Total Deferred Inflows of Resources	<u>\$188,916</u>	<u>\$582,497</u>	<u>\$771,413</u>

\$2,068,685 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2017	\$692,276	\$586,588	\$1,278,864
2018	737,061	586,588	1,323,649
2019	794,523	586,589	1,381,112
2020	715,751	421,738	1,137,489
2021	0	(9,080)	(9,080)
Thereafter	<u>0</u>	<u>(1,726)</u>	<u>(1,726)</u>
Total	<u>\$2,939,611</u>	<u>\$2,170,697</u>	<u>\$5,110,308</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	4.25 to 10.05 percent including wage inflation 3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
Total	100.00 %	5.27 %

Discount Rate The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8.00 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7.00 percent) or one-percentage-point higher (9.00 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$15,782,172	\$9,905,683	\$4,949,050

**CITY OF CHILLICOTHE, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2016**

Actuarial Assumptions – OPF

OPF’s total pension liability as of December 31, 2015 is based on the results of an actuarial valuation date of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2015, are presented below:

Valuation Date	January 1, 2015
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed December 31, 2011.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF’s target asset allocation as of December 31, 2015 are summarized below:

CITY OF CHILlicothe, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Asset Class	Target Allocation	10 Year Expected Real Rate of Return	30 Year Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %	0.00 %
Domestic Equity	16.00	6.50	7.80
Non-US Equity	16.00	6.70	8.00
Core Fixed Income *	20.00	3.50	5.35
Global Inflation Protected *	20.00	3.50	4.73
High Yield	15.00	6.35	7.21
Real Estate	12.00	5.80	7.43
Private Markets	8.00	9.50	10.73
Timber	5.00	6.55	7.35
Master Limited Partnerships	8.00	9.65	10.75
Total	120.00 %		

* levered 2x

OPF's Board of Trustees has incorporated the "risk parity" concept into OPF's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$22,134,756	\$16,783,154	\$12,249,854

**CITY OF CHILlicothe, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 13 – POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (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. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45. Please see the Plan Statement in the OPERS CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, 2015, and 2014, state and local employers contributed at a rate of 14.0% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar years 2016, 2015, and 2014. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided.

CITY OF CHILlicothe, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2016 was 4.0%.

The City's contractually required postemployment health care contributions to OPERS were \$148,400 for 2016. Of this amount, \$2,172 is reported as an intergovernmental payable. Contributions for 2015 and 2014 were \$147,582 and \$173,118, respectively.

Ohio Police and Fire Pension Fund

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

OPF provides access to postretirement health care coverage for 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 OPF meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF 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 percent and 23.5 percent of covered payroll for police and fire employer units. Active members do not make contributions to the OPEB Plan.

OPF 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 administered 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 OPF Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2016, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. 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, 2016**

The OPF Board of Trustees is also 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.

The City's contribution to OPF which was allocated to fund postemployment health care benefits for police and firefighters was \$13,919 and \$13,816 for the year ended December 31, 2016, \$12,659 and \$12,980 for the year ended December 31, 2015, and \$52,582 and \$74,533 for the year ended December 31, 2014.

NOTE 14 - COMPENSATED ABSENCES

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

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

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

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

NOTE 15 - PROPERTY TAXES

Property taxes include amounts levied against real and public utility property. The assessed value by property classification upon which the 2016 tax levy was based follows:

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Property Tax Classification	Assessed Value
Real Property	\$372,366,600
Public Utility Property	23,142,100
Total	<u>\$395,508,700</u>

Ohio law prohibits taxation of property from all taxing authorities in excess of 10 mills of assessed value without a vote of the people. Presently, the City levies differing millages from 0.60 mills to 2.60 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 2016, real property taxes were levied on January 1, 2016, on assessed values as of January 1, 2015, the lien date. Real estate taxes were due and payable on February 14 and July 1, 2016.

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, 2016.

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

NOTE 16 – TAX ABATEMENTS

For the year ended December 31, 2016, the City implemented GASB Statement No. 77, *Tax Abatement Disclosures*. A tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forego tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the City or the citizens of the City. The City has entered into such agreements. A description of the City's abatement programs where the City has promised to forego taxes follows:

**CITY OF CHILLICOTHE, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2016**

Job Creation Tax Credit Program

Pursuant to ORC 718.15, tax credit for businesses that foster new jobs in Ohio, a city, by ordinance, may grant a refundable or nonrefundable credit against its tax on income to taxpayers to foster job creation in the city. Tax credits granted under this section of the ORC are measured as a percentage of the new income tax revenue the City derives from new employees of the taxpayer and are for a term not to exceed fifteen years. Tax credits are applied against the taxpayer’s annual income tax filing. It is required that the City and the tax payer enter into an agreement specifying all of the conditions of the credit prior to passage of the ordinance granting the credit.

The City currently has Job Creation Tax Credit agreement with one local business (taxpayer). The tax credit percentage and term of the specific agreement is based upon the amount of new investment and the number of jobs created as a result of identified project. Job Creation Tax Credit agreements include specific language for refund of the credits should the terms of the agreement not be met by the taxpayer.

A summary of the taxes foregone on the City’s abatement program for the year ended December 31, 2016 follows:

Program	Tax Abated	Amount
Job Creation Tax Credit Program	Income Tax	\$6,427

NOTE 17 - MUNICIPAL INCOME TAXES

The City levies an income tax of 2.0% 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; a 0.1% tax approved by voters in 1993 for the Parks & Recreation Fund, with 0.025% being reserved for capital outlay; and a 0.4% tax approved by voters in 2015, of which 0.2% was for street improvements and 0.2% was for safety services.

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 2016, these municipal income taxes generated a combined total of \$14,615,774 in local tax revenue.

NOTE 18 - INTERFUND ACTIVITY

As of December 31, 2016, receivables and payables that resulted from various interfund transactions were as follows:

CITY OF CHILlicothe, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Activities		
General Fund	\$20,489	\$110,000
Street Construction	0	8,613
Bus Transit Fund	0	3,750
<i>Nonmajor Governmental Funds:</i>		
Police Pension	50,000	0
Fire Pension	60,000	0
Parking	0	626
Safety Levy Capital	0	3,750
Parks and Recreation Capital	0	3,750
Total Nonmajor Governmental Funds	<u>110,000</u>	<u>8,126</u>
<i>Total</i>	<u>\$130,489</u>	<u>\$130,489</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.

A summary of interfund transfers for 2016 are as follows:

<u>Transfers Out</u>	Transfers In			
	<u>General</u>	<u>Nonmajor Special Revenue</u>	<u>Sewer</u>	<u>Total</u>
General	\$0	\$1,225,149	\$30,000	\$1,255,149
Bus Transit	26,485	0	0	26,485
Nonmajor Special Revenue Funds	35,301	7,201	0	42,502
Nonmajor Capital Projects Funds	46,751	0	0	46,751
Water	763	0	0	763
Sewer	703	0	0	703
Total	<u>\$110,003</u>	<u>\$1,232,350</u>	<u>\$30,000</u>	<u>\$1,372,353</u>

**CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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 2016, the City made transfers of \$1,255,149 from the General Fund to various Nonmajor Special Revenue Funds and the Sewer Fund to subsidize the programs of those funds.

NOTE 19 - 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.
- 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.

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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 20 - 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 2016, the City incurred \$50,218 in post closure care costs and decreased its postclosure care liability by \$46,775, which is a change in estimate. To this date, the City has incurred approximately \$2,511,330 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 \$215,302. The liability is based on an average of cumulative postclosure care costs to this date projected over the next five 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 four years.

NOTE 21 – FUND CASH BALANCES

As of December 31, 2016 fund balances are composed of the following:

	General Fund	Street Fund	Bus Transit Fund	All Other Governmental Funds	Total Governmental Funds
<i>Nonspendable:</i>					
Prepaid Items	\$121,879	\$1,472	\$28,984	\$22,429	\$174,764
Materials and Supplies	44,427	8,459	15,987	0	68,873
Unclaimed Monies	88,739	0	0	0	88,739
Carlsle Hill Trust	0	0	0	1,000	1,000
<i>Total Nonspendable</i>	255,045	9,931	44,971	23,429	333,376

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

	General Fund	Street Fund	Bus Transit Fund	All Other Governmental Funds	Total Governmental Funds
<i>Restricted:</i>					
Bus Transit	\$0	\$0	\$496,409	\$0	\$496,409
Street Construction	0	2,112,158	0	0	2,112,158
State Highway	0	0	0	260,305	260,305
Parks & Recreation	0	0	0	369,539	369,539
HUD	0	0	0	57,235	57,235
State Grants	0	0	0	94,408	94,408
Law Enforcement	0	0	0	67,634	67,634
Indigent Drivers	0	0	0	220,393	220,393
OMVI	0	0	0	14,818	14,818
Mandatory Drug Fines	0	0	0	15,632	15,632
Parking	0	0	0	69,064	69,064
Police Pension	0	0	0	13,031	13,031
Fire Pension	0	0	0	5,799	5,799
Bond Retirement	0	0	0	16,646	16,646
Capital Improvement	0	0	0	32,000	32,000
Safety Levy Capital	0	0	0	326,537	326,537
Parks & Rec Capital	0	0	0	319,535	319,535
Carlisle Hill Trust	0	0	0	2,310	2,310
<i>Total Restricted</i>	0	2,112,158	496,409	1,884,886	4,493,453
<i>Committed:</i>					
Floodwall	9,883	0	0	0	9,883
Income Tax Refunds	8,239	0	0	0	8,239
Streetscape	16,445	0	0	0	16,445
<i>Total Committed</i>	34,567	0	0	0	34,567
<i>Assigned:</i>					
Landfill	18,453	0	0	0	18,453
Cablevision	0	0	0	5,765	5,765
<i>Total Assigned</i>	18,453	0	0	5,765	24,218
<i>Unassigned</i>	3,369,441	0	0	0	3,369,441
Total Fund Balances	\$3,677,506	\$2,122,059	\$541,380	\$1,914,080	\$8,255,025

CITY OF CHILlicoTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 22 – ENCUMBRANCE COMMITMENTS

As of December 31, 2016, the City had encumbrance commitments in the Governmental Funds as follows:

<u>Major Funds</u>	
General	\$32,023
Street Construction Maintenance and Repair	135,462
Bus Transit	277,648
<u>Nonmajor Funds</u>	
State Highway	75,401
Park and Recreation Capital	3,724
Safety Levy Capital	<u>65,000</u>
Total Nonmajor Funds	<u>144,125</u>
Total Encumbrances	<u><u>\$589,258</u></u>

NOTE 23 – 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 \$71,170,188. Other property insurance includes \$348,250 unscheduled and \$1,735,997 scheduled for other equipment. Comprehensive boiler and machinery coverage is carried in the amount of \$71,170,187. Insurance deductibles on any of the above coverage do not exceed \$20,000.

The City participates in the Workers' Compensation Program provided by the State of Ohio. The City utilizes TARTAN Benefits as a third-party administrator.

The City has also established a limited risk health and dental program for employees. Claims are paid directly to Jefferson Health Plan, 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.

**CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

The City has had no significant reductions in any of its insurance coverage 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 24 - 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 25 – FISCAL ANALYSIS

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

NOTE 26 – SUBSEQUENT EVENTS

In May 2017, the City issued a \$235,000 Police Vehicle Acquisition Bond. The City will use the proceeds to purchase seven new police vehicles. The bond will be paid over a term of four years with annual payments.

In 2017, the City appropriated \$700,000 to continue street construction projects. A contract was awarded in May 2017.

Conduit Debt Obligations

In May 2017, the City issued, on behalf of the Adena Regional Medical Center (the Hospital), \$175,000,000 in Revenue Refunding and Improvement Bonds, Series 2017. The proceeds of the Bonds will be used to (i) advance refund the outstanding hospital revenue bonds issued in 2008 by the County of Ross, Ohio for benefit of Adena, (i) finance the acquisition, construction and equipping of additional Hospital Facilities on Adena's campus, including major renovation of the Emergency Department, and (iii) pay certain costs of issuance of the Bonds.

The Bond is a special limited obligation of the Hospital, and are payable solely from and secured by revenues generated by the Hospital. Neither the City, County, State, nor any other political subdivision is obligated in any manner for the repayment of the bonds. Accordingly, the bonds will not be reported as a liability in the City's financial statements.

**CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 27 – SIGNIFICANT COMMITMENTS

In 2016, the City entered into a contract with G&J Paving, Inc. to provide services for the City's 2016 Street Program. The following was the contract commitment as of December 31, 2016.

<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Amount Remaining</u>
\$983,137	\$752,339	\$230,798

The contract was revised in October 2016. The net total was \$983,137.

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City of Chillicothe, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of Net Pension Liability
Ohio Public Employees Retirement System - Traditional Plan
Last Three Years (1)

	2016	2015	2014
City's Proportion of the Net Pension Liability	0.057188%	0.055014%	0.055014%
City's Proportionate Share of the Net Pension Liability	\$9,905,683	\$6,635,303	\$6,485,434
City Covered-Employee Payroll	\$7,379,121	\$7,645,907	\$8,434,393
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	134.24%	86.78%	76.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available.

Amounts presented as of the City's measurement date which is the prior fiscal year.

City of Chillicothe, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of Net Pension Liability
Ohio Police and Fire Pension Fund
Last Three Years (1)

	2016	2015	2014
<i><u>OP&F - Police</u></i>			
City's Proportion of the Net Pension Liability	0.1160740%	0.1170453%	0.1170453%
City's Proportionate Share of the Net Pension Liability	\$7,467,091	\$6,063,435	\$5,700,473
City Covered-Employee Payroll	\$2,544,268	\$2,454,862	\$2,693,303
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	293.49%	247.00%	211.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.77%	72.20%	73.00%
<i><u>OP&F - Fire</u></i>			
City's Proportion of the Net Pension Liability	0.1448150%	0.1567050%	0.1567050%
City's Proportionate Share of the Net Pension Liability	\$9,316,063	\$8,117,972	\$7,632,025
City Covered-Employee Payroll	\$2,583,332	\$2,511,146	\$2,620,016
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	360.62%	323.28%	291.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.77%	72.20%	73.00%

(1) Information prior to 2014 is not available.

Amounts presented as of the City's measurement date which is the prior fiscal year.

City of Chillicothe, Ohio
Required Supplementary Information
Schedule of City's Contributions
Ohio Public Employees Retirement System - Traditional Plan
Last Ten Years

	2016	2015	2014	2013
Contractually Required Contribution	\$890,400	\$885,495	\$917,509	\$1,096,471
Contributions in Relation to the Contractually Required Contribution	(890,400)	(885,495)	(917,509)	(1,096,471)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0
County Covered-Employee Payroll	\$7,420,000	\$7,379,121	\$7,645,907	\$8,434,393
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	12.00%	13.00%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$837,949	\$726,806	\$685,089	\$657,185	\$517,898	\$556,546
<u>(837,949)</u>	<u>(726,806)</u>	<u>(685,089)</u>	<u>(657,185)</u>	<u>(517,898)</u>	<u>(556,546)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$8,379,486	\$7,268,064	\$7,612,100	\$7,731,593	\$7,398,543	\$6,665,222
10.00%	10.00%	9.00%	8.50%	7.00%	8.35%

City of Chillicothe, Ohio
Required Supplementary Information
Schedule of City's Contributions
Ohio Police and Fire Pension Fund
Last Ten Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<i><u>OP&F - Police</u></i>				
Contractually Required Contribution	\$528,938	\$483,411	\$466,424	\$448,435
Contributions in Relation to the Contractually Required Contribution	<u>(528,938)</u>	<u>(483,411)</u>	<u>(466,424)</u>	<u>(448,435)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
County Covered-Employee Payroll	\$2,783,882	\$2,544,268	\$2,454,862	\$2,693,303
Contributions as a Percentage of Covered-Employee Payroll	19.00%	19.00%	19.00%	16.65%
<i><u>OP&F - Fire</u></i>				
Contractually Required Contribution	\$649,347	\$607,083	\$590,119	\$554,133
Contributions in Relation to the Contractually Required Contribution	<u>(649,347)</u>	<u>(607,083)</u>	<u>(590,119)</u>	<u>(554,133)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
County Covered-Employee Payroll	\$2,763,179	\$2,583,332	\$2,511,146	\$2,620,016
Contributions as a Percentage of Covered-Employee Payroll	23.50%	23.50%	23.50%	21.15%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$349,232	\$352,043	\$341,738	\$343,396	\$328,590	\$316,868
<u>(349,232)</u>	<u>(352,043)</u>	<u>(341,738)</u>	<u>(343,396)</u>	<u>(328,590)</u>	<u>(316,868)</u>
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
\$2,739,072	\$2,761,118	\$2,680,297	\$2,693,303	\$2,577,179	\$2,485,236
12.75%	12.75%	12.75%	12.75%	12.75%	12.75%
\$459,633	\$463,333	\$449,770	\$451,953	\$451,499	\$435,530
<u>(459,633)</u>	<u>(463,333)</u>	<u>(449,770)</u>	<u>(451,953)</u>	<u>(451,499)</u>	<u>(435,530)</u>
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
\$2,664,539	\$2,685,988	\$2,607,363	\$2,620,016	\$2,617,388	\$2,524,812
17.25%	17.25%	17.25%	17.25%	17.25%	17.25%

**CITY OF CHILLICOTHE, OHIO
GOVERNMENTAL FUNDS**

NONMAJOR SPECIAL REVENUE FUNDS

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

State Highway Fund

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

Parks and Recreation Fund

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

HUD Fund

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

Grants Fund

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

Cablevision Fund

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

Law Enforcement Fund

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

Indigent Drivers Alcohol Treatment Fund

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

**CITY OF CHILLICOTHE, OHIO
GOVERNMENTAL FUNDS**

NONMAJOR SPECIAL REVENUE FUNDS

OMVI Enforcement & Education Fund

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

Mandatory Drug Fines Fund

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

Parking Fund

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

Police Pension Fund

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

Fire Pension Fund

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

**CITY OF CHILLICOTHE, OHIO
GOVERNMENTAL FUNDS**

NONMAJOR BOND RETIREMENT FUND

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

NONMAJOR CAPITAL PROJECTS FUNDS

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

Capital Improvement Fund

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

Issue II Fund

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

Safety Levy Capital Fund

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

Parks and Recreation Capital Fund

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

**CITY OF CHILLICOTHE, OHIO
GOVERNMENTAL FUNDS**

NONMAJOR PERMANENT FUND

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

Carlisle Hill Fund

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

FUNDS REPORTED SEPARATELY FOR BUDGETARY PURPOSES

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

Floodwall Fund

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

Income Tax Fund

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

Landfill Closure

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

Streetscape

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

Unclaimed Monies

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

City of Chillicothe, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	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	\$1,150,750	\$16,646	\$639,953	\$2,310	\$1,809,659
Cash and Cash Equivalents in Segregated Accounts	1,602	0	0	0	1,602
Investments in City Treasury	0	0	0	1,000	1,000
Accounts Receivable	4,534	0	0	0	4,534
Interfund Receivable	110,000	0	0	0	110,000
Intergovernmental Receivable	143,966	0	783	0	144,749
Income Taxes Receivable	107,471	0	179,117	0	286,588
Property Taxes Receivable	229,640	0	0	0	229,640
Prepaid Items	4,374	0	18,055	0	22,429
<i>Total Assets</i>	<u>\$1,752,337</u>	<u>\$16,646</u>	<u>\$837,908</u>	<u>\$3,310</u>	<u>\$2,610,201</u>
Liabilities:					
Accounts Payable	\$34,030	\$0	\$46,452	\$0	\$80,482
Accrued Wages and Benefits	4,341	0	0	0	4,341
Contracts Payable	49,008	0	0	0	49,008
Intergovernmental Payable	114,464	0	0	0	114,464
Interfund Payable	626	0	7,500	0	8,126
<i>Total Liabilities</i>	<u>202,469</u>	<u>0</u>	<u>53,952</u>	<u>0</u>	<u>256,421</u>
Deferred Inflows of Resources	<u>351,871</u>	<u>0</u>	<u>87,829</u>	<u>0</u>	<u>439,700</u>
Fund Balances:					
Nonspendable	4,374	0	18,055	1,000	23,429
Restricted	1,187,858	16,646	678,072	2,310	1,884,886
Assigned	5,765	0	0	0	5,765
<i>Total Fund Balances</i>	<u>1,197,997</u>	<u>16,646</u>	<u>696,127</u>	<u>3,310</u>	<u>1,914,080</u>
<i>Total Liabilities, Deferred Inflows and Fund Balances</i>	<u>\$1,752,337</u>	<u>\$16,646</u>	<u>\$837,908</u>	<u>\$3,310</u>	<u>\$2,610,201</u>

City of Chillicothe, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Property Taxes	\$211,946	\$0	\$0	\$0	\$211,946
Income Taxes	556,613	0	924,113	0	1,480,726
Charges for Services	101,274	0	0	0	101,274
Fines, Licenses, and Permits	54,687	0	0	0	54,687
Intergovernmental	223,953	0	96,231	0	320,184
Interest	1	0	0	15	16
Contributions and Donations	16,900	0	10,000	0	26,900
Other	34,214	0	14,746	0	48,960
<i>Total Revenues</i>	<u>1,199,588</u>	<u>0</u>	<u>1,045,090</u>	<u>15</u>	<u>2,244,693</u>
Expenditures:					
<i>Current:</i>					
<i>Security of Persons and Property:</i>					
Police	589,985	0	0	0	589,985
Fire	690,159	0	0	0	690,159
Transportation	194,043	0	0	0	194,043
Leisure Time Services	690,016	0	0	0	690,016
Community Environment	41,895	0	0	0	41,895
Capital Outlay	0	0	1,098,091	0	1,098,091
<i>Debt Service:</i>					
Principal Retirements	30,131	0	181,604	0	211,735
Interest and Fiscal Charges	8,201	0	15,106	0	23,307
<i>Total Expenditures</i>	<u>2,244,430</u>	<u>0</u>	<u>1,294,801</u>	<u>0</u>	<u>3,539,231</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,044,842)</u>	<u>0</u>	<u>(249,711)</u>	<u>15</u>	<u>(1,294,538)</u>
Other Financing Sources and Uses:					
Issuance of General Obligation Bonds	0	0	374,653	0	374,653
Transfers In	1,232,350	0	0	0	1,232,350
Transfers Out	(42,502)	0	(46,751)	0	(89,253)
<i>Total Other Financing Sources and Uses</i>	<u>1,189,848</u>	<u>0</u>	<u>327,902</u>	<u>0</u>	<u>1,517,750</u>
<i>Net Change in Fund Balance</i>	145,006	0	78,191	15	223,212
<i>Fund Balance at Beginning of Year</i>	1,052,991	16,646	617,936	3,295	1,690,868
<i>Fund Balance at End of Year</i>	<u>\$1,197,997</u>	<u>\$16,646</u>	<u>\$696,127</u>	<u>\$3,310</u>	<u>\$1,914,080</u>

City of Chillicothe, Ohio
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2016

	State Highway	Parks & Recreation	HUD	Grants	Cablevision
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$297,289	\$342,882	\$26,357	\$79,704	\$5,765
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0	0
Accounts Receivable	0	3,945	0	0	0
Interfund Receivable	0	0	0	0	0
Intergovernmental Receivable	36,072	0	53,004	40,784	0
Income Taxes Receivable	0	107,471	0	0	0
Property Taxes Receivable	0	0	0	0	0
Prepaid Items	0	3,849	0	0	0
<i>Total Assets</i>	<u>\$333,361</u>	<u>\$458,147</u>	<u>\$79,361</u>	<u>\$120,488</u>	<u>\$5,765</u>
Liabilities:					
Accounts Payable	\$0	\$16,104	\$16,826	\$0	\$0
Accrued Wages and Benefits	0	3,134	0	0	0
Contracts Payable	49,008	0	0	0	0
Intergovernmental Payable	0	12,824	0	0	0
Interfund Payable	0	0	0	0	0
<i>Total Liabilities</i>	<u>49,008</u>	<u>32,062</u>	<u>16,826</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources	<u>24,048</u>	<u>52,697</u>	<u>5,300</u>	<u>26,080</u>	<u>0</u>
Fund Balances:					
Nonspendable	0	3,849	0	0	0
Restricted	260,305	369,539	57,235	94,408	0
Assigned	0	0	0	0	5,765
<i>Total Fund Balances</i>	<u>260,305</u>	<u>373,388</u>	<u>57,235</u>	<u>94,408</u>	<u>5,765</u>
<i>Total Liabilities, Deferred Inflows and Fund Balances</i>	<u>\$333,361</u>	<u>\$458,147</u>	<u>\$79,361</u>	<u>\$120,488</u>	<u>\$5,765</u>

continued

Law Enforcement	Indigent Driver's Alcohol Treatment	OMVI Enforcement & Education	Mandatory Drug Fines	Parking	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
\$67,634	\$219,281	\$14,740	\$15,220	\$74,966	\$5,619	\$1,293	\$1,150,750
0	1,112	78	412	0	0	0	1,602
0	0	0	0	589	0	0	4,534
0	0	0	0	0	50,000	60,000	110,000
0	0	0	0	0	7,053	7,053	143,966
0	0	0	0	0	0	0	107,471
0	0	0	0	0	114,820	114,820	229,640
525	0	0	0	0	0	0	4,374
<u>\$68,159</u>	<u>\$220,393</u>	<u>\$14,818</u>	<u>\$15,632</u>	<u>\$75,555</u>	<u>\$177,492</u>	<u>\$183,166</u>	<u>\$1,752,337</u>
\$0	\$0	\$0	\$0	\$1,100	\$0	\$0	\$34,030
0	0	0	0	1,207	0	0	4,341
0	0	0	0	0	0	0	49,008
0	0	0	0	3,558	42,588	55,494	114,464
0	0	0	0	626	0	0	626
0	0	0	0	6,491	42,588	55,494	202,469
0	0	0	0	0	121,873	121,873	351,871
525	0	0	0	0	0	0	4,374
67,634	220,393	14,818	15,632	69,064	13,031	5,799	1,187,858
0	0	0	0	0	0	0	5,765
<u>68,159</u>	<u>220,393</u>	<u>14,818</u>	<u>15,632</u>	<u>69,064</u>	<u>13,031</u>	<u>5,799</u>	<u>1,197,997</u>
<u>\$68,159</u>	<u>\$220,393</u>	<u>\$14,818</u>	<u>\$15,632</u>	<u>\$75,555</u>	<u>\$177,492</u>	<u>\$183,166</u>	<u>\$1,752,337</u>

City of Chillicothe, Ohio
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended December 31, 2016

	State Highway	Parks & Recreation	HUD	Grants	Cablevision
Revenues:					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Income Taxes	0	556,613	0	0	0
Charges for Services	0	96,791	0	0	0
Fines, Licenses, and Permits	0	0	0	0	0
Intergovernmental	72,523	0	69,701	54,023	0
Interest	0	0	1	0	0
Contributions and Donations	0	16,900	0	0	0
Other	0	15,396	0	0	0
<i>Total Revenues</i>	<u>72,523</u>	<u>685,700</u>	<u>69,702</u>	<u>54,023</u>	<u>0</u>
Expenditures:					
<i>Current:</i>					
<i>Security of Persons and Property:</i>					
Police	0	0	0	0	0
Fire	0	0	0	0	0
Transportation	49,008	0	0	0	0
Leisure Time Services	0	690,016	0	0	0
Community Environment	0	0	27,595	14,300	0
<i>Debt Service:</i>					
Principal Retirements	0	131	0	0	0
Interest and Fiscal Charges	0	1	0	0	0
<i>Total Expenditures</i>	<u>49,008</u>	<u>690,148</u>	<u>27,595</u>	<u>14,300</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>23,515</u>	<u>(4,448)</u>	<u>42,107</u>	<u>39,723</u>	<u>0</u>
Other Financing Sources and Uses					
Transfers In	0	9,800	0	0	0
Transfers Out	0	(146)	0	(35,156)	0
<i>Total Other Financing Sources and Uses</i>	<u>0</u>	<u>9,654</u>	<u>0</u>	<u>(35,156)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>23,515</u>	<u>5,206</u>	<u>42,107</u>	<u>4,567</u>	<u>0</u>
<i>Fund Balance at Beginning of Year</i>	<u>236,790</u>	<u>368,182</u>	<u>15,128</u>	<u>89,841</u>	<u>5,765</u>
<i>Fund Balance at End of Year</i>	<u>\$260,305</u>	<u>\$373,388</u>	<u>\$57,235</u>	<u>\$94,408</u>	<u>\$5,765</u>

continued

Law Enforcement	Indigent Driver's Alcohol Treatment	OMVI Enforcement & Education	Mandatory Drug Fines	Parking	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$105,973	\$105,973	\$211,946
0	0	0	0	0	0	0	556,613
0	0	0	0	4,483	0	0	101,274
11,819	16,973	2,045	2,640	21,210	0	0	54,687
0	0	0	0	0	13,853	13,853	223,953
0	0	0	0	0	0	0	1
0	0	0	0	0	0	0	16,900
0	0	0	0	18,783	27	8	34,214
<u>11,819</u>	<u>16,973</u>	<u>2,045</u>	<u>2,640</u>	<u>44,476</u>	<u>119,853</u>	<u>119,834</u>	<u>1,199,588</u>
15,238	4,102	0	7,500	0	563,145	0	589,985
0	0	0	0	0	0	690,159	690,159
0	0	0	0	145,035	0	0	194,043
0	0	0	0	0	0	0	690,016
0	0	0	0	0	0	0	41,895
0	0	0	0	0	6,780	23,220	30,131
0	0	0	0	0	1,886	6,314	8,201
<u>15,238</u>	<u>4,102</u>	<u>0</u>	<u>7,500</u>	<u>145,035</u>	<u>571,811</u>	<u>719,693</u>	<u>2,244,430</u>
<u>(3,419)</u>	<u>12,871</u>	<u>2,045</u>	<u>(4,860)</u>	<u>(100,559)</u>	<u>(451,958)</u>	<u>(599,859)</u>	<u>(1,044,842)</u>
7,200	0	0	0	151,750	461,600	602,000	1,232,350
0	0	0	(7,200)	0	0	0	(42,502)
<u>7,200</u>	<u>0</u>	<u>0</u>	<u>(7,200)</u>	<u>151,750</u>	<u>461,600</u>	<u>602,000</u>	<u>1,189,848</u>
3,781	12,871	2,045	(12,060)	51,191	9,642	2,141	145,006
<u>64,378</u>	<u>207,522</u>	<u>12,773</u>	<u>27,692</u>	<u>17,873</u>	<u>3,389</u>	<u>3,658</u>	<u>1,052,991</u>
<u>\$68,159</u>	<u>\$220,393</u>	<u>\$14,818</u>	<u>\$15,632</u>	<u>\$69,064</u>	<u>\$13,031</u>	<u>\$5,799</u>	<u>\$1,197,997</u>

City of Chillicothe, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2016

	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	\$298,060	\$309,893	\$639,953
Intergovernmental Receivable	0	0	783	0	783
Income Taxes Receivable	0	0	143,294	35,823	179,117
Prepaid Items	0	0	18,055	0	18,055
<i>Total Assets</i>	<u>\$32,000</u>	<u>\$0</u>	<u>\$460,192</u>	<u>\$345,716</u>	<u>\$837,908</u>
Liabilities:					
Accounts Payable	\$0	\$0	\$41,586	\$4,866	\$46,452
Interfund Payable	0	0	3,750	3,750	7,500
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>45,336</u>	<u>8,616</u>	<u>53,952</u>
Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>70,264</u>	<u>17,565</u>	<u>87,829</u>
Fund Balances:					
Nonspendable	0	0	18,055	0	18,055
Restricted	32,000	0	326,537	319,535	678,072
<i>Total Fund Balances</i>	<u>32,000</u>	<u>0</u>	<u>344,592</u>	<u>319,535</u>	<u>696,127</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$32,000</u>	<u>\$0</u>	<u>\$460,192</u>	<u>\$345,716</u>	<u>\$837,908</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, 2016

	Capital Improvement	Issue II	Safety Levy Capital	Parks & Recreation Capital	Total Nonmajor Capital Projects Funds
Revenues:					
Income Taxes	\$0	\$0	\$738,630	\$185,483	\$924,113
Intergovernmental	0	95,450	781	0	96,231
Contributions and Donations	0	0	0	10,000	10,000
Other	0	0	14,193	553	14,746
<i>Total Revenues</i>	<u>0</u>	<u>95,450</u>	<u>753,604</u>	<u>196,036</u>	<u>1,045,090</u>
Expenditures:					
Capital Outlay	0	95,450	733,722	268,919	1,098,091
<i>Debt Service:</i>					
Principal Retirements	0	0	181,604	0	181,604
Interest and Fiscal Charges	0	0	15,106	0	15,106
<i>Total Expenditures</i>	<u>0</u>	<u>95,450</u>	<u>930,432</u>	<u>268,919</u>	<u>1,294,801</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>0</u>	<u>(176,828)</u>	<u>(72,883)</u>	<u>(249,711)</u>
Other Financing Sources and Uses:					
Issuance of General Obligation Bonds	0	0	374,653	0	374,653
Transfers Out	0	0	(24,376)	(22,375)	(46,751)
<i>Total Other Financing Sources and Uses</i>	<u>0</u>	<u>0</u>	<u>350,277</u>	<u>(22,375)</u>	<u>327,902</u>
<i>Net Change in Fund Balance</i>	0	0	173,449	(95,258)	78,191
<i>Fund Balance at Beginning of Year</i>	<u>32,000</u>	<u>0</u>	<u>171,143</u>	<u>414,793</u>	<u>617,936</u>
<i>Fund Balance at End of Year</i>	<u>\$32,000</u>	<u>\$0</u>	<u>\$344,592</u>	<u>\$319,535</u>	<u>\$696,127</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$11,859,706	\$11,608,320	\$12,221,381	\$613,061
Charges for Services	3,160,085	3,062,235	3,105,370	43,135
Fines, Licenses and Permits	1,560,400	1,701,790	1,842,651	140,861
Intergovernmental	932,495	917,395	934,106	16,711
Special Assessments	5,000	5,000	5,151	151
Interest	20,000	38,100	48,212	10,112
Other	289,200	422,729	455,185	32,456
Total Revenue	17,826,886	17,755,569	18,612,056	856,487
Expenditures				
<i>Current:</i>				
General Government				
Mayor				
Personal Services	217,103	206,003	205,999	4
Fringe Benefits	119,182	137,070	137,070	0
Travel Transportation	1,100	2,148	1,859	289
Materials and Supplies	26,950	30,832	29,248	1,584
Contractual Services	3,750	13,862	13,626	236
Capital Outlay	3,600	7,200	7,166	34
Other	28,410	19,368	16,695	2,673
Total Mayor	400,095	416,483	411,663	4,820
City Council				
Personal Services	60,671	64,715	64,715	0
Fringe Benefits	152,518	194,085	194,085	0
Materials and Supplies	0	300	68	232
Capital Outlay	0	1,800	1,038	762
Total City Council	213,189	260,900	259,906	994
Treasurer				
Personal Services	9,230	9,230	9,230	0
Fringe Benefits	1,970	1,668	1,665	3
Materials and Supplies	100	100	0	100
Contractual Services	14,000	14,000	13,185	815
Total Treasurer	25,300	24,998	24,080	918

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Income Tax Department				
Personal Services	25,600	127,154	127,154	0
Fringe Benefits	81,656	68,755	68,755	0
Materials and Supplies	6,000	5,818	5,327	491
Contractual Services	6,550	6,922	6,802	120
Travel	200	1,175	175	1,000
Other	75	210	160	50
Total Income Tax Department	120,081	210,034	208,373	1,661
Land and Buildings				
Materials and Supplies	430,831	174,760	169,662	5,098
Contractual Services	0	23,968	23,968	0
Capital Outlay	25,000	42,223	33,715	8,508
Other	13,950	6,614	488	6,126
Total Land and Buildings	469,781	247,565	227,833	19,732
Law Director				
Personal Services	332,145	347,121	347,121	0
Fringe Benefits	141,233	136,996	136,996	0
Travel Transportation	250	250	0	250
Materials and Supplies	30,535	30,704	29,389	1,315
Contractual Services	3,880	3,710	3,535	175
Capital Outlay	0	5,600	5,390	210
Other	3,400	24,020	21,554	2,466
Total Law Director	511,443	548,401	543,985	4,416
Auditor				
Personal Services	257,145	293,045	293,029	16
Fringe Benefits	123,196	131,299	131,299	0
Travel Transportation	2,250	4,500	1,188	3,312
Materials and Supplies	5,400	6,525	5,771	754
Contractual Services	150	25	0	25
Capital Outlay	41,967	84,610	55,275	29,335
Other	1,950	2,450	388	2,062
Total Auditor	432,058	522,454	486,950	35,504

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, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Municipal Court				
Personal Services	1,074,767	1,091,413	1,091,413	0
Fringe Benefits	473,590	494,047	494,047	0
Travel Transportation	4,500	5,168	4,322	846
Materials and Supplies	57,575	59,975	52,834	7,141
Contractual Services	11,000	8,405	3,276	5,129
Capital Outlay	11,500	21,045	8,060	12,985
Other	8,678	11,974	7,497	4,477
Total Municipal Court	1,641,610	1,692,027	1,661,449	30,578
Civil Service				
Personal Services	300	300	300	0
Fringe Benefits	0	4	4	0
Materials and Supplies	5,050	31,686	14,067	17,619
Contractual Services	15,000	19,364	18,112	1,252
Total Civil Service	20,350	51,354	32,483	18,871
Service Department				
Personal Services	108,406	100,346	100,273	73
Fringe Benefits	36,692	53,548	53,538	10
Travel	200	1,609	1,349	260
Materials and Supplies	4,600	5,144	3,778	1,366
Contractual Services	1,100	0	0	0
Capital Outlay	0	30,400	26,294	4,106
Other	200	2,280	2,209	71
Total Service Department	151,198	193,327	187,441	5,886
Engineering				
Personal Services	304,373	253,431	253,429	2
Fringe Benefits	144,802	124,843	124,832	11
Travel Transportation	200	200	157	43
Materials and Supplies	16,150	18,023	12,944	5,079
Contractual Services	8,000	7,350	2,871	4,479
Capital Outlay	0	6,203	3,955	2,248
Other	4,000	3,077	2,869	208
Total Engineering	477,525	413,127	401,057	12,070

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, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Postage and Stores				
Materials and Supplies	60,000	51,400	42,585	8,815
Total Postage and Stores	60,000	51,400	42,585	8,815
Miscellaneous				
Fringe Benefits	19,000	19,000	14,372	4,628
Travel Transportation	2,200	1,366	465	901
Materials and Supplies	405,902	487,871	444,592	43,279
Contractual Services	246,200	311,720	257,990	53,730
Capital Outlay	35,500	51,607	41,757	9,850
Other	66,200	116,935	65,774	51,161
Total Miscellaneous	775,002	988,499	824,950	163,549
Total General Government	5,297,632	5,620,569	5,312,755	307,814
Security of Persons and Property				
Police Department				
Personal Services	3,521,022	3,508,868	3,508,868	0
Fringe Benefits	1,213,540	1,280,749	1,280,749	0
Travel Transportation	2,000	1,400	590	810
Materials and Supplies	205,535	234,373	173,766	60,607
Contractual Services	108,750	94,843	81,663	13,180
Capital Outlay	1,500	1,500	850	650
Other	63,550	64,650	48,197	16,453
Total Police Department	5,115,897	5,186,383	5,094,683	91,700
Fire Department				
Personal Services	3,151,750	3,161,962	3,161,962	0
Fringe Benefits	1,035,500	1,022,220	1,022,220	0
Travel Transportation	250	250	232	18
Materials and Supplies	221,425	267,563	258,067	9,496
Contractual Services	24,000	23,442	23,415	27
Capital Outlay	10,000	13,042	12,976	66
Other	61,800	54,832	54,345	487
Total Fire Department	4,504,725	4,543,311	4,533,217	10,094
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	9,626,972	9,736,044	9,634,250	101,794

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Transportation				
Streets and Sidewalks				
Materials and Supplies	335,000	345,678	343,515	2,163
Total Streets and Sidewalks	335,000	345,678	343,515	2,163
Total Transportation	335,000	345,678	343,515	2,163
Community Environment				
Design and Review				
Materials and Supplies	500	500	0	500
Other	300	100	0	100
Total Design and Review	800	600	0	600
Total Community Environment	800	600	0	600
Basic Utility Services				
Refuse Department				
Personal Services	408,400	421,430	421,426	4
Fringe Benefits	157,618	150,649	150,645	4
Materials and Supplies	35,800	37,200	30,793	6,407
Contractual Services	300,000	300,000	284,047	15,953
Other	0	60,879	60,879	0
Total Refuse Department	901,818	970,158	947,790	22,368
Total Basic Utility Services	901,818	970,158	947,790	22,368

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Debt Service:</i>				
Principal Retirements	115,000	115,000	115,000	0
Interest and Fiscal Charges	100,769	77,769	77,769	0
Total Debt Service	215,769	192,769	192,769	0
Total Expenditures	16,377,991	16,865,818	16,431,079	434,739
Excess of Revenues Over Expenditures	1,448,895	889,751	2,180,977	1,291,226
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	33,800	33,840	40
General Obligation Bonds Issued	0	61,764	61,764	0
Transfers-In	152,625	83,625	110,003	26,378
Transfers-Out	(1,643,086)	(1,728,199)	(1,707,349)	20,850
Total Other Sources (Uses)	(1,490,461)	(1,549,010)	(1,501,742)	47,268
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(41,566)	(659,259)	679,235	1,338,494
Fund Balances at Beginning of Year	1,611,866	1,611,866	1,611,866	0
Prior Year Encumbrances Appropriated	25,183	25,183	25,183	0
Fund Balances at End of Year	<u>\$1,595,483</u>	<u>\$977,790</u>	<u>\$2,316,284</u>	<u>\$1,338,494</u>

City of Chillicothe, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Street Construction Maintenance & Repair Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$1,405,000	\$1,125,000	\$1,174,920	\$49,920
Intergovernmental	903,000	\$918,000	\$886,616	(31,384)
Other	0	8,000	17,241	9,241
Total Revenue	2,308,000	2,051,000	2,078,777	27,777
Expenditures				
<i>Current:</i>				
Transportation				
Personal Services	405,500	415,344	400,952	14,392
Fringe Benefits	188,636	197,792	167,190	30,602
Materials and Supplies	196,500	215,061	188,438	26,623
Contractual Services	26,000	42,113	40,355	1,758
Capital Outlay	786,215	5,278,480	1,648,464	3,630,016
Other	1,900	50,540	42,289	8,251
Total Transportation	1,604,751	6,199,330	2,487,688	3,711,642
<i>Debt Service:</i>				
Principal Retirement	2,120,000	2,120,000	2,120,000	0
Interest and Fiscal Charges	45,013	45,013	37,013	8,000
Issuance Costs	0	71,950	71,950	0
Total Debt Service	2,165,013	2,236,963	2,228,963	8,000
Total Expenditures	3,769,764	8,436,293	4,716,651	3,719,642
Excess of Revenues Over (Under) Expenditures	(1,461,764)	(6,385,293)	(2,637,874)	3,747,419
Other Financing Sources (Uses)				
Issuance of Notes	1,300,000	1,900,000	1,900,000	0
Issuance of General Obligation Bonds	0	3,000,000	3,000,000	0
Premium on Debt Issued	0	102,175	102,175	0
Transfers- Out	0	(8,000)	0	8,000
Total Other Sources (Uses)	1,300,000	4,994,175	5,002,175	8,000
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(161,764)	(1,391,118)	2,364,301	3,755,419
Fund Balances at Beginning of Year	716,408	716,408	716,408	0
Prior Year Encumbrances Appropriated	786,215	786,215	786,215	0
Fund Balances at End of Year	\$1,340,859	\$111,505	\$3,866,924	\$3,755,419

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$708,000	\$708,000	\$758,829	\$50,829
Charges for Services	2,677,800	1,780,800	1,933,629	152,829
Intergovernmental	1,507,922	1,497,422	1,491,126	(6,296)
Other	114,700	113,000	149,126	36,126
Total Revenue	5,008,422	4,099,222	4,332,710	233,488
Expenditures				
<i>Current:</i>				
Transportation				
Bus Transit System				
Personal Services	1,549,623	1,728,735	1,726,227	2,508
Fringe Benefits	704,363	752,097	744,276	7,821
Travel Transportation	750	1,956	1,314	642
Contractual Services	1,967,500	1,427,161	1,377,177	49,984
Materials and Supplies	441,337	335,772	298,130	37,642
Capital Outlay	225,417	239,906	226,132	13,774
Other	257,741	248,937	246,664	2,273
Total Transportation	5,146,731	4,734,564	4,619,920	114,644
Debt Service				
Principal Retirement	30,000	30,000	30,000	0
Interest and Fiscal Charges	43,732	43,732	43,731	1
Total Expenditures	5,220,463	4,808,296	4,693,651	114,645
Excess of Revenues Under Expenditures	(212,041)	(709,074)	(360,941)	348,133
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	0	6,288	6,288
Transfers-In	0	14,700	0	(14,700)
Transfers-Out	(26,400)	(26,675)	(26,485)	190
Total Other Sources (Uses)	(26,400)	(11,975)	(20,197)	(8,222)
Excess of Revenues and Other Sources Under Expenditures and Other Uses	(238,441)	(721,049)	(381,138)	339,911
Fund Balances at Beginning of Year	751,620	751,620	751,620	0
Prior Year Encumbrances Appropriated	79,710	79,710	79,710	0
Fund Balances at End of Year	\$592,889	\$110,281	\$450,192	\$339,911

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$72,000	\$72,000	\$71,888	(\$112)
Total Revenue	72,000	72,000	71,888	(112)
Expenditures				
<i>Current:</i>				
Transportation				
Capital Outlay	80,000	80,000	75,401	4,599
Total Transportation	80,000	80,000	75,401	4,599
Total Expenditures	80,000	80,000	75,401	4,599
Excess of Revenues Under Expenditures	(8,000)	(8,000)	(3,513)	4,487
Fund Balances at Beginning of Year	225,401	225,401	225,401	0
Fund Balances at End of Year	\$217,401	\$217,401	\$221,888	\$4,487

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Income Taxes	\$544,500	\$563,600	\$569,191	\$5,591
Charges for Services	92,500	95,300	96,791	1,491
Contributions and Donations	7,000	16,900	16,900	0
Other	7,700	7,700	11,451	3,751
Total Revenue	651,700	683,500	694,333	10,833
Expenditures				
<i>Current:</i>				
Leisure Time Activities				
Parks and Recreation				
Personal Services	395,286	337,020	304,199	32,821
Fringe Benefits	136,137	167,323	132,691	34,632
Materials and Supplies	92,051	124,295	93,906	30,389
Contractual Services	5,000	11,729	10,474	1,255
Other	4,200	5,166	3,747	1,419
Total Parks and Recreation	632,674	645,533	545,017	100,516
Leisure Time Activities				
Swimming Pool				
Personal Services	70,000	93,121	92,998	123
Fringe Benefits	11,700	21,679	16,371	5,308
Materials and Supplies	30,050	48,484	44,723	3,761
Contractual Services	3,000	192	70	122
Other	250	1,136	886	250
Total Swimming Pool	115,000	164,612	155,048	9,564
Total Leisure Time Activities	747,674	810,145	700,065	110,080
Excess of Revenues Under Expenditures	(95,974)	(126,645)	(5,732)	120,913
Other Financing Sources (Uses)				
Proceeds from the Sale of Capital Assets	1,000	1,000	0	(1,000)
Transfers-In	9,800	9,800	9,800	0
Transfers-Out	(250)	(250)	(146)	104
Total Other Sources (Uses)	10,550	10,550	9,654	(896)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(85,424)	(116,095)	3,922	120,017
Fund Balances at Beginning of Year	338,960	338,960	338,960	0
Fund Balances at End of Year	\$253,536	\$222,865	\$342,882	\$120,017

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$75,000	\$25,000	\$21,997	(\$3,003)
Interest	0	0	1	1
Total Revenue	<u>75,000</u>	<u>25,000</u>	<u>21,998</u>	<u>(3,002)</u>
Expenditures				
<i>Current:</i>				
Community Environment				
Rehabilitation & Development				
Materials and Supplies	19,000	22,026	9,629	12,397
Contractual Services	56,000	14,500	1,140	13,360
Total Community Environment	<u>75,000</u>	<u>36,526</u>	<u>10,769</u>	<u>25,757</u>
Total Expenditures	<u>75,000</u>	<u>36,526</u>	<u>10,769</u>	<u>25,757</u>
Excess of Revenues Over (Under) Expenditures	0	(11,526)	11,229	22,755
Fund Balances at Beginning of Year	12,728	12,728	12,728	0
Prior Year Encumbrances Appropriated	2,400	2,400	2,400	0
Fund Balances at End of Year	<u>\$15,128</u>	<u>\$3,602</u>	<u>\$26,357</u>	<u>\$22,755</u>

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$31,514	\$55,014	\$55,098	\$84
Total Revenue	31,514	55,014	55,098	84
Expenditures				
<i>Current:</i>				
Community Environment State Grants Capital Outlay	0	14,300	14,300	0
Total Community Environment	0	14,300	14,300	0
Total Expenditures	0	14,300	14,300	0
Excess of Revenues Over Expenditures	31,514	40,714	40,798	84
Other Financing Uses				
Transfers-Out	(31,514)	(35,156)	(35,156)	0
Total Other Uses	(31,514)	(35,156)	(35,156)	0
Excess of Revenues Over Expenditures and Other Uses	0	5,558	5,642	84
Fund Balances at Beginning of Year	74,062	74,062	74,062	0
Fund Balances at End of Year	\$74,062	\$79,620	\$79,704	\$84

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Total Revenue	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Expenditures				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balances at Beginning of Year	<u>5,765</u>	<u>5,765</u>	<u>5,765</u>	<u>0</u>
Fund Balances at End of Year	<u><u>\$5,765</u></u>	<u><u>\$5,765</u></u>	<u><u>\$5,765</u></u>	<u><u>\$0</u></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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$10,000	\$21,800	\$11,819	(\$9,981)
Total Revenue	10,000	21,800	11,819	(9,981)
Expenditures				
<i>Current:</i>				
Security of Persons and Property				
Police				
Capital Outlay	10,000	3,100	3,100	0
Other	10,000	20,000	12,280	7,720
Total Security of Persons & Property	20,000	23,100	15,380	7,720
Total Expenditures	20,000	23,100	15,380	7,720
Excess of Revenues Under Expenditures	(10,000)	(1,300)	(3,561)	(2,261)
Other Financing Sources				
Transfers-In	0	0	7,200	7,200
Total Other Sources	0	0	7,200	7,200
Excess of Revenues and Other Sources Over (Under) Expenditures	(10,000)	(1,300)	3,639	4,939
Fund Balances at Beginning of Year	63,995	63,995	63,995	0
Fund Balances at End of Year	\$53,995	\$62,695	\$67,634	\$4,939

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses and Permits	\$23,000	\$23,000	\$17,029	(\$5,971)
Total Revenue	23,000	23,000	17,029	(5,971)
Expenditures				
<i>Current:</i>				
Security of Persons and Property				
Alcohol Treatment				
Contractual Services	50,000	50,000	4,102	45,898
Total Security of Persons and Property	50,000	50,000	4,102	45,898
Total Expenditures	50,000	50,000	4,102	45,898
Excess of Revenues Over (Under) Expenditures	(27,000)	(27,000)	12,927	39,927
Fund Balances at Beginning of Year	206,354	206,354	206,354	0
Fund Balances at End of Year	\$179,354	\$179,354	\$219,281	\$39,927

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses and Permits	\$3,000	\$3,000	\$2,056	(\$944)
Total Revenue	3,000	3,000	2,056	(944)
Expenditures				
Total Expenditures	0	0	0	0
Excess of Revenues Over Expenditures	3,000	3,000	2,056	(944)
Fund Balances at Beginning of Year	12,684	12,684	12,684	0
Fund Balances at End of Year	\$15,684	\$15,684	\$14,740	(\$944)

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses and Permits	\$1,800	\$1,800	\$2,652	\$852
Total Revenue	1,800	1,800	2,652	852
Expenditures				
<i>Current:</i>				
Security of Persons and Property Enforcement & Education Other	0	7,500	7,500	0
Total Security of Persons and Property	0	7,500	7,500	0
Total Expenditures	0	7,500	7,500	0
Excess of Revenues Over (Under) Expenditures	1,800	(5,700)	(4,848)	852
Other Financing Uses				
Transfers-Out	0	(7,200)	(7,200)	0
Total Other Uses	0	(7,200)	(7,200)	0
Excess of Revenues Over (Under) Expenditures and Other Uses	1,800	(12,900)	(12,048)	852
Fund Balances at Beginning of Year	27,268	27,268	27,268	0
Fund Balances at End of Year	\$29,068	\$14,368	\$15,220	\$852

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, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Charges for Services	\$2,000	\$2,000	\$4,483	\$2,483
Fines, Licenses and Permits	6,000	14,500	21,210	6,710
Miscellaneous	15,600	15,600	18,194	2,594
Total Revenue	23,600	32,100	43,887	11,787
Expenditures				
<i>Current:</i>				
Transportation				
Traffic Control & Parking Facility				
Personal Services	47,050	99,308	64,083	35,225
Fringe Benefits	18,320	26,062	21,013	5,049
Travel	800	647	444	203
Contractual Services	2,000	750	672	78
Materials and Supplies	30,250	34,653	28,595	6,058
Capital Outlay	18,000	31,472	30,541	931
Other	400	0	0	0
Total Transportation	116,820	192,892	145,348	47,544
Total Expenditures	116,820	192,892	145,348	47,544
Excess of Revenues Under Expenditures	(93,220)	(160,792)	(101,461)	59,331
Other Financing Sources				
Transfers-In	81,000	146,000	151,750	5,750
Total Other Sources	81,000	146,000	151,750	5,750
Excess of Revenues and Other Sources Over (Under) Expenditures	(12,220)	(14,792)	50,289	65,081
Fund Balances at Beginning of Year	20,855	20,855	20,855	
Prior Year Encumbrances Appropriated	3,822	3,822	3,822	0
Fund Balances at End of Year	\$12,457	\$9,885	\$74,966	\$65,081

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$104,702	\$108,760	\$105,973	(\$2,787)
Intergovernmental	13,900	13,900	13,853	(47)
Other	0	0	27	27
Total Revenue	<u>118,602</u>	<u>122,660</u>	<u>119,853</u>	<u>(2,807)</u>
Expenditures				
<i>Current:</i>				
Security of Persons and Property				
Police Pension & Disability				
Fringe Benefits	600,000	600,000	553,980	46,020
Other	3,500	3,468	2,450	1,018
Total Security of Persons & Property	<u>603,500</u>	<u>603,468</u>	<u>556,430</u>	<u>47,038</u>
<i>Debt Service:</i>				
Principal Retirement	6,780	6,780	6,780	0
Interest and Fiscal Changes	1,854	1,886	1,886	0
Total Expenditures	<u>612,134</u>	<u>612,134</u>	<u>565,096</u>	<u>47,038</u>
Excess of Revenues Under Expenditures	(493,532)	(489,474)	(445,243)	44,231
Other Financing Sources				
Transfers-In	490,000	490,000	446,600	(43,400)
Total Other Sources	<u>490,000</u>	<u>490,000</u>	<u>446,600</u>	<u>(43,400)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures	(3,532)	526	1,357	831
Fund Balances at Beginning of Year	<u>4,262</u>	<u>4,262</u>	<u>4,262</u>	<u>0</u>
Fund Balances at End of Year	<u><u>\$730</u></u>	<u><u>\$4,788</u></u>	<u><u>\$5,619</u></u>	<u><u>\$831</u></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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$104,702	\$108,760	\$105,973	(\$2,787)
Intergovernmental	13,900	13,900	13,853	(47)
Other	0	0	8	8
Total Revenue	<u>118,602</u>	<u>122,660</u>	<u>119,834</u>	<u>(2,826)</u>
Expenditures				
<i>Current:</i>				
Security of Persons and Property				
Fire Pension & Disability				
Fringe Benefits	660,000	720,000	682,208	37,792
Other	3,500	3,500	2,450	1,050
Total Security of Persons & Property	<u>663,500</u>	<u>723,500</u>	<u>684,658</u>	<u>38,842</u>
<i>Debt Service:</i>				
Principal Retirement	23,220	23,220	23,220	0
Interest and Fiscal Changes	6,347	6,347	6,314	33
Total Expenditures	<u>693,067</u>	<u>753,067</u>	<u>714,192</u>	<u>38,875</u>
Excess of Revenues Under Expenditures	(574,465)	(630,407)	(594,358)	36,049
Other Financing Sources				
Transfers-In	<u>570,000</u>	<u>630,000</u>	<u>582,000</u>	<u>(48,000)</u>
Total Other Sources	<u>570,000</u>	<u>630,000</u>	<u>582,000</u>	<u>(48,000)</u>
Excess of Revenues and Other Sources Under Expenditures	(4,465)	(407)	(12,358)	(11,951)
Fund Balances at Beginning of Year	<u>13,651</u>	<u>13,651</u>	<u>13,651</u>	<u>0</u>
Fund Balances at End of Year	<u>\$9,186</u>	<u>\$13,244</u>	<u>\$1,293</u>	<u>(\$11,951)</u>

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, 2016

	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	<u>\$16,647</u>	<u>\$16,647</u>	<u>\$16,647</u>	<u>\$0</u>

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, 2016

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

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$190,900	\$190,900	\$95,450	(\$95,450)
Total Revenue	190,900	190,900	95,450	(95,450)
Expenditures				
Capital Outlay				
Capital Outlay	190,900	190,900	95,450	95,450
Total Capital Outlay	190,900	190,900	95,450	95,450
Total Expenditures	190,900	190,900	95,450	95,450
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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Income Taxes	\$707,000	\$707,000	\$755,365	\$48,365
Other	0	14,100	14,193	93
Total Revenue	707,000	721,100	769,558	48,458
Expenditures				
Capital Outlay				
Contractual Services	60,223	71,535	39,772	31,763
Materials and Supplies	5,000	1,182	1,086	96
Capital Outlay	234,428	770,076	753,286	16,790
Other	62,658	35,459	13,042	22,417
Total Capital Outlay	362,309	878,252	807,186	71,066
<i>Debt Service:</i>				
Principal Retirement	0	213,375	181,604	31,771
Interest and Fiscal Changes	1,500	16,814	15,106	1,708
Total Expenditures	363,809	1,108,441	1,003,896	104,545
Excess of Revenues Over (Under) Expenditures	343,191	(387,341)	(234,338)	153,003
Other Financing Sources (Uses)				
Issuance of General Obligation Bonds	0	374,653	374,653	0
Transfers-Out	0	(24,376)	(24,376)	0
Total Other Sources (Uses)	0	350,277	350,277	0
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	343,191	(37,064)	115,939	153,003
Fund Balances at Beginning of Year	88,121	88,121	88,121	0
Prior Year Encumbrances Appropriated	29,000	29,000	29,000	0
Fund Balances at End of Year	\$460,312	\$80,057	\$233,060	\$153,003

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Income Taxes	\$173,000	\$173,000	\$189,638	\$16,638
Contributions and Donations	0	10,000	10,000	0
Other	0	0	1,061	1,061
Total Revenue	173,000	183,000	200,699	17,699
Expenditures				
Capital Outlay				
Capital Outlay	179,000	338,593	272,151	66,442
Other	100	200	75	125
Total Capital Outlay	179,100	338,793	272,226	66,567
Total Expenditures	179,100	338,793	272,226	66,567
Excess of Revenues Under Expenditures	(6,100)	(155,793)	(71,527)	84,266
Other Financing Uses				
Transfers-Out	(20,000)	(22,375)	(22,375)	0
Total Other Uses	(20,000)	(22,375)	(22,375)	0
Excess of Revenues Under Expenditures and Other Uses	(26,100)	(178,168)	(93,902)	84,266
Fund Balances at Beginning of Year	400,071	400,071	400,071	0
Fund Balances at End of Year	\$373,971	\$221,903	\$306,169	\$84,266

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$0	\$0	\$15	\$15
Total Revenue	0	0	15	15
Expenditures				
Total Expenditures	0	0	0	0
Excess of Revenues Over Expenditures	0	0	15	15
Fund Balances at Beginning of Year	3,295	3,295	3,295	0
Fund Balances at End of Year	<u>\$3,295</u>	<u>\$3,295</u>	<u>\$3,310</u>	<u>\$15</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Total Revenue	\$0	\$0	\$0	\$0
Expenditures				
<i>Current:</i>				
Community Environment				
Floodwall Maintenance				
Contractual Services	0	150	150	0
Materials and Supplies	42,450	58,892	52,378	6,514
Other	425	189	187	2
Total Community Environment	42,875	59,231	52,715	6,516
Total Expenditures	42,875	59,231	52,715	6,516
Excess of Revenues Under Expenditures	(42,875)	(59,231)	(52,715)	6,516
Other Financing Sources (Uses)				
Transfers-In	40,000	40,000	40,000	0
Transfers-Out	(9,800)	(9,800)	(9,800)	0
Total Other Sources (Uses)	30,200	30,200	30,200	0
Excess of Revenues and Other Sources Under Expenditures and Other Uses	(12,675)	(29,031)	(22,515)	6,516
Fund Balances at Beginning of Year	17,440	17,440	17,440	0
Prior Year Encumbrances Appropriated	16,080	16,080	16,080	0
Fund Balances at End of Year	\$20,845	\$4,489	\$11,005	\$6,516

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, 2016

	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	350,000	390,000	389,008	992
Total General Government	350,000	390,000	389,008	992
Total Expenditures	350,000	390,000	389,008	992
Excess of Revenues Under Expenditures	(350,000)	(390,000)	(389,008)	992
Other Financing Sources				
Transfers-In	350,000	390,000	390,000	0
Total Other Sources	350,000	390,000	390,000	0
Excess of Revenues and Other Sources Over Expenditures	0	0	992	992
Fund Balances at Beginning of Year	7,247	7,247	7,247	0
Fund Balances at End of Year	\$7,247	\$7,247	\$8,239	\$992

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Total Revenue	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay				
Capital Outlay	55,000	55,000	49,178	5,822
Total Capital Outlay	55,000	55,000	49,178	5,822
Total Expenditures	55,000	55,000	49,178	5,822
Excess of Revenues Under Expenditures	(55,000)	(55,000)	(49,178)	5,822
Other Financing Sources				
Transfers-In	52,000	52,000	52,000	0
Total Other Sources	52,000	52,000	52,000	0
Excess of Revenues and Other Sources Over (Under) Expenditures	(3,000)	(3,000)	2,822	5,822
Fund Balances at Beginning of Year	10,781	10,781	10,781	0
Prior Year Encumbrances Appropriated	4,850	4,850	4,850	0
Fund Balances at End of Year	\$12,631	\$12,631	\$18,453	\$5,822

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$0	\$0	\$6,000	\$6,000
Total Revenue	0	0	6,000	6,000
Expenditures				
Capital Outlay				
Capital Outlay	15,000	21,449	17,373	4,076
Total Capital Outlay	15,000	21,449	17,373	4,076
Total Expenditures	15,000	21,449	17,373	4,076
Excess of Revenues Under Expenditures	(15,000)	(21,449)	(11,373)	10,076
Other Financing Sources				
Transfers-In	15,000	15,000	15,000	0
Total Other Sources	15,000	15,000	15,000	0
Excess of Revenues and Other Sources Over (Under) Expenditures	0	(6,449)	3,627	10,076
Fund Balances at Beginning of Year	10,793	10,793	10,793	0
Prior Year Encumbrances Appropriated	449	449	449	0
Fund Balances at End of Year	<u>\$11,242</u>	<u>\$4,793</u>	<u>\$14,869</u>	<u>\$10,076</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$0	\$0	\$4,683	\$4,683
Total Revenue	0	0	4,683	4,683
Expenditures				
<i>Current:</i>				
General Government				
Monies Claimed	2,000	2,000	414	\$1,586
Total General Government	2,000	2,000	414	1,586
Total Expenditures	2,000	2,000	414	1,586
Excess of Revenues Over (Under) Expenditures	(2,000)	(2,000)	4,269	6,269
Fund Balances at Beginning of Year	84,470	84,470	84,470	0
Fund Balances at End of Year	\$82,470	\$82,470	\$88,739	\$6,269

**CITY OF CHILLICOTHE, OHIO
PROPRIETARY FUNDS**

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.

NONMAJOR INTERNAL SERVICE FUND

Internal service funds are maintained to account for the operations of City activities that provide services to other City departments and funds.

Fuel Purchasing Program

To account for the activity from the City's fuel purchasing program. Since this is the only nonmajor internal service fund, no combining statements for the internal service fund are presented.

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$4,025,200	\$4,047,000	\$4,289,422	\$242,422
Other Operating Revenue	82,000	101,400	117,933	16,533
Total Revenue	4,107,200	4,148,400	4,407,355	258,955
Expenses				
<i>Current:</i>				
Personal Services	1,280,355	1,353,670	1,345,901	7,769
Fringe Benefits	683,457	711,860	679,945	31,915
Travel Transportation	300	0	0	0
Contractual Services	138,375	138,795	92,439	46,356
Materials and Supplies	843,250	795,183	636,405	158,778
Other Operating Expenses	281,472	279,589	270,234	9,355
Capital Outlay	778,375	1,180,298	1,104,743	75,555
<i>Debt Service:</i>				
Principal Retirement	415,000	415,000	415,000	0
Interest and Fiscal Charges	38,525	38,525	38,525	0
Total Expenses	4,459,109	4,912,920	4,583,192	329,728
Excess of Revenues Under Expenses	(351,909)	(764,520)	(175,837)	588,683
Other Financing Uses				
Transfers-Out	(5,100)	(4,883)	(763)	4,120
Total Other Uses	(5,100)	(4,883)	(763)	4,120
Excess of Revenues Under Expenses and Other Uses	(357,009)	(769,403)	(176,600)	592,803
Fund Equity at Beginning of Year	4,275,717	4,275,717	4,275,717	0
Prior Year Encumbrances Appropriated	163,331	163,331	163,331	0
Fund Equity at End of Year	\$4,082,039	\$3,669,645	\$4,262,448	\$592,803

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, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Charges for Services	\$2,879,000	\$2,890,800	\$3,043,061	\$152,261
Other Operating Revenues	35,000	56,186	62,057	5,871
Total Revenue	2,914,000	2,946,986	3,105,118	158,132
Expenses				
<i>Current:</i>				
Personal Services	1,170,405	1,228,199	1,184,107	44,092
Fringe Benefits	575,936	636,551	600,975	35,576
Travel Transportation	500	0	0	0
Contractual Services	81,275	90,949	83,609	7,340
Materials and Supplies	462,400	447,914	350,445	97,469
Other Operating Expenses	442,435	748,442	444,351	304,091
Capital Outlay	214,292	199,010	195,257	3,753
<i>Debt Service:</i>				
Principal Retirement	120,000	120,000	120,000	0
Interest and Fiscal Charges	27,550	27,550	27,550	0
Total Expenses	3,094,793	3,498,615	3,006,294	492,321
Excess of Revenues Over (Under) Expenses	(180,793)	(551,629)	98,824	650,453
Other Financing Sources (Uses)				
Transfers-In	30,000	30,000	30,000	0
Transfers-Out	(305,750)	(297,750)	(703)	297,047
Total Other Sources (Uses)	(275,750)	(267,750)	29,297	297,047
Excess of Revenues and Other Sources Over (Under) Expenses and Other Uses	(456,543)	(819,379)	128,121	947,500
Fund Equity at Beginning of Year	3,943,214	3,943,214	3,943,214	0
Prior Year Encumbrances Appropriated	142,242	142,242	142,242	0
Fund Equity at End of Year	\$3,628,913	\$3,266,077	\$4,213,577	\$947,500

City of Chillicothe, Ohio
 Schedule of Revenues, Expenses, and Changes in
 Fund Equity - Budget and Actual (Budget Basis)
 Internal Service Fund
 For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$375,000	\$270,000	\$290,851	\$20,851
Total Revenue	375,000	270,000	290,851	20,851
Expenses				
<i>Current:</i>				
Materials and Supplies	375,000	308,000	278,545	29,455
Total Expenses	375,000	308,000	278,545	29,455
Excess of Revenues Over (Under) Expenses	0	(38,000)	12,306	50,306
Fund Equity at Beginning of Year	41,035	41,035	41,035	0
Fund Equity at End of Year	\$41,035	\$3,035	\$53,341	\$50,306

**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, 2016

	Balance 1/1/2016	Additions	Reductions	Balance 12/31/2016
Deposits Agency				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$38,457	\$4,485	\$3,866	\$39,076
<i>Total Assets</i>	<u>\$38,457</u>	<u>\$4,485</u>	<u>\$3,866</u>	<u>\$39,076</u>
Liabilities				
Deposits Held and Due to Others	\$38,457	\$4,485	\$3,866	\$39,076
<i>Total Liabilities</i>	<u>\$38,457</u>	<u>\$4,485</u>	<u>\$3,866</u>	<u>\$39,076</u>
Municipal Court Agency				
Assets				
Cash and Cash Equivalents in Segregated Accounts	\$168,331	\$1,727,909	\$1,721,163	\$175,077
<i>Total Assets</i>	<u>\$168,331</u>	<u>\$1,727,909</u>	<u>\$1,721,163</u>	<u>\$175,077</u>
Liabilities				
Intergovernmental Payable	\$67,063	\$790,004	\$783,515	\$73,552
Undistributed Monies	101,268	292,199	291,942	101,525
Deposits Held and Due to Others	0	645,706	645,706	0
<i>Total Liabilities</i>	<u>\$168,331</u>	<u>\$1,727,909</u>	<u>\$1,721,163</u>	<u>\$175,077</u>
Total Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$38,457	\$4,485	\$3,866	\$39,076
Cash and Cash Equivalents in Segregated Accounts	168,331	1,727,909	1,721,163	175,077
<i>Total Assets</i>	<u>\$206,788</u>	<u>\$1,732,394</u>	<u>\$1,725,029</u>	<u>\$214,153</u>
Liabilities				
Intergovernmental Payable	\$67,063	\$790,004	\$783,515	\$73,552
Undistributed Monies	101,268	292,199	291,942	101,525
Deposits Held and Due to Others	38,457	650,191	649,572	39,076
<i>Total Liabilities</i>	<u>\$206,788</u>	<u>\$1,732,394</u>	<u>\$1,725,029</u>	<u>\$214,153</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.	140-145
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.	146-150
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.	151-156
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.	157-158
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.	159-163

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net Investment in Capital Assets	\$39,625,809	\$39,182,366	\$39,109,104	\$40,021,089	\$37,577,135	\$37,188,766	\$36,003,964	\$34,537,906	\$31,019,197	\$29,083,001
Restricted:										
Debt Service	0	0	13,507	14,099	14,670	14,956	1,940	3,152	2,720	0
Capital Projects	749,643	1,007,274	321,193	1,488,796	2,433,951	587,122	753,555	874,538	691,212	783,956
Permanent Fund:										
Expendable	2,107	2,147	2,187	2,207	2,235	2,250	2,265	2,265	2,295	2,310
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	500,525	402,192	321,959	326,271	377,749	597,155	577,311	493,184	0	2,507,600
Bus Transit	210,363	319,668	2,465,846	205,481	13,980	144,362	454,151	585,710	719,872	745,369
Housing and Urban Development Program	355,957	602,453	1,234,949	418,947	655,388	630,777	211,626	88,716	90,128	62,535
Other Purposes	1,896,031	1,801,592	1,216,833	998,585	950,556	770,263	918,037	983,910	1,155,410	1,260,684
Unrestricted (Deficit)	1,050,438	1,105,720	686,586	(1,172,862)	(266,958)	(273,582)	575,723	(14,972,673)	(12,599,357)	(15,464,626)
Total Governmental Activities Net Position	\$44,391,873	\$44,424,412	\$45,373,164	\$42,303,613	\$41,759,706	\$39,663,069	\$39,499,572	\$22,597,708	\$21,082,477	\$18,981,829
Business Type - Activities										
Net Investment in Capital Assets	\$30,375,860	\$31,628,281	\$32,021,986	\$32,510,938	\$30,558,748	\$32,431,229	\$32,846,152	\$33,479,256	\$33,549,707	\$33,244,740
Restricted:										
Debt Service	1,902,831	1,652,563	1,694,714	1,627,337	1,283,936	1,283,936	1,351,634	1,351,634	4	4
Capital Projects	1,818,467	1,818,467	1,818,467	1,818,467	1,818,467	1,818,467	1,818,467	1,818,467	618,468	618,468
Unrestricted	6,045,463	5,481,570	5,094,530	4,830,440	7,450,049	4,928,272	4,914,405	3,032,263	6,210,997	6,856,475
Total Business-Type Activities Net Position	\$40,142,621	\$40,580,881	\$40,629,697	\$40,787,182	\$41,111,200	\$40,461,904	\$40,930,658	\$39,681,620	\$40,379,176	\$40,719,687
Primary Government										
Net Investment in Capital Assets	\$70,001,669	\$70,810,647	\$71,131,090	\$72,532,027	\$68,135,883	\$69,619,995	\$68,850,116	\$68,017,162	\$64,568,904	\$62,327,741
Restricted	7,436,924	7,607,356	9,090,655	6,901,190	7,551,932	5,850,288	6,089,986	6,202,576	3,281,109	5,981,926
Unrestricted	7,095,901	6,587,290	5,781,116	3,657,578	7,183,091	4,654,690	5,490,128	(11,940,410)	(6,388,360)	(8,608,151)
Total Primary Government Net Position	\$84,534,494	\$85,005,293	\$86,002,861	\$83,090,795	\$82,870,906	\$80,124,973	\$80,430,230	\$62,279,328	\$61,461,653	\$59,701,516

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues										
Governmental Activities										
<i>Charges for Services:</i>										
General Government	\$1,503,926	\$1,682,510	\$2,155,542	\$2,619,886	\$2,248,670	\$2,198,878	\$2,064,040	\$2,206,675	\$2,326,602	\$2,483,728
Security of Persons and Property:										
Police	54,079	356,516	96,135	57,760	52,402	62,719	43,245	42,685	49,952	33,477
Fire	936,958	960,872	1,112,873	1,138,072	1,227,034	1,128,525	1,090,048	1,136,677	999,256	1,037,872
Transportation	212,326	123,925	192,654	848,534	1,059,399	1,200,451	1,159,503	2,038,070	2,345,012	1,959,322
Basic Utility Services	1,135,399	989,259	1,004,003	989,639	942,951	939,539	1,620,594	1,460,742	1,461,615	1,455,317
Leisure Time Activities	100,105	136,601	103,915	90,134	107,531	125,053	72,920	109,667	91,472	114,592
Subtotal - Charges for Services	<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>	<u>7,273,909</u>	<u>7,084,308</u>
<i>Operating Grants and Contributions:</i>										
General Government	24,039	25,746	24,324	207,793	250,860	225,772	224,910	212,942	0	0
Security of Persons and Property:										
Police	0	0	0	151,421	0	29,330	132,204	74,464	33,611	14,800
Fire	0	0	0	146,250	0	155,117	254,413	30,317	19,502	14,017
Transportation	2,722,949	2,391,097	3,387,055	1,555,346	2,125,408	2,341,454	3,524,770	2,464,472	2,676,569	2,664,810
Community Environment	629,112	583,111	1,971,841	131,711	1,866,383	1,127,170	50,375	120,686	83,757	69,041
Leisure Time Activities	4,657	5,633	5,973	6,407	17,046	19,877	5,938	17,440	0	0
Subtotal - Operating Grants and Contributions	<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>	<u>2,813,439</u>	<u>2,762,668</u>
<i>Capital Grants and Contributions:</i>										
Security of Persons and Property:										
Police	0	6,297	0	0	0	0	0	0	0	0
Transportation	200,230	0	3,691,384	794,490	336,199	464,966	99,608	60,131	330,000	95,450
Leisure Time Activities	0	104,747	87,321	136,400	0	0	33,997	4,960	0	10,000
Subtotal - Capital Grants and Contributions	<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>	<u>330,000</u>	<u>105,450</u>
Total Governmental Activities Program Revenues	<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>	<u>10,417,348</u>	<u>9,952,426</u>
Business-Type Activities										
<i>Charges for Services</i>										
Water	4,476,992	4,366,400	4,401,964	4,439,150	4,515,934	3,747,483	4,467,383	4,343,590	4,389,716	4,276,662
Sewer	3,467,668	3,227,754	3,155,672	3,086,853	3,188,581	2,658,330	3,189,215	3,026,390	3,091,530	3,044,372
Total Business-Type Activities Program Revenues	<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>	<u>7,481,246</u>	<u>7,321,034</u>
Total Primary Government Program Revenues	<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>	<u>\$17,898,594</u>	<u>\$17,273,460</u>

continued

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
General Government	\$5,063,213	\$5,269,764	\$5,856,422	\$5,972,704	\$5,714,391	\$5,699,394	\$5,333,744	\$5,100,298	\$5,586,664	\$5,849,212
Security of Persons and Property:										
Police	5,693,551	5,406,935	5,616,398	5,921,752	5,347,177	5,537,262	5,414,997	5,338,983	5,207,081	6,400,259
Fire	4,567,222	5,206,800	5,370,049	5,427,992	5,486,905	5,692,471	5,586,698	5,564,205	5,263,397	6,144,215
Transportation	6,730,013	6,191,675	7,341,642	5,650,615	6,504,578	6,321,374	6,134,684	6,402,993	8,356,705	8,833,139
Community Environment	772,615	677,158	1,685,430	969,074	1,432,828	930,752	833,234	603,419	445,176	432,011
Basic Utility Services	1,064,347	934,806	874,302	1,172,801	673,426	920,910	752,633	1,108,199	898,156	920,757
Leisure Time Activities	1,089,656	927,550	520,058	856,056	863,046	933,458	617,180	775,554	789,943	997,693
Interest and Fiscal Charges	91,207	124,333	136,428	132,305	116,032	115,936	125,816	167,577	177,562	191,771
Issuance Costs	0	0	0	0	0	0	156,699	0	6,928	71,950
<i>Total Governmental Activities Expenses</i>	<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>	<u>26,731,612</u>	<u>29,841,007</u>
Business-Type Activities										
Water	4,134,872	4,169,380	4,400,088	3,900,284	4,995,184	4,089,141	3,896,122	3,983,254	3,675,217	4,078,550
Sewer	3,022,759	3,148,719	3,248,239	3,887,721	3,328,562	3,103,909	3,494,256	3,123,064	3,278,689	3,148,529
<i>Total Business-Type Activities Expenses</i>	<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>	<u>6,953,906</u>	<u>7,227,079</u>
<i>Total Primary Government Program Expenses</i>	<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>	<u>33,685,518</u>	<u>37,068,086</u>
Net (Expense)/Revenue										
Governmental Activities	(17,548,044)	(17,372,707)	(13,567,709)	(17,229,456)	(15,904,500)	(16,132,706)	(14,579,120)	(15,081,300)	(16,314,264)	(19,888,581)
Business-Type Activities	787,029	276,055	(90,691)	(262,002)	(619,231)	(787,237)	266,220	263,662	527,340	93,955
<i>Total Primary Government Net Expense</i>	<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>	<u>(15,786,924)</u>	<u>(19,794,626)</u>

continued

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental Activities										
<i>Taxes:</i>										
<i>Property and Other Local Taxes Levied for:</i>										
General Purposes	1,071,126	986,223	935,673	941,165	899,306	880,624	883,741	865,677	861,079	884,981
Police and Fire Pension	255,262	236,293	221,814	226,362	216,144	211,970	226,163	222,750	215,431	213,818
<i>Municipal Income Taxes Levied for:</i>										
General Purposes	9,594,677	9,211,925	9,186,508	9,109,304	9,495,655	9,598,751	9,662,424	9,863,588	10,333,167	11,500,817
Transportation	0	669,926	668,288	662,443	690,670	697,395	702,702	716,139	732,147	2,176,293
Capital Outlay	810,292	836,963	836,331	827,341	864,429	862,151	878,096	894,889	915,798	938,664
Other Taxes	249,109	190,237	133,653	230,591	207,975	238,930	243,520	262,223	290,727	304,959
<i>Grants and Entitlements not Restricted to</i>										
Specific Programs	1,685,694	3,738,582	2,098,454	1,820,969	1,937,176	979,018	1,148,330	915,163	741,609	860,806
Investment Income	656,517	358,230	151,647	55,348	50,035	31,662	16,768	17,177	14,841	49,563
Miscellaneous	419,520	622,353	323,883	456,890	341,810	549,757	674,708	558,521	706,066	873,248
Gain on Sale of Capital Assets	0	0	0	387	0	0	0	0	0	13,318
Total Governmental Activities	14,742,197	16,850,732	14,556,251	14,330,800	14,703,200	14,050,258	14,436,452	14,316,127	14,810,865	17,816,467
Business-Type Activities										
Investment Income	112,221	36,975	16	0	2,846	1,911	1,134	5,142	4	0
Miscellaneous	249,060	105,659	99,701	403,064	118,047	121,841	180,571	189,347	158,380	218,022
Total Business-Type Activities	361,281	142,634	99,717	403,064	120,893	123,752	181,705	194,489	158,384	218,022
Total Primary Government General Revenues and Other Changes in Net Position	15,103,478	16,993,366	14,655,968	14,733,864	14,824,093	14,174,010	14,618,157	14,510,616	14,969,249	18,034,489
Transfers										
Governmental Activities	(18,206)	(19,571)	(39,790)	(16,423)	(14,352)	(14,189)	(20,829)	(25,443)	(11,832)	(28,534)
Business-Type Activities	18,206	19,571	39,790	16,423	14,352	14,189	20,829	25,443	11,832	28,534
Change in Net Position										
Governmental Activities	(2,824,053)	(541,546)	948,752	(2,915,079)	(1,215,652)	(2,096,637)	(163,497)	(790,616)	(1,515,231)	(2,100,648)
Business-Type Activities	1,166,516	438,260	48,816	157,485	(483,986)	(649,296)	468,754	483,594	697,556	340,511
Total Primary Government Change in Net Position	(\$1,657,537)	(\$103,286)	\$997,568	(\$2,757,594)	(\$1,699,638)	(\$2,745,933)	\$305,257	(\$307,022)	(\$817,675)	(\$1,760,137)

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$217,361	\$112,003	\$141,640	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unreserved	3,274,545	4,463,107	2,232,978	0	0	0	0	0	0	0
Nonspendable	0	0	0	220,157	252,251	261,459	258,593	248,463	261,226	255,045
Committed	0	0	0	197,064	159,667	110,387	114,900	87,271	51,286	34,567
Assigned	0	0	0	32,505	46,264	14,607	0	0	0	18,453
Unassigned (Deficit)	0	0	0	1,133,784	1,334,086	(520,457)	1,703,062	1,948,943	2,663,924	3,369,441
Total General Fund	3,491,906	4,575,110	2,374,618	1,583,510	1,792,268	(134,004)	2,076,555	2,284,677	2,976,436	3,677,506
All Other Governmental Funds										
Reserved	243,570	1,595,859	443,926	0	0	0	0	0	0	0
<i>Unreserved, Undesignated, Reported in:</i>										
Special Revenue Funds	2,138,285	581,784	865,429	0	0	0	0	0	0	0
Debt Service Funds	15,950	16,325	16,591	0	0	0	0	0	0	0
Capital Projects Funds	528,189	572,514	97,329	0	0	0	0	0	0	0
Permanent Funds	2,107	2,147	2,187	0	0	0	0	0	0	0
Nonspendable	0	0	0	19,740	44,927	53,611	90,404	110,275	90,886	78,331
Restricted	0	0	0	1,134,928	1,636,977	1,202,380	2,409,387	2,203,639	2,356,673	4,493,423
Assigned	0	0	0	5,765	5,765	5,765	5,765	5,765	5,765	5,765
Unassigned (Deficit)	0	0	0	(1,942,241)	(2,216,810)	(2,695,504)	(115,987)	(52,204)	(415,703)	0
Total All Other Governmental Funds	2,928,101	2,768,629	1,425,462	(781,808)	(529,141)	(1,433,748)	2,389,569	2,267,475	2,037,621	4,577,519
Total Governmental Funds	\$6,420,007	\$7,343,739	\$3,800,080	\$801,702	\$1,263,127	(\$1,567,752)	\$4,466,124	\$4,552,152	\$5,014,057	\$8,255,025

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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Property Taxes	\$1,326,120	\$1,215,794	\$1,153,839	\$1,162,849	\$1,132,782	\$1,088,740	\$1,115,022	\$1,075,485	\$1,077,820	\$1,088,547
Municipal Income Taxes	10,473,453	10,718,814	10,691,127	10,599,088	10,526,861	10,851,650	11,177,609	11,303,794	12,109,853	14,148,768
Other Taxes	249,109	190,237	133,653	230,591	207,975	238,930	243,520	262,223	290,727	304,959
Charges for Services	2,386,542	2,212,147	2,415,065	4,081,250	3,957,405	3,997,022	4,501,048	5,255,945	5,423,454	5,138,328
Fines, Licenses and Permits	1,556,251	2,003,958	2,232,953	1,597,242	1,658,779	1,631,754	1,525,476	1,734,819	1,844,592	1,917,514
Intergovernmental	5,439,441	6,625,215	9,847,621	6,506,226	6,682,596	5,175,386	5,827,097	3,465,617	4,237,598	3,531,008
Special Assessments	19,934	21,631	17,104	50,186	34,087	7,558	13,150	3,752	5,863	11,566
Investment Earnings	656,517	358,230	151,647	55,348	50,035	31,662	16,768	17,177	14,841	49,563
Contributions and Donations	0	0	0	0	0	0	0	0	0	26,900
Miscellaneous	431,371	653,732	354,180	502,048	437,117	647,058	702,684	767,139	701,553	877,828
Total Revenues	22,538,738	23,999,758	26,997,189	24,784,828	24,687,637	23,669,760	25,122,374	23,885,951	25,706,301	27,094,981
Expenditures										
<i>Current:</i>										
General Government	5,005,119	5,149,587	6,715,055	5,856,255	5,604,348	5,766,533	5,449,967	5,202,316	5,483,348	5,589,191
<i>Security of Persons and Property:</i>										
Police	5,013,183	5,198,129	5,724,315	5,617,250	5,332,157	5,437,570	4,983,010	5,072,888	4,888,702	5,514,183
Fire	4,563,369	4,687,957	4,880,108	5,051,759	5,091,470	5,360,909	5,096,719	5,171,591	4,923,945	5,194,391
Transportation	4,643,236	4,688,758	8,567,602	6,090,170	4,838,279	4,292,719	5,575,178	5,584,486	6,718,751	7,495,984
Community Environment	489,853	352,345	1,370,904	859,783	1,163,349	619,530	525,336	299,055	146,428	94,711
Basic Utilities Services	1,069,275	946,803	880,792	843,424	685,053	892,274	756,499	1,101,188	907,781	929,540
Leisure Time Activities	900,563	866,912	936,905	783,079	746,962	740,641	492,124	613,047	618,742	690,016
Capital Outlay	1,599,605	356,415	1,715,632	1,277,088	576,632	3,172,838	445,986	587,718	985,259	1,145,498
<i>Debt Service:</i>										
Principal Retirement	721,505	726,220	327,983	1,164,204	264,081	175,691	438,596	388,174	728,014	576,503
Interest and Fiscal Charges	93,755	126,952	139,122	134,923	118,684	116,222	112,800	173,042	181,383	189,523
Issuance Costs	0	0	0	0	0	0	156,699	0	6,928	71,950
Total Expenditures	24,099,463	23,100,078	31,258,418	27,677,935	24,421,015	26,574,927	24,032,914	24,193,505	25,589,281	27,491,490
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,560,725)	899,680	(4,261,229)	(2,893,107)	266,622	(2,905,167)	1,089,460	(307,554)	117,020	(396,509)
Other Financing Sources (Uses)										
Sale of Capital Assets	29,727	0	11,101	23,339	0	25,832	41,696	0	16,559	40,128
Refunding Bonds Issues	0	0	0	0	0	0	4,850,000	0	0	0
Issuance of General Obligation Bonds	0	0	0	0	0	0	0	0	260,000	3,436,417
Premium on General Obligation Bonds	0	0	0	0	0	0	31,481	0	5,234	102,175
Issuance of Notes	600,000	200,000	900,000	0	0	0	0	300,000	0	0
Insurance Recoveries	0	17,892	0	0	0	0	0	0	0	0
Proceeds from Loan	0	0	0	0	0	0	0	100,000	0	0
Inception of Capital Lease	71,885	25,731	46,259	42,285	209,155	62,645	42,068	19,025	74,924	87,291
Payment for Refunded Note	0	0	(200,000)	0	0	0	0	0	0	0
Transfers In	2,239,304	2,820,011	3,420,697	2,884,584	2,503,682	1,965,487	2,396,777	1,610,036	1,691,615	1,342,353
Transfers Out	(2,257,510)	(2,839,582)	(3,460,487)	(2,901,007)	(2,518,034)	(1,979,676)	(2,417,606)	(1,635,479)	(1,703,447)	(1,370,887)
Total Other Financing Sources (Uses)	683,406	224,052	717,570	49,201	194,803	74,288	4,944,416	393,582	344,885	3,637,477
Net Change in Fund Balances	(\$877,319)	\$1,123,732	(\$3,543,659)	(\$2,843,906)	\$461,425	(\$2,830,879)	\$6,033,876	\$86,028	\$461,905	\$3,240,968
Debt Service as a Percentage of Noncapital Expenditures	3.6%	4.0%	1.9%	5.3%	1.6%	1.3%	2.5%	2.5%	3.8%	3.3%

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		Assessed Value	Estimated Actual Value		
	Residential/Agricultural/Commercial/Industrial	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value				
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
2015	367,212,160	1,049,177,600	22,622,080	25,706,909	0	0	389,834,240	1,074,884,509	36.27%	3.20
2016	372,366,600	1,063,904,571	23,142,100	26,297,841	0	0	395,508,700	1,090,202,412	36.28%	3.20

146

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	10.60	11.70	11.70	12.50	12.50	12.50	12.50	12.50	12.80
<i>Total County Millage</i>	<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>	<u>12.50</u>	<u>12.80</u>
Chillicothe City School District Millage										
Operating	46.20	46.20	46.20	46.20	46.20	46.20	46.20	53.30	53.40	50.20
Debt Service	4.47	4.47	4.47	4.47	4.80	4.80	4.80	5.80	5.80	8.79
<i>Total School Millage</i>	<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>	<u>59.20</u>	<u>58.99</u>
Other Millage										
Operating	4.80	4.80	4.80	4.80	5.80	5.80	5.80	5.80	5.80	6.30
<i>Total Other Millage</i>	<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>	<u>5.80</u>	<u>6.30</u>
Total Direct and Overlapping Millage	<u><u>69.07</u></u>	<u><u>69.27</u></u>	<u><u>70.37</u></u>	<u><u>70.37</u></u>	<u><u>72.50</u></u>	<u><u>72.50</u></u>	<u><u>72.50</u></u>	<u><u>80.60</u></u>	<u><u>80.70</u></u>	<u><u>81.29</u></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
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%
2015	1,205,250	1,175,627	97.54%	34,804	1,210,431	100.43%	50,212	4.17%
2016	1,228,868	1,186,274	96.53%	44,329	1,230,603	100.14%	60,414	4.92%

148

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
2016 and 2007

2016		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Ohio Power Company	\$20,067,170	5.07%
P.H. Glatfelter	6,631,280	1.68%
DDR Chillicothe LLC	6,405,000	1.62%
Chillicothe Mall Inc.	4,255,300	1.08%
National Church Residence	3,263,070	0.83%
Columbia Gas of Ohio	2,913,560	0.74%
Central Center LTD	2,779,620	0.70%
Menard Inc.	2,696,460	0.68%
Sam's Real Estate Business	2,618,050	0.66%
Zane Plaza LLC	2,319,440	0.59%
Chillicothe Mall Inc.		
Total	<u>\$53,948,950</u>	<u>13.64%</u>
Total Assessed Valuation	<u>\$395,508,700</u>	
2007		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
P.H. Glatfelter	\$27,265,920	6.52%
DDR Chillicothe LLC	3,640,230	0.87%
Chillicothe Mall Inc.	3,454,820	0.83%
Central Center LTD	2,885,940	0.69%
PPG Industries Inc.	2,810,420	0.67%
Kmart	2,328,100	0.56%
Horizon Telcom, Inc.	2,320,390	0.55%
Zane Plaza LLC	2,140,520	0.51%
RG Chilli Associates LTD	1,648,510	0.39%
Rossco Partners, LLC	1,370,360	0.33%
Total	<u>\$49,865,210</u>	<u>11.92%</u>
Total Assessed Valuation	<u>\$418,262,440</u>	

Source: Ross County Auditor

(1) The amounts presented represent the assessed values upon which 2016 and 2007 collections were based.

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

TAX YEAR	TAX RATE	TOTAL TAX COLLECTED	TAXES FROM WITHHOLDING	PERCENTAGE OF TAXES FROM WITHHOLDING	TAXES FROM NET PROFITS	PERCENTAGE OF TAXES FROM NET PROFITS	TAXES FROM INDIVIDUALS	PERCENTAGE OF TAXES FROM INDIVIDUALS
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%
2015	1.60%	11,644,731	9,313,648	79.98%	1,372,129	11.78%	958,955	8.24%
2016	2.00%	14,485,410	11,895,696	82.12%	1,634,125	11.28%	955,589	6.60%

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				
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	
2015	4,523,209	0	0	75,000	154,073	3,231,255	0	0	8,644	7,992,181	1.64%	368	
2016	7,604,636	0	0	50,000	136,767	2,685,493	0	0	5,415	10,482,311	2.08%	479	

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

<u>YEAR</u>	<u>POPULATION (1)</u>	<u>ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (2)</u>	<u>GROSS BONDED DEBT (3)</u>	<u>RATIO OF GROSS BONDED DEBT TO ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY</u>	<u>GROSS BONDED DEBT PER CAPITA</u>
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
2015	21,738	1,074,884,509	7,754,464	0.72%	357
2016	21,901	1,090,202,412	10,290,129	0.94%	470

152

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, OHIC
 COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 DECEMBER 31, 2016

JURISDICTION	GOVERNMENTAL ACTIVITIES DEBT OUTSTANDING	PERCENTAGE APPLICABLE TO CITY (1)	AMOUNT APPLICABLE TO CITY
DIRECT - CITY OF CHILLICOTHE			
CAPITAL LEASES	\$136,767	100.00%	\$136,767
LOANS PAYABLE	50,000	100.00%	50,000
GENERAL OBLIGATION BONDS	7,604,636	100.00%	7,604,636
TOTAL DIRECT DEBT	7,791,403		7,791,403
OVERLAPPING			
ROSS COUNTY	6,770,529	32.40%	2,193,651
CHILLICOTHE CITY SCHOOLS	43,490,455	92.01%	40,015,568
UNION-SCIOTO LOCAL SCHOOLS	1,427,474	19.73%	281,641
SOUTHEASTERN LOCAL SCHOOLS	1,433,743	1.75%	25,091
ZANE TRACE LOCAL SCHOOLS	719,426	1.09%	7,842
SCIOTO TOWNSHIP	29,260	82.86%	24,245
SPRINGFIELD TOWNSHIP	170,217	3.86%	6,570
TOTAL OVERLAPPING DEBT	54,041,104		42,554,608
TOTAL	\$61,832,507		\$50,346,011

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Assessed Property Value	\$418,262,440	\$428,243,450	\$414,196,300	\$416,689,710	\$409,792,080	\$404,108,580	\$403,836,610	\$395,365,840	\$389,834,240	\$395,508,700
Overall Legal Debt Limit (10 1/2% of Assessed Valuation)	43,917,556	44,965,562	43,490,612	43,752,420	43,028,168	42,431,401	42,402,844	41,513,413	40,932,595	41,528,414
Debt Outstanding:										
General Obligation Bonds	1,405,000	1,140,000	870,000	660,000	450,000	355,000	4,850,000	4,550,000	4,495,000	7,479,813
General Obligation Bonds - Enterprise	1,770,000	1,685,000	1,595,000	1,510,000	1,415,000	1,320,000	1,670,000	1,150,000	3,170,000	2,635,000
General Obligation Revenue Bonds	7,925,000	6,675,000	5,665,000	4,615,000	3,520,000	2,390,000	1,215,000	0	0	0
OPWC Loans	88,287	75,675	63,063	50,450	37,838	25,225	12,613	0	0	0
Loan Payable	0	0	0	0	0	0	0	100,000	75,000	50,000
Notes Payable	1,300,000	3,000,000	4,800,000	4,400,000	8,341,000	7,681,000	2,441,000	2,741,000	0	0
Total Gross Indebtedness	12,488,287	12,575,675	12,993,063	11,235,450	13,763,838	11,771,225	10,188,613	8,541,000	7,740,000	10,164,813
Less:										
Notes Payable from Governmental Fund Revenues	400,000	2,800,000	4,800,000	4,400,000	5,100,000	4,640,000	0	300,000	0	0
Notes Payable from Enterprise Fund Revenues	300,000	0	0	0	3,241,000	3,041,000	2,441,000	2,441,000	0	0
Revenue Bonds Payable from Enterprise Fund Revenues	7,925,000	6,675,000	5,665,000	4,615,000	3,520,000	2,390,000	1,215,000	0	0	0
G.O. Bonds Payable from Enterprise Fund Revenues	1,770,000	1,685,000	1,595,000	1,510,000	1,415,000	1,320,000	1,670,000	1,150,000	3,170,000	2,635,000
OPWC Loan Payable from Governmental Fund Revenues	88,287	75,675	63,063	50,450	37,838	25,225	12,613	0	0	0
Loan Payable from Governmental Fund Revenues	0	0	0	0	0	0	0	100,000	75,000	50,000
Bond Retirement Fund Balance	15,950	16,326	16,591	16,646	16,646	16,646	16,646	16,646	16,646	16,646
Total Net Debt Applicable to Debt Limit	1,989,050	1,323,674	853,409	643,354	433,354	338,354	4,833,354	4,533,354	4,478,354	7,463,167
Legal Debt Margin Within 10 1/2% Limitations	\$41,928,506	\$43,641,888	\$42,637,203	\$43,109,066	\$42,594,814	\$42,093,047	\$37,569,490	\$36,980,059	\$36,454,241	\$34,065,247
Legal Debt Margin as a Percentage of the Debt Limit	95.47%	97.06%	98.04%	98.53%	98.99%	99.20%	88.60%	89.08%	89.06%	82.03%
Unvoted Debt Limitation (5 1/2% of Assessed Valuation)	\$23,004,434	\$23,553,390	\$22,780,797	\$22,917,934	\$22,538,564	\$22,225,972	\$22,211,014	\$21,745,121	\$21,440,883	\$21,752,979
Total Gross Indebtedness	12,488,287	12,575,675	12,993,063	11,235,450	13,763,838	11,771,225	10,188,613	8,541,000	7,740,000	10,164,813
Less:										
Notes Payable from Governmental Fund Revenues	400,000	2,800,000	4,800,000	4,400,000	5,100,000	4,640,000	0	300,000	0	0
Notes Payable from Enterprise Fund Revenues	300,000	0	0	0	3,241,000	3,041,000	2,441,000	2,441,000	0	0
Revenue Bonds Payable from Enterprise Fund Revenues	7,925,000	6,675,000	5,665,000	4,615,000	3,520,000	2,390,000	1,215,000	0	0	0
G.O. Bonds Payable from Enterprise Fund Revenues	1,770,000	1,685,000	1,595,000	1,510,000	1,415,000	1,320,000	1,670,000	1,150,000	3,170,000	2,635,000
OPWC Loan Payable from Governmental Fund Revenues	88,287	75,675	63,063	50,450	37,838	25,225	12,613	0	0	0
Loan Payable from Governmental Fund Revenues	0	0	0	0	0	0	0	100,000	75,000	50,000
Bond Retirement Fund Balance	15,950	16,326	16,591	16,646	16,646	16,646	16,646	16,646	16,646	16,646
Net Debt Within 5 1/2% Limitations	1,989,050	1,323,674	853,409	643,354	433,354	338,354	4,833,354	4,533,354	4,478,354	7,463,167
Unvoted Legal Debt Margin Within 5 1/2% Limitations	\$21,015,384	\$22,229,716	\$21,927,388	\$22,274,580	\$22,105,210	\$21,887,618	\$17,377,660	\$17,211,767	\$16,962,529	\$14,289,812
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	91.35%	94.38%	96.25%	97.19%	98.08%	98.48%	78.24%	79.15%	79.11%	65.69%

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	
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
2015	4,389,716	2,392,092	1,997,624	0	0	0.00
2016	4,276,662	2,921,545	1,355,117	0	0	0.00

155

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	
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
2015	3,091,530	2,599,547	491,983	0	0	0
2016	3,044,372	2,485,787	558,585	0	0	0

156

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)
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
2015	21,738	486,822,510	22,395	40.0	3,199	5.4%	389,834,240
2016	21,901	504,358,129	23,029	40.0	3,344	5.2%	395,508,700

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 NINE YEARS AGO

2016			
Employer	Nature of Business	Employees	Percentage of Total City Employment
Glatfelter Paper Company	Paper Industry	1,215	16.80%
Wal-Mart	Retail	884	12.22%
Ross County	County Government	705	9.75%
Ohio University-Chillicothe	College Campus	527	7.29%
Chillicothe City Schools	Education	440	6.08%
City of Chillicothe	City Government	275	3.80%
Menards	Retail	223	3.08%
Lowe's	Retail	207	2.86%
Horizon Family of Companies	Communications	150	2.07%
Time Warner	Cable TV/Internet	114	1.58%
Total		<u>4,740</u>	<u>65.54%</u>
Total Employment Within the City		<u>7,232</u>	<u>100.00%</u>

2007			
Employer	Nature of Business	Employees	Percentage of Total City Employment
Glatfelter Paper Company	Paper Industry	1,650	5.08%
Ross County	County Government	553	1.70%
Wal-Mart	Retail	380	1.17%
Chillicothe City Schools	Education	353	1.09%
City of Chillicothe	City Government	296	0.91%
Ohio University-Chillicothe	College Campus	260	0.80%
Horizon Family of Companies	Communications	184	0.57%
Lowe's	Retail	156	0.48%
Adelphia	Cable TV/Internet	150	0.46%
American Electric Power	Utility Center	95	0.29%
Total		<u>4,077</u>	<u>12.54%</u>
Total Employment Within the City		<u>32,500</u>	<u>100.00%</u>

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

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

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Square Footage Occupied	39,577	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	0
Engineering Vehicles	10	10	9	9	9	9	9	9	8	7
Municipal Court Vehicles	2	2	2	2	2	2	2	2	3	4
Service Department Vehicles	33	34	34	34	34	35	34	36	40	43
Police										
Stations	1	1	1	1	2	2	2	2	2	2
Square Footage of Building	29,090	29,090	29,090	29,090	36,392	36,392	36,392	36,392	36,392	36,392
Vehicles	21	23	22	26	33	33	34	32	38	39
Fire										
Stations	3	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	23,476
Vehicles	28	30	27	27	27	28	28	27	26	26
Recreation										
Number of Parks	12	12	12	13	13	13	13	13	13	13
Number of Pools	1	1	1	1	1	1	1	1	1	1
Number of Tennis Courts	4	4	4	4	4	4	4	4	4	4
Number of Baseball Diamonds	13	13	13	13	13	13	13	13	13	13
Number of Tot Lots	4	4	4	4	4	4	4	4	4	4
Number of Soccer Fields	8	8	8	8	8	8	8	8	8	8
Vehicles	22	22	21	21	21	22	22	23	25	25
Floodwall										
Miles	5.0	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	18,855	18,855	18,855	18,855	18,855	18,855	18,855
Vehicles	20	21	24	21	23	16	20	20	24	23
Water Department										
Water Lines (miles)	133	133	133	133	136	136	136	136	136	136
Vehicles	17	20	20	21	21	19	19	19	21	21
Sewer Department										
Sewer Lines/Storm Sewer (miles)	103	103	103	103	105	105	106	106	106	106
Vehicles	25	26	26	28	29	25	26	26	14	14

Sources: Chillicothe City Auditor and Chillicothe City Engineer

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

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	5.5	4.5	4.5	4.5	4.5	4.5	5
Income Tax	3	3	3	3	3	2	2	3	3	3
Treasurer	1	1	1	1	1	1	1	1	1	1
Mayor	5.5	6.5	5.5	4.5	4.5	4.5	4.5	3.5	3.5	3.5
Law Director	6	7	7	6.5	5.5	6	5	5	5	6
Engineering	7	7	6	7	6	6	6	6	5	5
Civil Service	1	1	2.5	2.5	2.5	2.5	2.5	0	0	1.5
Municipal Court	25	24.5	23.5	23.5	23	21.5	23	19	22	22
Security of Persons and Property										
Police	52	53.5	54.5	50	51	50.5	48	44	46	53
Fire	45	47	47	42	47	47	44	43	39	43
School Crossing Guards	7.5	7.5	7.5	0	0	0	0	0	0	0
Traffic Control-Meters	1	1	1	0	0	0	0	0	0	1
Leisure Time Activities										
Parks	5	5	5	4	4	4	1	1	1.5	3
Recreation	6	5	4	3	3	3	3	5	3.5	4
Transportation										
Service	25.5	25.5	27	22	20	20	18	17	17	14
Transit	24	24	24	23	23	23	31	30.5	31	33
Basic Utility Services										
Water	28	28	29	25.5	28.5	28	27	26.5	26	26.5
Sewer	17.5	18.5	17.5	16.5	17	16.5	16	15	16	15
Totals:	<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>	<u>229.5</u>	<u>245</u>

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 TEN YEARS

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
<i>Council and Clerk</i>										
Number of Ordinances Passed	156	166	158	103	125	103	107	115	133	95
Number of Resolutions Passed	21	25	26	19	20	22	19	16	16	17
Number of Planning Commission Docket Items	16	11	6	10	10	12	13	12	12	16
Zoning Board of Appeals Docket Items	31	35	23	32	20	21	19	9	18	21
Design & Review Board Docket Items	35	32	55	27	32	37	41	35	40	49
<i>Finance Department</i>										
Number of Checks/Vouchers Issued	5,928	5,646	6,290	5,185	5,197	5,482	4,853	5,144	5,289	4,798
Amount of Checks Written	\$34,031,388	\$33,538,991	\$42,906,483	\$34,508,413	\$38,000,816	\$43,661,426	\$44,504,621	\$34,821,093	\$34,912,698	\$29,655,614
Interest Earnings for fiscal year (cash basis)	\$767,972	\$335,401	\$203,115	\$59,358	\$54,710	\$34,509	\$17,995	\$16,882	\$15,131	\$46,212
Number of Receipts Issued	2,297	2,036	2,340	2,491	2,194	2,049	2,047	2,398	2,325	2,216
Agency Ratings - Moody's Financial Services	A2	A2	A2	A2	A2	A2	A2	A2	A2	A2
General Fund Receipts (cash basis)	\$17,002,025	\$16,144,252	\$19,634,492	\$16,075,288	\$18,270,177	\$17,611,705	\$18,020,422	\$16,173,260	\$16,385,326	\$18,509,640
General Fund Expenditures (cash basis)	\$17,221,144	\$16,590,076	\$19,145,869	\$17,039,755	\$18,494,994	\$20,203,210	\$18,698,612	\$16,583,845	\$16,002,738	\$17,918,806
General Fund Cash Balances	\$2,483,975	\$2,678,364	\$3,520,378	\$2,587,572	\$2,772,711	\$1,022,988	\$1,191,040	\$1,144,727	\$1,770,329	\$2,010,718
<i>Income Tax Department</i>										
Number of Individual Returns	7,753	7,864	8,176	6,715	12,665	8,180	7,116	5,979	6,489	6,251
Amount of Business Returns	2,170	2,239	2,359	2,141	2,888	2,338	2,177	1,899	2,022	2,082
Number of Business Withholding Accounts	1,878	1,960	1,952	1,862	1,968	2,087	2,206	2,127	2,086	\$2,239
Amount of Penalties and Interest Collected	\$47,954	\$54,444	\$107,958	\$63,209	\$49,456	\$45,888	\$34,077	\$61,556	\$119,010	69,032
Annual Number of Corporate Withholding Forms Processed	11,088	10,864	11,365	11,530	11,835	11,937	11,877	11,941	13,190	16,614
Annual Number of Balance Due Statements Forms Processed	723	1,908	1,948	1,985	1,683	1,662	1,562	1,403	1,658	1,356
Annual Number of Estimated Payment Forms Processed	1,717	2,440	2,414	1,892	2,053	2,094	1,823	1,378	1,576	1,696
Annual Number of Reconciliations of Withholding Processed	1,505	1,677	1,714	1,347	1,526	1,360	1,658	1,698	1,732	1,821
<i>Engineering Department</i>										
Dollar Amount of Construction Overseen by Engineer	\$250,000	\$1,200,000	\$1,000,000	\$700,000	\$700,000	\$500,000	\$1,500,000	\$1,200,000	\$1,200,000	\$1,200,000
<i>Municipal Court</i>										
Number of Civil Cases	2,139	2,027	1,895	1,568	1,634	1,698	1,384	1,292	1,311	1,392
Amount of Criminal Cases	4,708	4,720	4,122	3,684	4,110	3,590	3,737	3,348	3,082	3,853
Amount of Traffic Cases	8,767	10,327	10,121	8,663	9,023	10,014	8,500	9,617	9,267	9,934
Amount of Small Claims Cases	716	435	229	163	146	155	142	256	274	244

Source: Departments of the City of Chillicothe

continued

CITY OF CHILLCOTHE, OHIO
OPERATING INDICATORS BY FUNCTION /PROGRAM
LAST TEN YEARS

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<i>Civil Service</i>										
Number of Police Entry Tests Administered	0	0	108	52	0	56	0	71	1	0
Number of Fire Entry Tests Administered	1	0	57	0	66	0	0	0	1	0
Number of Police Promotional Tests Administered	1	0	14	0	5	4	0	10	3	0
Number of Fire Promotional Tests Administered	0	6	0	1	16	0	14	0	2	0
Number of Hires of Police Officers from Certified Lists	3	0	5	0	4	2	0	2	7	8
Number of Hires of Fire/Medics Officers from Certified Lists	0	0	0	0	8	6	0	2	2	3
Number of Promotions from Police Certified Lists	1	0	2	0	1	2	0	1	4	0
Number of Promotions from Fire Certified Lists	0	0	0	0	6	2	4	2	1	2
<i>Building Department Indicators</i>										
Construction Permits Issued	31	13	11	10	8	10	8	12	11	16
Estimated Value of Construction	\$47,408,815	\$16,967,414	\$17,823,496	\$18,217,008	\$12,635,438	\$22,245,181	\$2,139,000	\$2,430,567	\$2,007,034	\$3,678,195
Number of Permits Issued	890	849	947	901	867	1,099	902	798	857	742
Amount of Revenue Generated from Permits	\$101,433	\$127,646	\$79,438	\$79,257	\$117,985	\$123,461	\$141,653	\$179,793	\$194,320	\$198,007
Number of Contractor Registrations Issued	380	344	377	344	374	270	190	300	297	350
Revenue Generated from Above 1	\$18,950	\$3,306	\$3,413	\$2,764	\$1,970	\$13,500	\$3,291	\$5,701	\$4,432	\$3,500
<i>Police Department</i>										
Total Calls for Service	26,259	25,610	25,984	24,162	24,429	25,457	23,047	23,245	24,557	27,700
Number of Traffic Citations Issued	2,942	3,008	1,995	2,165	3,144	3,277	2,346	2,465	1,978	2,795
Number of Parking Citations Issued (2)	3,840	3,400	2,229	1,134	N/A	N/A	N/A	N/A	N/A	517
Number of Criminal Arrests	5,113	5,010	3,790	2,462	2,808	3,414	3,130	2,941	2,984	4,064
Number of Accident Reports Completed	1,147	1,121	1,033	1,251	916	1,189	1,225	1,375	1,289	1,262
DUI Arrests	171	187	176	100	101	97	101	85	97	183
Prisoner costs for room and board	\$310,516	\$375,252	\$372,985	\$369,559	\$0	\$0	\$0	\$0	\$0	\$0
Motor Vehicle Accidents	820	771	724	902	710	843	858	1,006	896	958
Property Damage Accidents	327	350	309	349	366	346	367	369	393	304
Fatalities from Motor Vehicle Accidents	0	0	1	0	1	3	0	0	1	1
Gasoline Costs of Fleet	\$81,763	\$75,859	\$63,199	\$87,492	\$115,574	\$124,490	\$112,069	\$107,862	\$53,367	\$51,510
DARE Program hours	1,440	1,440	1,600	1,600	1,680	1,600	1,600	1,600	1,600	1,600
<i>Fire Department</i>										
EMS Calls	4,846	4,911	5,134	5,045	5,407	5,079	4,618	4,893	4,866	5,316
Ambulance Billing Collections (net)	\$936,958	\$893,804	\$1,030,299	\$1,128,158	\$1,224,578	\$1,105,372	\$1,120,547	\$1,127,057	\$994,663	\$1,035,755
Fire Calls	771	795	681	777	823	796	704	692	840	997
Fires with Loss	58	52	35	40	54	42	42	29	39	69
Fires with Losses Exceeding \$10K	7	4	7	10	16	19	15	8	11	13
Fire Losses \$	\$241,035	\$931,810	\$255,490	\$2,062,830	\$628,110	\$2,383,260	\$379,250	\$393,201	\$515,667	\$696,453
Fire Safety Inspections	100 plus	100 plus	100 plus	75	75	220	400 plus	515	500	673
Number of Times Mutual Aid Given to Fire	0	7	0	0	0	1	4	0	4	11
Number of Times Mutual Aid Received for Fire	0	0	7	2	0	0	1	1	5	2
Number of Injuries Requiring Medical Attention	6	4	3	19	7	7	2	2	1	3
Fatalities Due to Fire	0	1	2	2	0	0	0	0	0	0

Source: Departments of the City of Chillicothe

(2) Parking citation data ends in July of 2010 because of the layoff of the City's parking enforcer. And begins again in 2016 after the reinstatement of the parking enforcer position.

continued

CITY OF CHILlicothe, OHIO
OPERATING INDICATORS BY FUNCTION /PROGRAM
LAST TEN YEARS

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Leisure Time Activities										
<i>Recreation Department</i>										
Recreation Swimming Pool Receipts	\$60,956	\$92,861	\$48,588	\$49,537	\$62,176	\$58,019	\$61,131	\$71,006	\$61,315	\$77,083
Recreation Mens, Women & Chillicothe Leagues Receipts	\$21,395	\$25,315	\$25,790	\$22,572	\$24,775	\$0	\$0	\$0	\$0	\$4,700
Number of Tree License Issues	53	19	19	20	17	0	8	13	13	20
Amount of Revenue from Tree License	\$1,325	\$475	\$475	\$500	\$425	\$0	\$200	\$300	\$325	\$1,425
Total Acreage all Parks	225	225	876	876	876	876	876	876	876	876
Transportation										
<i>Street Construction & State Highway</i>										
Street Sweeper (hours)	1,400	1,100	1,000	950	900	0	950	1,050	900	950
Cold Patch (hours)	1,600	1,600	1,500	1,700	2,000	0	1,800	2,080	2,000	2,050
Snow and Ice Removal (regular hours)	180	200	300	400	150	221	215	400	850	96
Snow and Ice Removal (overtime hours)	200	200	449	452	332	0	350	375	877	0
Leaf Collection (hours)	2,800	3,000	3,000	2,000	2,000	0	3,000	3,500	3,200	3,300
Downtown Square Repair after Events (hours)	50	75	75	50	50	0	68	75	70	75
Tons of Snow Melting Salt Purchased (Nov-Mar)	578	151	810	692	791	642	721	954	950	240
Cost of Salt Purchased	\$23,120	\$6,054	\$48,096	\$43,973	\$50,201	\$40,754	\$33,357	\$66,031	\$79,999	\$11,087
Basic Utility Services										
<i>Refuse Department</i>										
Refuse Disposal per year (in tons) August through July	8,252	8,124	7,566	8,261	7,599	7,954	7,895	7,548	7,514	7,654
Refuse Disposal cost per year August through July	\$312,107	\$286,340	\$290,408	\$290,000	\$252,335	\$234,749	\$282,233	\$268,151	\$281,235	\$286,413
<i>Water Department (2)</i>										
Water Rates per 1st 300 Cu ft of Water Used (Inside City) bimonthly	14.18	14.48	14.48	14.48	11.68	11.92	12.40	12.40	12.65	12.65
Water Rates per 1st 300 Cu ft of Water Used (Outside City) bimonthly	21.28	21.71	21.71	21.71	17.54	17.89	18.61	18.61	18.99	18.85
Total Water Collections Annually (including P&I)	\$4,607,872	\$4,242,825	\$4,233,031	\$4,370,433	\$3,835,549	\$0	\$3,927,993	\$4,236,920	\$4,160,214	\$4,407,356
Number of Active Customers	9,207	9,153	9,167	9,151	9,196	0	9,300	9,360	9,417	10,133
<i>WasteWater Department (3)</i>										
Sewer Rates per 1st 300 Cu ft of Water Used (Inside City) bimonthly	11.51	11.74	11.74	11.74	8.58	8.75	9.11	9.11	9.29	9.60
Sewer Rates per 1st 300 Cu ft of Water Used (Outside City) bimonthly	17.26	17.61	17.61	17.61	12.84	13.10	13.64	13.64	13.91	14.37
Total Flow of Wastewater Treatment Plant (Millions of Gallons)	797.027	1009.626	934.845	901.546	1015.795	874.905	877.677	874.301	845.500	738.030
Tons of Dry Sludge Removed	324,410	313,360	341,000	481,480	291,220	337,440	388,859	391,840	346,000	373,460
Wastewater Calls for Service	220	250	19	250	200	200	250	230	109	204
After Hours Wastewater Calls for Service (hours)	176	596	76	300	250	250	300	330	142	326
Sewer Jet, Vac-all, other services (hours)	800	953	1,000	1,500	1,500	2,500	3,000	3,500	3,000	3,400

Source: Departments of the City of Chillicothe

(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).

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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
SEPTEMBER 21, 2017