

Chillicothe City School District
Ross County, Ohio

Single Audit

July 1, 2008 through June 30, 2009
Fiscal Year Audited Under GAGAS: 2009



Balestra, Harr & Scherer, CPAs, Inc.

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Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Chillicothe City School District, Ross County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 21, 2010

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Chillicothe City School District
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For the Fiscal Year Ended June 30, 2009

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Chillicothe City School District
 Ross County
 Schedule of Federal Awards Receipts and Expenditures
 For the Year Ended June 30, 2009

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
United States Department of Agriculture						
<i>Passed through Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
School Breakfast Program	05PU	10.553	\$ 144,434	\$ -	\$ 144,434	\$ -
National School Lunch Program	LLP4	10.555	615,100	173,296	615,090	173,296
Total Nutrition Cluster			759,534	173,296	759,524	173,296
Total United States Department of Agriculture			759,534	173,296	759,524	173,296
United States Department of Education						
<i>Passed through Ohio Department of Education</i>						
Title I Grants to Local Education Agencies	C1S1	84.010	907,763	-	926,132	-
Special Education Grants to States	6BSF	84.027	710,830	-	676,566	-
Safe and Drug-Free Schools and Communities - State Grants	DRS1	84.186	12,682	-	11,048	-
Education for Homeless Children and Youth	HCS1	84.196	48,319	-	47,101	-
State Grants for Innovative Programs	C2S1	84.298	10,857	-	11,380	-
Education Technology State Grants	TJS1	84.318	11,641	-	11,737	-
Rural and Low Income Grants	N/A	84.358	59,727	-	61,703	-
Improving Teacher Quality State Grants	TRS1	84.367	294,230	-	278,735	-
School Improvement Grants	N/A	84.377	41,698	-	66,172	-
Total United States Department of Education			2,097,747	-	2,090,574	-
U.S. Corporation for National and Community Services						
<i>Passed through Ohio Department of Education</i>						
Learn and Serve America - School and Community Based Programs	SVS1	94.004	15,065	-	10,701	-
Total Temporary Assistance for Needy Families			15,065	-	10,701	-
Total U.S. Corporation for National and Community Services			15,065	-	10,701	-
Total Federal Financial Assistance			\$ 2,872,346	\$ 173,296	\$ 2,860,799	\$ 173,296

N/A - Not Available

See notes to the Schedule of Federal Awards Receipts and Expenditures

Chillicothe City School District
Notes to the Schedule of Federal Awards Receipts and Expenditures
For the Fiscal Year Ended June 30, 2009

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – FOOD DONATION

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



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

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

To the Board of Education:

We have audited the accompanying financial statements of the government activities, each major fund and the aggregate remaining fund information of the Chillicothe City School District (the School District), Ross County, as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 31, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Governmental Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the School District's basic financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express 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*.

We intended this report solely for the information and use of the management, members of the Board, federal awarding agencies and pass-through entities. We intended it for no one other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
December 18, 2009



REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Chillicothe City School District (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that apply to its major federal program for the year ended June 30, 2009. The School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. The School District is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to its major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

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

Internal Control Over Compliance (Continued)

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

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

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

Schedule of Federal Awards Expenditures

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District as of and for the year ended June 30, 2009, and have issued our report thereon dated December 18, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Balestra, Harr & Scherer, CPAs, Inc.

December 18, 2009

CHILLICOTHE CITY SCHOOL DISTRICT

*SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505
For the Fiscal Year Ended June 30, 2009*

SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster CFDA# 10.553 and 10.555
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Independent Auditor's Report on Applying Agreed-Upon Procedures

Chillicothe City School District
Ross County
235 Cherry Street
Chillicothe, Ohio 45601

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Chillicothe City School District (the School District) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on November 26, 2007.
2. We read the policy, except as noted, it included the following requirements from the Ohio Rev. Code Section 3313.666(B)
 - 1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - 2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.66;
 - 3) A procedure for reporting prohibited incidents;
 - 4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - 5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

The School District's policy did not include the requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

- 6) A procedure for documenting any prohibited incident that is reported;
- 7) A procedure for responding to and investigating any reported incident;

The School District's policy did not include the procedure for responding to and investigating any reported incident;

- 8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;

The School District's policy did not include the requirement that a strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;

- 9) A disciplinary procedure for any student's rights under the first amendment to the Constitution of the United State;

The School District's policy did not include the requirement that A disciplinary procedure for any student's rights under the first amendment to the Constitution of the United States;

- 10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

The School District's policy did not include the requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct and examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

December 18, 2009

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2009

CHILLICOTHE CITY SCHOOL DISTRICT

235 Cherry Street Chillicothe, Ohio 45601

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

For the fiscal year ended
June 30, 2009

Board of Education

Steve Mullins.....President
Jeff Hartmus..... Vice-President
Jeff Benson.....Member
Randy DrewyorMember
Matt MarkleyMember

Superintendent of Schools

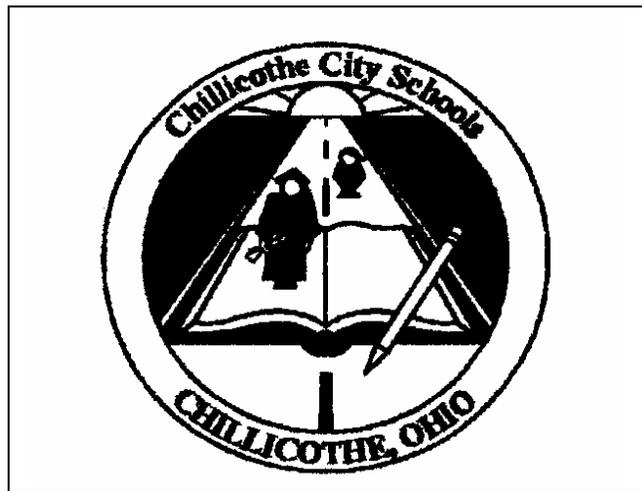
Roger W. Crago

Issued by the Treasurer's Office

John D. Rose, CPA
Treasurer



CHILlicothe CITY SCHOOL DISTRICT



INTRODUCTORY SECTION

Chillicothe City School District
Ross County, Ohio
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2009

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Chillicothe City Schools

235 Cherry Street
Chillicothe, Ohio 45601-2350
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December 18, 2009

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

As the Superintendent and Treasurer of the Chillicothe City School District (the School District), we are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) issued by the School District. This CAFR, for the fiscal year ended June 30, 2009, is prepared in accordance with accounting principles (GAAP) generally accepted in the United States of America.

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

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

This report will also be posted on the School District website at (<http://www.chillicothe.k12.oh.us/>).

THE SCHOOL DISTRICT AND ITS FACILITIES

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

The Chillicothe City School District is one of seven school districts in Ross County. With 3,052 pupils, it has the largest enrollment in the county. It also is by far the smallest district in the county geographically, encompassing just 22 square miles. The School District operates seven school facilities, which include one high school for grades 9-12, one middle school and an annex in the central administration building for grades 6-8, four elementary schools for grades K-5, plus the central administration building which also houses a county-wide preschool program for approximately 100 pupils as well as a young fives half-day kindergarten class. The School District also operates one maintenance building and one bus garage.

Slightly more than 55.7% of the School District's student body qualifies for free or reduced-priced lunches. Mt. Logan Elementary and Tiffin Elementary Schools provide free lunches to more than 79% of their students. The School District serves lunch to 80% of the student population daily. All seven school facilities offer breakfast programs. However, only 20% of the student population participates in the program. Approximately 40% of the students in Chillicothe are participants of the Food Assistance Program or Ohio Works First (OWF) program.

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

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

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

ORGANIZATION OF THE SCHOOL DISTRICT

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

The current Board members, their terms, and years on the Board as of June 30, 2009 are:

<u>Board Member</u>	<u>Term</u>	<u>Years on Board</u>
Mr. Jeff Hartmus	1/1/08 - 12/31/11	5½ Years
Mr. J. Jeffrey Benson	1/1/06-12/31/09	3 ½ Years
Mr. Randy Drewyor	1/1/06-12/31/09	3 ½ Years
Mr. Steve Mullins	1/1/06-12/31/09	3 ½ Years
Mr. Matt Markley	1/1/08 - 12/31/11	1 ½ Years

The Superintendent is the chief executive officer of the School District and is responsible directly to the Board for all operations of the School District. On December 19, 2005, the Board awarded a contract to Mr. Roger W. Crago. Mr. Crago's initial contract ran from January 2, 2006 through July 31, 2007. Subsequently, on March 26, 2007, the Board offered a new contract to Mr. Crago extending from August 1, 2007 through July 31, 2009. The board has since offered an additional contract to Mr. Crago from August 1, 2009 through July 31, 2011.

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

ECONOMIC CONDITION AND OUTLOOK

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

The tax base of the School District is changing dramatically. In 2005, state legislators approved elimination of the tangible personal property tax. This tax will be completely phased out by 2011. The only tangible property tax that will remain will be public utility tangible personal property tax. A portion of the loss will be made up through increased funding through the state formula funding system as a result of lower property valuations. The remaining losses will be reimbursed fully through fiscal year 2013. However that reimbursement will be phased out beginning in 2014. This is a critical issue for the School District in the future. In fiscal year 2010 the School District is scheduled to receive over \$3.1 million in Tangible Personal Property direct reimbursement. Under the current legislation, that reimbursement will be completely phased out by 2018.

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

EMPLOYEE RELATIONS

The School District has 355 employees of which 209 are certificated, 134 are non-certificated, and 12 are administrators. There are two labor organizations representing School District employees. Certificated employees, including teachers and educational specialists, are represented for collective bargaining purposes by the Chillicothe Education Association (CEA), an affiliate of the Ohio Education Association (OEA). Non-certificated employees, including bus drivers, cooks, and clerical staff, are represented for collective bargaining purposes by the Ohio Association of Public School Employees (OAPSE) Local # 14, an affiliate of the American Federation of State, County, and Municipal Employees (AFSCME).

During the fall of 2007, the Board and CEA reached agreement on a three-year contract effective August 1, 2007 through July 31, 2010. The agreement included a 3% base wage increase for teachers each year of the contract.

Also during the fall of 2007, the Board and OAPSE agreed to a three-year contract beginning July 2007 through June 30, 2010. The agreement included a 3% base wage increase for members each year of the contract.

SERVICES PROVIDED

The Chillicothe City Schools exist to provide all of our children with an excellent academic opportunity through a diversified, compassionate, student-focused curriculum. Students attain competency in core subjects, develop self esteem, have an appreciation of the arts, and develop positive social relationships. The School District strives for excellence in all areas by preparing students to be productive lifelong learners and citizens in a global economy. Stakeholders will view the School District as successful and operating with the highest levels of commitment, integrity, and trust. The School District is a member of the North Central Association, which sets high standards of excellence for its members. Allen Elementary and Chillicothe High School were rated Excellent on the State Report Card for 2009; Mt. Logan Elementary, Tiffin Elementary and Worthington Elementary were designated Effective; Chillicothe Middle School received a Continuous Improvement rating. Overall, the School District received an Effective designation for the sixth year.

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

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

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

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

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

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

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

The School District's special education programs are broad and comprehensive. Approximately 10.6% of the student population has Individualized Education Plans. Special programs for the multi-handicapped, developmentally handicapped, learning disabled, and speech and hearing impaired are provided for students who meet the requirements. A Gifted Program is available to eligible students from grade 2 through high school.

MAJOR INITIATIVES AND EVENTS-FISCAL YEAR 2009

Operating Income

The School District is receiving full reimbursement for the loss of Tangible Property Tax as a result of House Bill 66. However, these reimbursements will be phased out beginning in 2014. As previously stated, the School District is scheduled to receive over \$3.1 million in direct reimbursement in 2010. The School District will need to either find alternative sources of revenue or reduce expenditures to cover this loss of revenue.

The School District initiated a \$524 thousand House Bill 264 energy conservation project during this past summer. The project will produce energy efficiencies at the high school/middle school. The annual savings from this project are estimated to more than offset the cost.

To achieve further savings the School District participated in the Qualified Zone Academy Bonds program to secure 0% financing for this project. The interest savings for the School District is projected to be over \$186 thousand over the life of the loan.

Financial Planning

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

Curriculum Development

Curriculum development is an ongoing activity in the School District. On a rotating five-year cycle, each curricular area is reviewed and revisions are made to ensure that state-of-the-art practices and programs are available for students. The School District closely follows the Ohio Department of Education's model curriculums. Additionally, the curriculum development process model contains a Five-Year Professional Development plan, the integration of technology and multiculturalism, and student assessment practices. During the 2008-09 school year, the Curriculum Director and staff reviewed and revised the School District's high school business/technology curriculum and textbooks for the five-year cycle (2009-2014). The Director and staff also reviewed and revised the curriculum for the Foreign Language Department for the same five year cycle. Textbooks aligned to the revised curriculum were purchased for both departments.

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

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

Alternative Schooling Options

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

MAJOR INITIATIVES FOR THE FUTURE

Facilities Master Plan

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

Phase 2 of the Master Plan calls for the district to renovate and build additions to Mt. Logan Elementary and Worthington Elementary. This will reduce the School District to three campuses. The Board of Education is currently evaluating the timeline for the completion of phase 2 of the Master Plan.

Technology Initiatives

The School District continues to place a significant emphasis on ways to reduce the total cost of ownership of computers and associated systems within the School District by implementing technology standards and replacing obsolete equipment. Plans for the future include a digital phone system, student email, list-serv for parents, mounted projectors for elementary classroom teachers and more mobile computer labs. Implementation of a digital phone system would eliminate the need for a large number of the standard telephone lines currently in use in the School District, thus significantly reducing the cost associated with the lines. In addition, the School District continued to demonstrate a commitment to its technology plan approved last year by maintaining a special technology line item in the budget to provide additional funding for technology initiatives.

Chillicothe CSD Website

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

FINANCIAL INFORMATION

Internal Control Structure

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

Grants

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

Budgetary Controls

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

Financial Condition

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

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

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

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

As part of this reporting model, management is responsible for preparing a Management's Discussion and Analysis for the School District. This discussion is located in the financial section of this report following the audit opinion and provides an assessment of the School District finances for fiscal year 2009 and the outlook for the future.

Risk Management

The School District continues to protect its assets through a comprehensive insurance program. A schedule of insurance in force at June 30, 2009 is included in the Notes to the Basic Financial Statements Section of this report.

Cash Management

The School District believes that appropriate cash management activities are integral to the School District's overall financial well-being. Forecasting of receipts and expenditures, cash budgeting and on-going variance analysis allow prudent optimization of investment maturities and interest income. Total interest earned during the fiscal year 2009 was \$216,183. By Board Resolution earnings from the Construction fund are posted to the General Fund and then transferred to the Permanent Improvement Fund. Earnings from Construction fund monies totaled only \$79 as the project was completed.

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

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

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

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

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

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

OTHER INFORMATION

Awards

Certificate of Achievement

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Chillicothe City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

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

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

ASBO Certificate of Excellence

The School District also received the Association of School Business Officials International (ASBO) Certificate of Excellence on Financial Reporting award for the fiscal year ended June 30, 2008. This award certifies that the Comprehensive Annual Financial Report conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. This award is granted only after an intensive review of the financial report by an expert panel of certified public accountants and practicing school business officials. Receiving this award is recognition that a school system has met the highest standards of excellence in school financial reporting.

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

Independent Audit

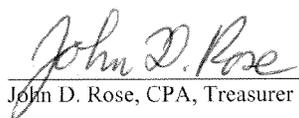
The Independent Accounting firm of Balestra, Harr, & Scherer, CPAs, Inc. conducted the School District's 2009 fiscal year audit. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditor's report on the basic financial statements is included in the financial section of this report.

Acknowledgements

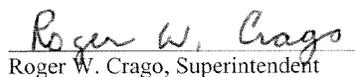
The preparation and publication of this Comprehensive Annual Financial Report on a timely basis could not have been possible without the cooperation of the entire Treasurer's Department. A special note of appreciation is extended to Balestra, Harr & Scherer Consulting for their aid in preparing this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

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

Respectfully Submitted,



John D. Rose, CPA, Treasurer



Roger W. Crago, Superintendent

Certificate of Achievement for Excellence in Financial Reporting

Presented to
Chillicothe City School District
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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



President

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL



This Certificate of Excellence in Financial Reporting

is presented to

Chillicothe City School District

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2008

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

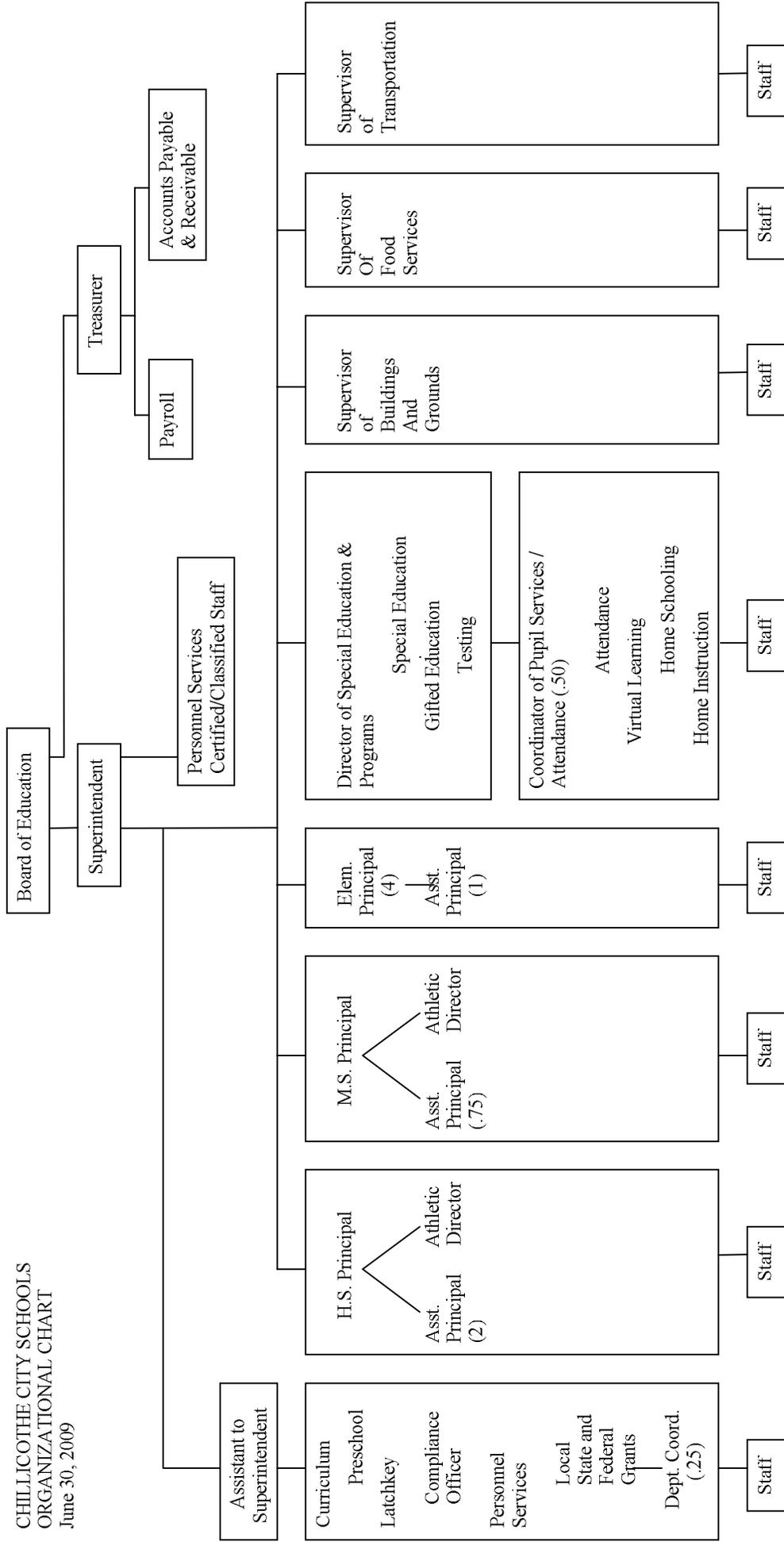
Angela Putman

President

John H. Mueser

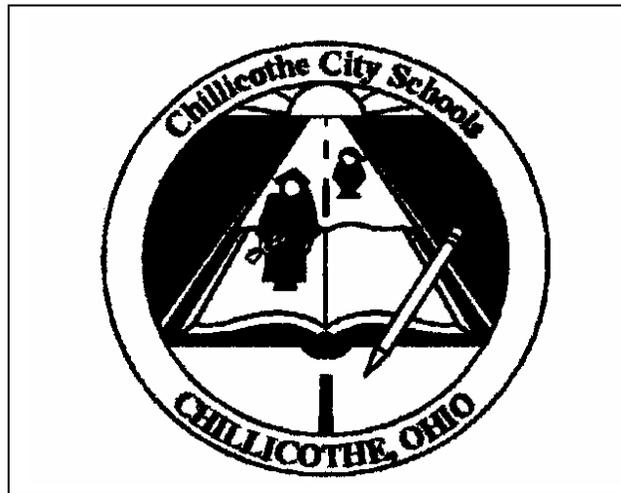
Executive Director

CHILLICOTHE CITY SCHOOLS
 ORGANIZATIONAL CHART
 June 30, 2009





CHILlicothe CITY SCHOOL DISTRICT



FINANCIAL SECTION



Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Chillicothe City School District, Ross County, Ohio (the School District), as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

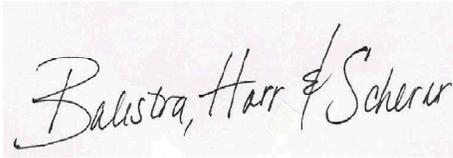
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2009, and the respective changes in financial position thereof, and the respective budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2009, on our consideration of the School District'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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The Management discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, consisting principally of inquiries of management regarding methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Balestra, Harr & Scherer, CPAs, Inc.

December 18, 2009

Chillicothe City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
(Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Chillicothe City School District's (the School District) discussion and analysis of the annual financial report provides a review of the financial performance for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, basic financial statements, and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- The School District's assets exceeded its liabilities at June 30, 2009 by \$9,435,415.
- The School District's net assets of governmental activities decreased \$805,522.
- General revenues accounted for \$25,579,815 in revenue or 74 percent of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions accounted for \$8,787,907 or 26 percent of total revenues of \$34,367,722.
- The School District had \$35,173,244 in expenses related to governmental activities; only \$8,787,907 of these expenses was offset by program specific charges for services and sales, operating grants, and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$25,579,815 were not adequate to provide for these programs.

USING THIS ANNUAL FINANCIAL REPORT

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

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

REPORTING THE SCHOOL DISTRICT AS A WHOLE

Statement of Net Assets and Statement of Activities

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

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

Chillicothe City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
(Unaudited)

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

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

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

Governmental Funds. Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the basic financial statements. The fund financial statements can be found on pages 14 through 18 of this report.

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

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

Chillicothe City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
(Unaudited)

THE SCHOOL DISTRICT AS A WHOLE

As stated previously, the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2009 compared to 2008.

Table 1
Net Assets

	Governmental Activities	
	2009	2008
Assets:		
Current and Other Assets	\$21,969,640	\$23,017,047
Capital Assets, Net	38,484,677	39,575,979
Total Assets	60,454,317	62,593,026
Liabilities:		
Current and Other Liabilities	14,217,101	15,219,577
Long-Term Liabilities	36,801,801	37,132,512
Total Liabilities	51,018,902	52,352,089
Net Assets:		
Invested in Capital Assets, Net of Related Debt	4,117,627	4,662,460
Restricted	3,703,414	3,195,640
Unrestricted	1,614,374	2,382,837
Total Net Assets	\$9,435,415	\$10,240,937

The decrease of \$1,047,407 in Current and Other Assets is primarily due to a decrease of \$901,800 in Taxes Receivable which is a result of the continued phase out of the tangible personal property tax.

The decrease of \$1,091,302 in Capital Assets, Net is primarily due to current year depreciation expense exceeding current year additions.

The decrease of \$1,002,476 in Current and Other Liabilities is primarily due the reduction in Unearned Revenue which is directly related to the decrease in Taxes Receivable.

The decrease of \$330,711 in Long-Term Liabilities is due primarily to the current year reduction of debt, which was partially offset by the issuance of \$524,000 in School Energy Conservation Improvement QZAB Bonds.

Chillicothe City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
(Unaudited)

Table 2 shows the changes in net assets for the fiscal years ended June 30, 2009 and June 30, 2008.

Table 2
Change in Net Assets

	Governmental Activities	
	2009	2008*
Revenues		
Program Revenues:		
Charges for Services and Sales	\$2,065,993	\$1,983,791
Operating Grants and Contributions	6,721,914	6,173,197
Capital Grants and Contributions	0	226,078
Total Program Revenues	8,787,907	8,383,066
General Revenues:		
Property Taxes	12,809,208	14,558,862
Grants and Entitlements not Restricted to Specific Programs	12,374,214	11,669,583
Gifts and Donations not Restricted to Specific Programs	4,250	32,500
Investment Earnings	216,183	445,516
Payments in Lieu of Taxes	54,518	63,797
Miscellaneous	121,442	155,259
Total General Revenues	25,579,815	26,925,517
Total Revenues	34,367,722	35,308,583
Program Expenses		
Instruction		
Regular	16,775,233	16,852,376
Special	3,311,588	3,005,510
Vocational	7,094	5,892
Other	724,819	614,995
Support Services		
Pupils	1,867,359	1,668,494
Instructional Staff	1,455,774	1,528,952
Board Of Education	49,970	79,622
Administration	2,007,302	1,993,530
Fiscal & Business	906,210	983,481
Operation and Maintenance of Plant	3,084,136	2,958,034
Pupil Transportation	902,757	1,033,711
Central	283,936	319,951
Operation of Non-Instructional Services	1,594,325	1,539,225
Extracurricular Activities	562,207	553,444
Interest & Fiscal Charges	1,640,534	1,657,433
Total Expenses	35,173,244	34,794,650
Change in Net Assets	(805,522)	513,933
Net Assets at Beginning of Year	10,240,937	9,727,004
Net Assets at End of Year	\$9,435,415	\$10,240,937

* Certain reclassifications were made to be consistent with current year reporting. These reclassifications had no effect on net assets.

Property Taxes decreased by \$1,749,654 due to the continued phase out of the Tangible Personal Property Tax.

Investment Earnings decreased by \$229,333 due to a reduction of construction funds available for investment with the completion of the project in 2008 as well as declining interest rates.

Chillicothe City School District
Management's Discussion and Analysis
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(Unaudited)

Grants and entitlements not restricted increased by \$704,631 due to the increase in Tangible Personal Property Reimbursement from the state. Operating grants increased due to an increase in awards for the current fiscal year.

The increase in Special Instruction Expenses of \$306,078 is due primarily to an increase in Title I funding and programming.

The increase in the Operation and Maintenance of Plant of \$126,102 can be attributed to increased energy costs due to a harsh winter.

Governmental Activities

Property taxes comprised 37 percent of revenue for governmental activities of the Chillicothe City School District for fiscal year 2009 and represent the largest sources of revenue. Since 2000, property tax revenue has increased 6.8%. Property tax growth has been limited in the past by H.B. 920 reduction factors, which restrict inflationary growth on existing property resulting from re-appraisal activity. Ross County completed a re-appraisal in calendar year 2007. However, due to H.B. 920 the School District received only a modest increase in tax revenue due to new construction and inside millage which is not subject to H.B. 920. Property tax growth has been negatively impacted by H.B. 66 which eliminates the Tangible Personal Property Tax. While, the School District will be fully reimbursed by the state through FY2013, the reimbursement will be phased out beginning in FY2014. Tangible Personal Property tax revenue totaled \$1.575 million in 2009 compared to \$4.55 million in 2005.

Grants and entitlements not restricted comprised 36 percent of revenue for governmental activities during 2009. Since 2000, grant and entitlement revenue has increased 98%. This increase includes the state reimbursement for the loss of Tangible Personal Property Tax of \$2.7 million in 2009. This increase in grants and entitlements is negated by the loss of Tangible Personal Property Tax due to H.B. 66

As indicated by governmental program expenses, total instruction is emphasized. Total instruction comprised 59 percent of governmental program expenses with support services comprising 30 percent of governmental expenses.

The Statement of Activities shows the cost of program services and the charges for services and sales, grants and contributions offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2009 as compared to 2008. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
 Total and Net Cost of Program Services
 Governmental Activities

	2009		2008*	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$20,818,734	\$16,038,393	\$20,478,773	\$16,096,223
Support Services	10,557,444	8,626,006	10,565,775	8,773,869
Operation of Non-instructional Services	1,594,325	(212,000)	1,539,225	(39,727)
Extracurricular Activities	562,207	294,762	553,444	371,337
Interest and Fiscal Charges	1,640,534	1,638,176	1,657,433	1,209,882
Total Expenses	\$35,173,244	\$26,385,337	\$34,794,650	\$26,411,584

* Certain reclassifications were made to be consistent with current year reporting. These reclassifications had no effect on net assets.

Chillicothe City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
(Unaudited)

THE SCHOOL DISTRICT'S FUNDS

Information about the School District's major governmental funds begins on page 14. All of the School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$34,833,510 and expenditures and other financing uses of \$34,846,020. The net change in fund balance for the year was most significant in the General Fund.

The fund balance of the General Fund decreased by \$454,477. This was primarily due to a reduction in tax revenues of \$1.5 million countered by an increase of \$595 thousand in intergovernmental revenues. Both of these changes were due in large part to the HB 66 Tangible Personal Property Tax elimination and reimbursement.

The fund balance of the Debt Service Fund decreased by \$18,685. The prior year balance was slightly inflated due to the timing of tax revenues received prior to debt payments being expended. The County Auditor bases millage for the collections on the debt amortization schedule.

The fund balance of the Permanent Improvement Fund decreased by \$158,040. This decrease was due to the loss of Construction Fund interest revenue. During the High School/Middle School construction project interest earnings on construction revenues were transferred to the Permanent Improvement Fund. However, since the project was completed, the construction funds were fully expended and there is no longer interest revenue to be transferred to the Permanent Improvement fund.

General Fund Budgeting Highlights

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

During 2009, there were revisions to the General Fund budget. The original budgeted revenues and other financing sources were below the final budgeted revenues and other financing sources by \$973,795. Of this difference \$555,736 is from increased intergovernmental revenue and \$149,534 in tuition and fees. The School District's original appropriations were below final appropriations in the amount of \$973,795. A large part of this increase to appropriations was for the School District contingency line item in addition to an increase in regular instruction.

The School District's actual revenues were \$97,844 above final budget amounts, due mainly to higher than expected intergovernmental revenue and tuition and fees. Actual expenditures were \$3,840,682 lower than the final budget. Of this amount \$3,707,678 was due to the School District's contingency line item and \$521,832 was due to instructional staff which was partially offset by higher than expected regular instruction.

The School District's ending unobligated fund balance was \$3,938,526.

Chillicothe City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
(Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table 4 shows the fiscal year 2009 balances compared to 2008.

Table 4
 Capital Assets
 (Net of Accumulated Depreciation)

	Governmental Activities	
	2009	2008*
Land and Improvements	\$786,034	\$805,737
Buildings and Improvements	34,153,272	35,272,726
Furniture and Equipment	2,963,893	2,997,169
Vehicles	581,478	500,347
Totals	<u>\$38,484,677</u>	<u>\$39,575,979</u>

* Certain reclassifications were made to be consistent with current year reporting. These reclassifications had no effect on net assets.

The net decrease in capital assets from the prior year primarily resulted from depreciation exceeding current year additions of buildings and improvements, furniture and equipment and vehicles.

Detailed information regarding capital asset activity is included in the notes to the basic financial statements (Note 8).

Debt

At June 30, 2009, the School District had \$35,097,658 in notes and bonds outstanding with \$1,121,000 due within one year. Table 5 summarizes the bonds and notes outstanding:

Table 5
 Outstanding Debt at Year End

	Governmental Activities	
	2009	2008
1999 General Obligation Notes	\$805,000	\$985,000
2005 Construction Bond	5,665,950	6,162,409
2007 General Obligation Refunding Bonds	28,102,708	28,296,004
2009 General Obligation Bond	524,000	0
Totals	<u>\$35,097,658</u>	<u>\$35,443,413</u>

At June 30, 2009 the School District's overall legal debt margin was \$6,684,424 with an unvoted debt margin of \$421,319.

Detailed information regarding long tem debt is included in the notes to the basic financial statements (Note 13).

Chillicothe City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
(Unaudited)

Current Financial Related Activities

The citizens of the School District passed a 6 mill operating levy in May of 2005. 2007 marked the first full year of collections on this levy. As a result of this levy passage, the School District forecasts a positive cash balance through June 30, 2011. The impact of the passage of the levy was tempered by a \$10.5 million personal property devaluation by New Page which resulted in tax revenue losses of \$398,000. This is in addition to a \$36 million property devaluation in 2005. The enrollment of the School District decreased in 2009 by 23 students.

The School District will not be impacted by further tangible personal property devaluations due to the passage of H.B. 66 which eliminated the Tangible Personal Property Tax. However, the current legislation only holds the School District harmless through fiscal year 2013, and then the reimbursements for lost revenue are phased out. The permanent loss of this revenue would account for over \$4.2 million. The School District received \$2.7 million in Tangible Personal Property Reimbursement in 2009 while Tangible Personal Property Taxes decreased by \$1.2 million.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

Basic Financial Statements



Chillicothe City School District
Statement of Net Assets
As of June 30, 2009

	Governmental Activities
ASSETS:	
Equity in Pooled Cash and Investments	\$ 8,157,132
Accrued Interest Receivable	61,006
Accounts Receivable	24,091
Intergovernmental Receivable	635,725
Taxes Receivable	12,480,044
Restricted Assets:	
Equity in Pooled Cash and Investments	492
Unamortized Bond Issuance Costs	611,150
Non-Depreciable Capital Assets	664,422
Depreciable Capital Assets, net	37,820,255
<i>Total Assets</i>	<i>60,454,317</i>
LIABILITIES:	
Accounts Payable	7,862
Accrued Wages and Benefits	2,482,803
Intergovernmental Payable	763,059
Accrued Interest Payable	108,111
Matured Compensated Absences Payable	59,757
Unearned Revenue	10,770,985
Early Retirement Incentive Payable	24,524
Long-Term Liabilities:	
Due Within One Year	1,327,132
Due in More Than One Year	35,474,669
<i>Total Liabilities</i>	<i>51,018,902</i>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	4,117,627
Restricted for Debt Service	855,946
Restricted for Capital Projects	1,930,135
Restricted for Other Purposes	382,907
Restricted for Permanent Fund:	
Non-Expendable	450,000
Expendable	84,426
Unrestricted	1,614,374
<i>Total Net Assets</i>	<i>\$ 9,435,415</i>

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

Chillicothe City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2009

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Revenue and Changes in Net Assets</u>
Governmental Activities:				
Instruction:				
Regular	\$16,775,233	\$732,901	\$1,704,076	(\$14,338,256)
Special	3,311,588	158,075	1,692,974	(1,460,539)
Vocational	7,094	0	0	(7,094)
Other	724,819	22,640	469,675	(232,504)
Support Services:				
Pupils	1,867,359	89,132	626,233	(1,151,994)
Instructional Staff	1,455,774	67,675	547,954	(840,145)
Board of Education	49,970	2,358	0	(47,612)
Administration	2,007,302	98,377	84,301	(1,824,624)
Fiscal	778,102	37,399	42,150	(698,553)
Business	128,108	5,895	0	(122,213)
Operation and Maintenance of Plant	3,084,136	134,633	78,279	(2,871,224)
Pupil Transportation	902,757	40,083	61,227	(801,447)
Central	283,936	9,721	6,021	(268,194)
Operation of Non-Instructional Services	1,594,325	523,752	1,282,573	212,000
Extracurricular Activities	562,207	140,994	126,451	(294,762)
Interest and Fiscal Charges	1,640,534	2,358	0	(1,638,176)
<i>Total Governmental Activities</i>	<u>\$35,173,244</u>	<u>\$2,065,993</u>	<u>\$6,721,914</u>	<u>(26,385,337)</u>
			General Revenues:	
			Property Taxes Levied for:	
			General Purposes	10,281,684
			Debt Service	1,688,807
			Capital Projects	838,717
			Grants and Entitlements	
			not Restricted to Specific Programs	12,374,214
			Gifts and Donations not Restricted to	
			Specific Programs	4,250
			Investment Earnings	216,183
			Payments in Lieu of Taxes	54,518
			Miscellaneous	121,442
			<i>Total General Revenues</i>	<u>25,579,815</u>
			Change in Net Assets	(805,522)
			<i>Net Assets Beginning of Year</i>	<u>10,240,937</u>
			<i>Net Assets End of Year</i>	<u>\$9,435,415</u>

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



Chillicothe City School District
Balance Sheet
Governmental Funds
As of June 30, 2009

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Permanent Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:					
Equity in Pooled Cash and Investments	\$4,077,112	\$630,745	\$1,529,046	\$1,920,229	\$8,157,132
Accrued Interest Receivable	56,983	0	0	4,023	61,006
Accounts Receivable	24,016	0	0	75	24,091
Interfund Receivable	220,157	0	0	0	220,157
Intergovernmental Receivable	0	0	0	635,725	635,725
Taxes Receivable	9,984,750	1,666,679	828,615	0	12,480,044
Restricted Assets:					
Equity in Pooled Cash and Investments	<u>492</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>492</u>
<i>Total Assets</i>	<u>\$14,363,510</u>	<u>\$2,297,424</u>	<u>\$2,357,661</u>	<u>\$2,560,052</u>	<u>\$21,578,647</u>
LIABILITIES:					
Accounts Payable	\$2,413	\$0	\$412	\$5,037	\$7,862
Accrued Wages and Benefits	1,858,484	0	14,568	609,751	2,482,803
Interfund Payable	0	0	0	220,157	220,157
Intergovernmental Payable	580,895	0	14,737	167,427	763,059
Matured Compensated Absences Payable	55,342	0	0	4,415	59,757
Deferred Revenue	9,044,828	1,504,027	748,238	351,042	11,648,135
Early Retirement Incentive Payable	<u>24,524</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>24,524</u>
<i>Total Liabilities</i>	<u>11,566,486</u>	<u>1,504,027</u>	<u>777,955</u>	<u>1,357,829</u>	<u>15,206,297</u>
FUND BALANCES:					
Reserved:					
Reserved for Encumbrances	139,078	0	26,243	435,658	600,979
Reserved for Property Taxes	939,922	162,652	80,377	0	1,182,951
Reserved for Bus Purchases	492	0	0	0	492
Reserved for Library Purposes	0	0	0	450,000	450,000
Unreserved, Designated for Personal Property Tax Refunds	221,204	0	0	0	221,204
Unreserved, Undesignated, Reported in:					
General Fund	1,496,328	0	0	0	1,496,328
Special Revenue Funds	0	0	0	230,258	230,258
Debt Service Funds	0	630,745	0	0	630,745
Capital Projects Funds	0	0	1,473,086	1,881	1,474,967
Permanent Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>84,426</u>	<u>84,426</u>
<i>Total Fund Balances</i>	<u>2,797,024</u>	<u>793,397</u>	<u>1,579,706</u>	<u>1,202,223</u>	<u>6,372,350</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$14,363,510</u>	<u>\$2,297,424</u>	<u>\$2,357,661</u>	<u>\$2,560,052</u>	<u>\$21,578,647</u>

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

Chillicothe City School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 As of June 30, 2009*

Total Governmental Fund Balances		\$ 6,372,350
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		38,484,677
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Taxes	526,108	
Intergovernmental	<u>351,042</u>	
Total		877,150
Unamortized issuance costs represent deferred charges which do not provide current financial resources and therefore are not reported in the funds.		611,150
Long-term liabilities, including bonds and related liabilities, notes, and long-term portion of compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		
Accrued Interest Payable	(108,111)	
Compensated Absences	(1,704,143)	
Refunding Bonds	(26,955,000)	
General Obligation Bonds	(4,319,000)	
Capital Appreciation Bonds	(1,845,608)	
Unamortized Deferred Amount on Refunding	707,298	
Premium on Bonds	(1,880,348)	
General Obligation Notes	<u>(805,000)</u>	
Total		<u>(36,909,912)</u>
Net Assets of Governmental Activities		<u><u>\$ 9,435,415</u></u>

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

Chillicothe City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Permanent Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:					
Property and Other Local Taxes	\$10,261,814	\$1,684,670	\$836,430	\$0	\$12,782,914
Intergovernmental	12,307,116	477,666	289,876	5,968,362	19,043,020
Interest	198,769	0	0	17,414	216,183
Tuition and Fees	1,059,256	0	0	290,250	1,349,506
Rent	39,599	0	0	0	39,599
Extracurricular Activities	14,733	0	0	134,899	149,632
Gifts and Donations	4,250	0	0	18,556	22,806
Customer Sales and Services	65,327	0	0	461,929	527,256
Payments in Lieu of Taxes	44,407	6,751	3,360	0	54,518
Miscellaneous	68,955	0	235	52,252	121,442
<i>Total Revenues</i>	<u>24,064,226</u>	<u>2,169,087</u>	<u>1,129,901</u>	<u>6,943,662</u>	<u>34,306,876</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular	13,097,958	0	466,578	1,891,850	15,456,386
Special	2,158,578	0	5,142	1,147,305	3,311,025
Vocational	6,351	0	0	743	7,094
Other	207,891	0	0	514,350	722,241
Support Services:					
Pupils	1,183,221	0	2,272	690,530	1,876,023
Instructional Staff	844,082	0	26,560	605,735	1,476,377
Board of Education	49,970	0	0	0	49,970
Administration	1,886,889	0	8,021	98,288	1,993,198
Fiscal	711,208	0	14,381	46,318	771,907
Business	113,438	0	0	0	113,438
Operation and Maintenance of Plant	2,621,634	0	457,334	84,250	3,163,218
Pupil Transportation	796,241	0	183,421	174	979,836
Central	184,732	0	80,500	9,771	275,003
Operation of Non-Instructional Services	7,104	0	0	1,415,841	1,422,945
Extracurricular Activities	417,522	0	0	140,178	557,700
Capital Outlay	0	0	43,873	206,130	250,003
Debt Service:					
Principal	180,000	865,000	0	0	1,045,000
Interest and Fiscal Charges	49,250	1,322,772	0	0	1,372,022
<i>Total Expenditures</i>	<u>24,516,069</u>	<u>2,187,772</u>	<u>1,288,082</u>	<u>6,851,463</u>	<u>34,843,386</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(451,843)</u>	<u>(18,685)</u>	<u>(158,181)</u>	<u>92,199</u>	<u>(536,510)</u>
OTHER FINANCING SOURCES AND USES:					
Transfers In	0	0	141	2,493	2,634
General Obligation Bonds Issued	0	0	0	524,000	524,000
Transfers Out	(2,634)	0	0	0	(2,634)
<i>Total Other Financing Sources and Uses</i>	<u>(2,634)</u>	<u>0</u>	<u>141</u>	<u>526,493</u>	<u>524,000</u>
<i>Net Change in Fund Balances</i>	<u>(454,477)</u>	<u>(18,685)</u>	<u>(158,040)</u>	<u>618,692</u>	<u>(12,510)</u>
<i>Fund Balances at Beginning of Year</i>	<u>3,251,501</u>	<u>812,082</u>	<u>1,737,746</u>	<u>583,531</u>	<u>6,384,860</u>
<i>Fund Balances at End of Year</i>	<u>\$2,797,024</u>	<u>\$793,397</u>	<u>\$1,579,706</u>	<u>\$1,202,223</u>	<u>\$6,372,350</u>

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

Chillicothe City School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2009*

Net Change in Fund Balances - Total Governmental Funds	\$	(12,510)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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 asset additions in the current period.</p>		
Capital Asset Additions	717,242	
Current Year Depreciation	<u>(1,802,118)</u>	
Total		(1,084,876)
<p>Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets.</p>		
Loss on Disposal of Capital Assets		(6,426)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Taxes	26,294	
Intergovernmental	<u>34,552</u>	
Total		60,846
<p>Repayment of bond and note principal are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net assets and does not result in an expense in the statement of activities.</p>		
		1,045,000
<p>Proceeds and premiums from the sale of notes in the statement of revenues, expenditures, and changes in fund balances that are reported as other financing sources are not reported as revenues in the statement of activities.</p>		
		(524,000)
<p>Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of net assets:</p>		
Premium	202,294	
Issuance Costs	(96,933)	
Annual Accretion of Capital Appreciation Bonds	<u>(200,714)</u>	
Total		(95,353)
<p>Deferred amounts on refunding bonds are included as expenditures in the funds, but are deferred and amortized over the life of the bonds in the government-wide financial statements.</p>		
		(176,825)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Increase in Compensated Absences	(15,044)	
Decrease in Interest Payable	<u>3,666</u>	
Total		<u>(11,378)</u>
Net Change in Net Assets of Governmental Activities	\$	<u>(805,522)</u>

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

Chillicothe City School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget:</u> <u>Positive</u> <u>(Negative)</u>
REVENUES:				
Property and Other Local Taxes	\$10,043,300	\$10,171,684	\$10,171,684	\$0
Intergovernmental	11,707,941	12,263,677	12,307,116	43,439
Interest	400,000	198,741	206,107	7,366
Tuition and Fees	867,575	1,017,109	1,059,946	42,837
Rent	47,001	40,142	40,553	411
Extracurricular Activities	18,000	12,418	12,493	75
Gifts and Donations	20,000	4,250	4,250	0
Customer Sales and Services	70,000	65,369	65,327	(42)
Payments in Lieu of Taxes	50,000	44,407	44,407	0
Miscellaneous	18,200	25,664	29,412	3,748
Total Revenues	<u>23,242,017</u>	<u>23,843,461</u>	<u>23,941,295</u>	<u>97,834</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	12,488,540	12,659,474	12,947,268	(287,794)
Special	2,091,173	2,192,173	2,168,843	23,330
Vocational	5,660	5,660	6,422	(762)
Other	151,835	211,835	206,747	5,088
Support Services:				
Pupils	1,257,192	1,258,303	1,227,911	30,392
Instructional Staff	1,364,418	1,367,382	845,550	521,832
Board of Education	72,318	72,318	50,070	22,248
Administration	1,897,048	1,895,964	1,894,775	1,189
Fiscal	767,074	767,074	718,017	49,057
Business	112,383	112,325	117,917	(5,592)
Operation and Maintenance of Plant	2,707,215	2,797,521	2,625,510	172,011
Pupil Transportation	744,825	766,635	799,204	(32,569)
Central	12,300	187,300	185,627	1,673
Operation of Non-Instructional Services	7,031	7,031	7,139	(108)
Extracurricular Activities	420,740	420,740	417,897	2,843
Debt Service:				
Principal	180,000	180,000	180,000	0
Interest	49,250	49,250	49,250	0
Total Expenditures	<u>24,329,002</u>	<u>24,950,985</u>	<u>24,448,147</u>	<u>502,838</u>
Excess of Revenues Under Expenditures	<u>(1,086,985)</u>	<u>(1,107,524)</u>	<u>(506,852)</u>	<u>600,672</u>
OTHER FINANCING SOURCES AND USES:				
Refund of Prior Year Expenditures	5,000	3,000	3,010	10
Insurance Recoveries	3,000	25,206	25,206	0
Advances In	100,000	452,145	452,145	0
Transfers Out	0	(944)	(2,634)	(1,690)
Refund of Prior Year Receipts	0	0	(147,985)	(147,985)
Advances Out	0	0	(220,159)	(220,159)
Other Financing Uses	(3,356,810)	(3,707,678)	0	3,707,678
Total Other Financing Sources and Uses	<u>(3,248,810)</u>	<u>(3,228,271)</u>	<u>109,583</u>	<u>3,337,854</u>
Net Change in Fund Balances	<u>(4,335,795)</u>	<u>(4,335,795)</u>	<u>(397,269)</u>	<u>3,938,526</u>
Fund Balance at Beginning of Year - As Restated	<u>4,148,941</u>	<u>4,148,941</u>	<u>4,148,941</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>186,854</u>	<u>186,854</u>	<u>186,854</u>	<u>0</u>
Fund Balance at End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$3,938,526</u>	<u>\$3,938,526</u>

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

Chillicothe City School District
Statement of Fiduciary Assets and Liabilities
Agency Funds
As of June 30, 2009

	<u>Agency</u>
ASSETS:	
Current Assets:	
Equity in Pooled Cash and Investments	<u>\$104,396</u>
<i>Total Assets</i>	<u><u>\$104,396</u></u>
LIABILITIES:	
Current Liabilities:	
Due to Students	\$94,666
Undistributed Monies	<u>9,730</u>
<i>Total Liabilities</i>	<u><u>\$104,396</u></u>

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

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 1-DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1849 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 22 square miles. It is located in Ross County, and includes all of the Village of Massieville, the City of Chillicothe and a portion of Scioto Township. It is staffed by 134 non-certified employees, 209 certificated full-time teaching personnel and 12 administrative employees who provide services to 3,052 students and other community members. The School District currently operates six instructional buildings, one administrative building, one maintenance building and one bus garage.

Reporting Entity:

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

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

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

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

The following activities are included within the reporting entity:

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

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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

The School District is associated with three organizations, which are defined as jointly governed organizations. These organizations are the South Central Ohio Computer Association, Pickaway-Ross Career and Technology Center, and Great Seal Education Network of Tomorrow. These organizations are presented in Note 15 to the basic financial statements.

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation-Fund Accounting

Fund Accounting

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

Governmental Funds

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

General Fund

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

Debt Service Fund

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

Permanent Improvement Fund

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

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fiduciary Funds

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

B. Basis of Presentation and Measurement Focus

Basis of Presentation

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using either the modified accrual basis of accounting for governmental funds or the accrual basis of accounting for fiduciary funds. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: property taxes available as an advance, investment earnings, tuition and fees, and grants.

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred/Unearned Revenue

Deferred/unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred/unearned revenue.

Expenses/Expenditures

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

C. Budgets

Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during the fiscal year 2009.

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

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances

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

The School District did not budget the State Fiscal Stabilization Fund for fiscal year 2009. A budgetary schedule is reported but no annual budget was adopted for the Teacher Development Fund.

D. Cash and Cash Equivalents

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

During fiscal year 2009, investments were limited to STAROhio, Certificates of Deposit, and U.S. Government Agency Instrumentalities. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2009. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2009.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2009 amounted to \$198,769. The Other Governmental Funds earned interest revenue of \$17,414.

E. Capital Assets and Depreciation

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

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

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

F. Interfund Assets/Liabilities

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

G. Compensated Absences

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

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

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

H. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities, that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, early retirement incentives that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds are recognized as a liability on the government-wide financial statements when due.

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Interfund Transactions

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

J. Restricted Assets

Restricted assets in the General Fund represent cash and investments whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses. A corresponding fund balance reserve has also been established for this amount. See Note 16 for additional information regarding set-asides.

K. Net Assets

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

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

The government-wide statement of net assets reports \$3,703,414 in restricted net assets, none of which is restricted by enabling legislation.

L. Fund Balance Reserves

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

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

M. Estimates

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

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Unamortized Bond Issuance Costs/Bond Premium and Discount

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

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

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

O. Fund Designation

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

NOTE 3-ACCOUNTABILITY

At June 30, 2009, the Uniform School Supplies, Public School Preschool, Ohio Reads, Title VI-B, State Fiscal Stabilization, Title I, Drug Free School, Improving Teacher Quality, and the Miscellaneous Federal Grants Nonmajor Special Revenue Funds had deficit fund balances of \$107,329, \$18,957, \$11,455, \$52,200, \$105, \$46,605, \$129, \$13,984, and \$2,662, respectively, which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 4-BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – (Non-GAAP Budgetary Basis) for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

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

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 4-BUDGETARY BASIS OF ACCOUNTING (Continued)

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

Net Change in Fund Balance	
GAAP Basis	<u>General</u> \$(454,477)
Revenue and Other Financing Sources Accruals	357,430
Expenditures and Other Financing Uses Accruals	(161,144)
Encumbrances	<u>(139,078)</u>
Budget Basis	<u>\$(397,269)</u>

NOTE 5-DEPOSITS AND INVESTMENTS

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

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

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

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

1. United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 5-DEPOSITS AND INVESTMENTS (Continued)

3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. Interim deposits in the eligible institutions applying for interim money as provided in section 135.08 of the Revised Code;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time;
9. Linked deposits as authorized by ordinance adopted pursuant to section 135.80 of the Revised Code;
10. Commercial paper notes issued by any entity that is defined in division (D) of section 1705.01 of the Revised Code and has assets exceeding five hundred million dollars, and to which notes are rated at the time of purchase in the highest classification established by at least two standard rating services; the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; the notes mature no later than one hundred eighty days after purchase; and
11. Bankers' acceptances of banks that are members of the federal deposit insurance corporation to which obligations both the following apply: obligations are eligible for purchase by the federal reserve system and the obligations mature no later than one hundred eighty days after purchase.

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

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

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 5-DEPOSITS AND INVESTMENTS (Continued)

Deposits

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

As of June 30, 2009, the School District's bank balance of \$7,414,477 was either covered by FDIC or collateralized by the financial institutions' public entity deposit pools in the manner described above.

Investments

As of June 30, 2009, the School District had the following investments and maturities.

Investment Type	Fair Value	6 months or less	1-2 Years
STAROhio	\$464,596	\$464,596	\$0
FFCB	1,007,620	0	1,007,620
FHLB	101,113	101,113	0
	<u>\$1,573,329</u>	<u>\$565,709</u>	<u>\$1,007,620</u>

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

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

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

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of total of each investment type held by the School District at June 30, 2009:

Investment Type	Fair Value	% of Total
STAR Ohio	\$ 464,596	29.53%
FFCB	1,007,620	64.04%
FHLB	101,113	6.43%
	<u>\$ 1,573,329</u>	<u>100.00%</u>

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 6-PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during the calendar year 2009 for real and public utility property taxes represents collections of calendar year 2008 taxes. Property tax payments received during calendar year 2009 for tangible personal property (other than public utility property) are for calendar year 2008 taxes.

2009 real property taxes are levied after April 1, 2008, on the assessed value as of January 1, 2008, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2009 public utility property taxes became a lien December 31, 2007, are levied after April 1, 2008 and are collected in 2009 with real property taxes.

2009 tangible personal property taxes are levied after April 1, 2008, on the value as of December 31, 2007. Collections are made in 2009. Tangible personal property assessments are six and one-quarter percent of true value.

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

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

Ohio House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces revenue lost by the School District due to the phasing out of the tax. In calendar years 2006 through 2010, the School District will be fully reimbursed at the level of calendar year 2004 assessed values for the lost revenue. In fiscal years 2014 through 2018, the reimbursements will be phased out.

The assessed values upon which fiscal year 2009 taxes were collected are:

	<u>2008 Second-Half Collections</u>		<u>2009 First-Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and other Real Estate	\$392,036,290	87.63%	\$387,921,760	92.07%
Public Utility	15,982,540	3.58%	16,973,140	4.03%
Tangible Personal Property	<u>39,342,600</u>	<u>8.79%</u>	<u>16,423,760</u>	<u>3.90%</u>
Total Assessed Value	<u>\$447,361,430</u>	<u>100.00%</u>	<u>\$421,318,660</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$50.67		\$50.67	

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 6-PROPERTY TAXES (Continued)

The School District receives property taxes from Ross County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2009. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2009, was \$939,922 in the General Fund, \$162,652 in the Debt Service Fund and \$80,377 in the Permanent Improvement Fund.

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

NOTE 7-RECEIVABLES

Receivables at June 30, 2009, consisted of property taxes, accounts (rent, tuition and student fees) interfund, accrued interest and intergovernmental grants. All receivables are considered collectible in full due the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

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

<i>Nonmajor Special Revenue Funds:</i>	
Public Preschool Support	\$34,041
Title VI	514
Title VI-B	89,817
Ohio Reads	33,903
Improving Teacher Quality	24,403
Miscellaneous State Grant	2,527
Title I	437,098
Miscellaneous Federal Grant	13,422
	<hr/>
<i>Total Nonmajor Funds</i>	<u>\$635,725</u>

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 8-CAPITAL ASSETS

Capital assets activity of the fiscal year ended June 30, 2009, was as follows:

	Ending* Balance 6/30/08	Additions	Deletions	Ending Balance 6/30/09
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$664,422	\$0	\$0	\$664,422
Total Capital Assets, Not Being Depreciated	<u>664,422</u>	<u>0</u>	<u>0</u>	<u>664,422</u>
Capital Assets Being Depreciated				
Land Improvements	820,214	0	0	820,214
Building and Improvements	47,950,794	278,747	0	48,229,541
Furniture and Equipment	4,305,755	210,607	(15,149)	4,501,213
Vehicles	1,461,222	227,888	(157,755)	1,531,355
Total Capital Assets, Being Depreciated	<u>54,537,985</u>	<u>717,242</u>	<u>(172,904)</u>	<u>55,082,323</u>
Less Accumulated Depreciation:				
Land Improvements	(678,899)	(19,703)	0	(698,602)
Buildings and Improvements	(12,678,068)	(1,398,201)	0	(14,076,269)
Furniture and Equipment	(1,308,586)	(241,394)	12,660	(1,537,320)
Vehicles	(960,875)	(142,820)	153,818	(949,877)
Total Accumulated Depreciation	<u>(15,626,428)</u>	<u>(1,802,118)</u>	<u>166,478</u>	<u>(17,262,068)</u>
Total Capital Assets Being Depreciated, Net	<u>38,911,557</u>	<u>(1,084,876)</u>	<u>(6,426)</u>	<u>37,820,255</u>
Governmental Activities Capital Assets, Net	<u>\$39,575,979</u>	<u>\$(1,084,876)</u>	<u>\$(6,426)</u>	<u>\$38,484,677</u>

* Certain reclassifications have been made to prior year balances to more appropriately reflected asset classification. These reclassifications had no effect on net assets.

Depreciation expense was charged to the governmental functions as follows:

Instruction:	
Regular	\$1,447,403
Special	1,460
Other	2,578
Support Services:	
Administration	973
Business	2,686
Operation and Maintenance of Plant	23,776
Pupil Transportation	133,355
Central	8,933
Operation of Non-Instructional Services	177,144
Extracurricular Activities	3,810
Total Depreciation Expense	<u>\$1,802,118</u>

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 9-RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the School District contracted with Neil Coleman Insurance for liability, property, fleet, inland marine, and boiler and machinery insurance. Coverages provided are as follows:

<i>General Liability:</i>	
General Aggregate Limit	\$4,000,000
Each Occurrence Combined Single Limit	2,000,000
Medical Expense Limit (Any One Person)	10,000
 <i>Employee Benefit Liability (\$2,500 Deductible):</i>	
Annual Policy Aggregate Limit	4,000,000
Each Wrongful Account Limit	2,000,000
 <i>Auto Liability:</i>	
Per Accident Liability	2,000,000
 <i>Stop Gap:</i>	
Each Accident	2,000,000
Disease Each Employee	2,000,000
Disease Policy Limit	2,000,000
 <i>Property Insurance:</i>	
Building/Contents (\$2,500 Deductible)	
Including EDP, Inland Marine – Musical Instr.	68,238,718

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

<i>Fleet Insurance:</i>	
Combined Single Limit-Each Accident	\$2,000,000
Medical Payments-Per Person (Including Extended Medical)	5,000
Uninsured and Underinsured Motorist	
Bodily Injury-Combined Single Limit-Each Accident	2,000,000
Physical Damage	Actual Cash Value or Cost of Repair
Comprehensive (Bus \$1,000, Other \$250 Deductible)	
Collision (Bus \$1,000, Other \$500 Deductible)	

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

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

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

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 10-DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year 2009, the allocation to pension and death benefits is 9.09 percent. The remaining 4.91 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Fund. The School District's contributions to SERS which were allocated for pension and death benefits for the fiscal years ended June 30, 2009, 2008 and 2007 were \$378,738, \$434,408, and \$366,983, respectively; 50 percent of the required contribution has been made for fiscal year 2009 and 100 percent of the required contribution has been made for fiscal years 2008 and 2007. \$172,759 represents the unpaid contribution for fiscal year 2009 and is recorded as a liability within the respective funds.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system.

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

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

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 10-DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

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

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 10-DEFINED BENEFIT PENSION PLANS (Continued)

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

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

For the fiscal years ended June 30, 2009, 2008, and 2007, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS Ohio, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$1,642,896, \$1,623,600, and \$1,600,129, respectively; 91 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. \$142,182 represents the unpaid contribution for fiscal year 2009 and is recorded as a liability within the respective funds.

STRS Ohio issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771 or by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2009, no members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 11-POSTEMPLOYMENT BENEFITS

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

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Pursuant to Section 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

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

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 11-POSTEMPLOYMENT BENEFITS (Continued)

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2009, 2008 and 2007. The 14 percent employer contribution rate is the maximum rate established under Ohio law. For the School District, these amounts equaled \$136,096, \$125,183, and \$121,761 for fiscal years 2009, 2008, and 2007, respectively.

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

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40; SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal years 2009, 2008, and 2007, the actuarially required allocations were 0.75 percent, 0.66 percent, and 0.68 percent. For the School District, contributions for the years ended June 30, 2009, 2008, and 2007, were \$30,958, \$29,397, and \$24,682, which equaled the required contributions for those years.

Health Care Plan

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

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

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2009, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. At June 30, 2009, 2008, and 2007, the health care allocations were 4.16 percent, 4.18 percent, and 3.32 percent, respectively. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2009, 2008, and 2007 fiscal years equaled \$225,754, \$209,660 and \$174,986, respectively.

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

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 11-POSTEMPLOYMENT BENEFITS (Continued)

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

NOTE 12-EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 275 days for administrators, 266 days for certified personnel, and 266 days for classified personnel. Upon retirement, payment is made for 28 percent of accrued, but unused sick leave credit to a maximum of 70 days for administrators, and 63.8 days for certificated employees. Payment to classified employees is 40 percent of accrued, but unused sick leave credit to a maximum of 68.8 days.

B. Life and Accident Insurance

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

C. Deferred Compensation

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

D. Retirement Incentive

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

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

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

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 12-EMPLOYEE BENEFITS (Continued)

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

E. Attendance Bonus for Classified Employees

Absences from work are counted from July 1 through June 30th each year. Classified employees may be eligible for an “Attendance Bonus” for not using days for sick or personal leave or leave without pay. This is payable the following July of the fiscal year. For fiscal year 2009, no employees were eligible to take advantage of this benefit.

NOTE 13-LONG-TERM OBLIGATIONS

The changes in the School District’s long-term obligations during fiscal year 2009 were as follows:

	Outstanding 06/30/08	Additions	Deductions	Outstanding 06/30/09	Amounts Due within One Year
Governmental Activities:					
General Obligation Notes:					
1999 Energy Conservation Improvement Notes 5%	\$985,000	\$0	\$180,000	\$805,000	\$190,000
General Obligation Bonds:					
2005 Construction General Obligation Obligation Bonds - Serial and Term 2 - 5.25%	4,370,000	0	575,000	3,795,000	590,000
Premium	23,613	0	5,322	18,291	0
2005 Construction Capital Appreciation Bonds 12.274 - 12.306%	1,267,189	161,033	0	1,428,222	0
Premium	501,607	0	77,170	424,437	0
2007 Refunding Obligation Bonds- Serial and Term 3.5-4.5%	27,245,000	0	290,000	26,955,000	300,000
Premium	1,557,422	0	119,802	1,437,620	0
Accounting Loss	(884,123)	0	(176,825)	(707,298)	0
2007 Construction Capital Appreciation Bonds 17.7712-17.8754%	377,705	39,681	0	417,386	0
2009 School Energy Conservation Improvement Term Bonds 0%	0	524,000	0	524,000	41,000
Total General Obligation Bonds	<u>34,458,413</u>	<u>724,714</u>	<u>890,469</u>	<u>34,292,658</u>	<u>931,000</u>
Compensated Absences	<u>1,689,099</u>	<u>1,704,143</u>	<u>1,689,099</u>	<u>1,704,143</u>	<u>206,132</u>
Total Governmental Activities Long Term Obligations	<u>\$37,132,512</u>	<u>\$2,428,857</u>	<u>\$2,759,568</u>	<u>\$36,801,801</u>	<u>\$1,327,132</u>

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 13-LONG-TERM OBLIGATIONS (Continued)

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

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

The capital appreciation bonds will mature in the years 2012 through 2014. The maturity of the bonds is \$2,450,000. For 2009, \$161,033 was accreted for a total bond value of \$1,428,222, which includes accretion of \$633,222.

2007 Refunding Obligation Bonds - On December 13, 2006, the School District issued \$29,717,026 in general obligation refunding bonds with interest rates from 4-4.125%, to refund \$27,920,000 of the 2005 Construction General Obligation Bonds. The bond issue included serial and term bonds and capital appreciation bonds in the amounts of \$6,905,000, \$20,695,000 and \$320,000, respectively. Although the refunding resulted in the recognition of an accounting loss of \$1,237,773 for the year ended June 30, 2007, the School District in effect lowered its aggregated debt service payments. For 2009, \$39,681 was accreted for a total bond value of \$417,386, which includes accretion of \$97,386. The capital appreciation bonds will mature in the years 2022 through 2024. The maturity of the bonds is \$5,715,000.

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

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

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

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

2009 School Energy Conservation Improvement Bonds -During fiscal year 2009, the School District issued \$524,000 in School Energy Conservation Improvement Bonds (Qualified Zone Academy Project) with a zero percent interest rate for the purpose of the School District's HB 264 energy conservation project at the High School/Middle School. The bond will mature on December 15, 2021. The bond will be paid from the Debt Service Fund.

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

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 13-LONG-TERM OBLIGATIONS (Continued)

The School District's overall legal debt margin was \$6,684,424 and the unvoted debt margin was \$421,319 at June 30, 2009.

Principal and interest requirements to retire general obligation debt at June 30, 2009 are as follows:

Fiscal Year Ending	Governmental Activities					
	2005 General Obligation Bonds		General Obligation Notes		2007 General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$590,000	\$146,063	\$190,000	\$40,250	\$300,000	\$1,109,080
2011	610,000	125,801	195,000	30,750	310,000	1,096,880
2012	750,000	101,438	205,000	21,000	130,000	1,088,080
2013	0	87,750	215,000	10,750	145,000	1,082,580
2014	0	87,750	0	0	160,000	1,076,480
2015-2019	1,845,000	178,875	0	0	3,395,000	5,173,900
2020-2024	0	0	0	0	5,060,000	3,945,225
2025-2029	0	0	0	0	8,025,000	3,086,314
2030-2033	0	0	0	0	9,430,000	871,877
Totals	<u>\$3,795,000</u>	<u>\$727,677</u>	<u>\$805,000</u>	<u>\$102,750</u>	<u>\$26,955,000</u>	<u>\$18,530,416</u>

Fiscal Year Ending	General Obligation Bonds				2009 General
	2005 Capital Appreciation		2007 Capital Appreciation		Obligation Bond
	Principal	Interest	Principal	Interest	Principal
2010	\$0	\$0	\$0	\$0	\$41,000
2011	0	0	0	0	41,000
2012	0	0	0	0	41,000
2013	285,000	490,000	0	0	41,000
2014	250,000	525,000	0	0	40,000
2015-2019	260,000	640,000	0	0	200,000
2020-2024	0	0	230,000	3,595,000	120,000
2025	0	0	90,000	1,800,000	0
Totals	<u>\$795,000</u>	<u>\$1,655,000</u>	<u>\$320,000</u>	<u>\$5,395,000</u>	<u>\$524,000</u>

The above amortization schedule does not agree to the changes in long term obligations on page 41 due to the capital appreciation bonds which are shown at their accreted value as of June 30, 2009.

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 14-INTERFUND ACTIVITY

As of June 30, 2009, receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund Type/Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payables</u>
General Fund	\$220,157	\$0
<i>Nonmajor Governmental Funds:</i>		
Uniform School Supplies	0	107,329
Title VI-B	0	671
Title I	0	109,430
Miscellaneous Federal Grant	0	2,727
<i>Total Nonmajor Funds</i>	<u>0</u>	<u>220,157</u>
Total All Funds	<u>\$220,157</u>	<u>\$220,157</u>

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

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the Fund that statute or budget requires to expend them; to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The General Fund transferred \$141 of interest earnings to the Permanent Improvement Fund for capital outlay requirements and \$2,493 to the Title I Fund to subsidize the fund.

	<u>Transfer In</u>	<u>Transfer Out</u>
<i>Major Funds:</i>		
General	\$ 0	\$2,634
Permanent Improvement	141	0
<i>Nonmajor Fund:</i>		
Title I	2,493	0
Total All Funds	<u>\$ 2,634</u>	<u>\$2,634</u>

NOTE 15-JOINTLY GOVERNED ORGANIZATIONS

South Central Ohio Computer Association-The School District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Pickaway, Gallia, Highland, Adams, Pike, Scioto, Brown, Ross, Jackson, Vinton and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each of the participating counties, two school treasurers, and one representative from the fiscal agent. The School District paid SCOCA \$270,713 for services provided during the year. Financial information can be obtained from their fiscal agent, the Pike County Joint Vocational School District, Tonya Cooper, who serves as Treasurer, at P. O. Box 577, 175 Beaver Creek Rd., Piketon, Ohio 45661.

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 15-JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

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

NOTE 16-SET-ASIDE CALCULATIONS/FUND RESERVES

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

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

	Textbooks	Capital Acquisition	Bus Purchase
Set Aside/Reserve Balance as of June 30, 2008	\$0	\$0	\$11,138
Current Year Set Aside/Reserve Requirement	472,484	472,484	17,343
Prior Year Carryover	(1,195,110)	(18,248,370)	0
Qualifying Disbursements	(486,953)	(864,181)	(27,989)
Current Year Offsets	0	0	0
Set-Aside/Reserve Balance at June 30, 2009	<u>(\$1,209,579)</u>	<u>(\$18,640,067)</u>	<u>\$492</u>
Set-Aside/Reserve Balance Carried Forward to FY10	<u>(\$1,209,579)</u>	<u>\$(18,248,370)</u>	<u>\$492</u>

The School District had offsets and qualifying disbursements during the year that reduced the set-aside amount below zero in the Textbooks and Capital Acquisition Reserves. The excess amount in the Textbooks Reserve may be carried forward and used to reduce the set-aside requirements of future fiscal years. The carryover amount in the Capital Acquisition Reserve is limited to the balance of the offsets attributed to bond or tax levy proceeds.

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 17-CONTINGENCIES

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2009.

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



Chillicothe City School District
Fund Descriptions

Special Revenue Funds

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

Nonmajor Special Revenue Funds

Food Service

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

Uniform School Supplies

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

Rotary

A fund to account for multi-district handicap programs.

Public School Support

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

Other Local Grants

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

District Managed Activities

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

Auxiliary Services

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

Teacher Development

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

Education Management Information

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

Public School Preschool

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

Chillicothe City School District
Fund Descriptions

Nonmajor Special Revenue Funds (Continued)

OneNet Network

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

Schoolnet Training

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

Ohio Reads

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

Poverty Based Aid

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

Miscellaneous State Grants

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

Title VI-B

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

State Fiscal Stabilization

A fund used to account for the ARRA in State Fiscal Stabilization Fund (SFSF) to help stabilize State and local budgets in order to minimize and avoid reductions in education and other essential services. Education SFSF for primary and secondary education will be distributed to school districts as part of the foundation settlement payments each month. The total foundation support will include both State and Federal SFSF funds.

Title I

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

Title VI

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

Drug-Free School

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

Chillicothe City School District
Fund Descriptions

Nonmajor Special Revenue Funds (Continued)

Improving Teacher Quality

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

Miscellaneous Federal Grants

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

Capital Project Fund

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

Nonmajor Capital Project Fund

Construction Fund

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

Permanent Fund

The Permanent Fund is used to account for 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.

Nonmajor Permanent Fund

Alumni Library

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

Chillicothe City School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$1,042,445	\$346,899	\$530,885	\$1,920,229
Accounts Receivable	75	0	0	75
Accrued Interest Receivable	0	482	3,541	4,023
Intergovernmental Receivable	635,725	0	0	635,725
<i>Total Assets</i>	<u>\$1,678,245</u>	<u>\$347,381</u>	<u>\$534,426</u>	<u>\$2,560,052</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$5,037	\$0	\$0	\$5,037
Accrued Wages and Benefits	609,751	0	0	609,751
Interfund Payable	220,157	0	0	220,157
Intergovernmental Payable	167,427	0	0	167,427
Matured Compensated Absences Payable	4,415	0	0	4,415
Deferred Revenue	351,042	0	0	351,042
<i>Total Liabilities</i>	<u>1,357,829</u>	<u>0</u>	<u>0</u>	<u>1,357,829</u>
Fund Balances:				
Reserved:				
Reserved for Encumbrances	90,158	345,500	0	435,658
Reserved for Library Purposes	0	0	450,000	450,000
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	230,258	0	0	230,258
Capital Projects Funds	0	1,881	0	1,881
Permanent Fund	0	0	84,426	84,426
<i>Total Fund Balances</i>	<u>320,416</u>	<u>347,381</u>	<u>534,426</u>	<u>1,202,223</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,678,245</u>	<u>\$347,381</u>	<u>\$534,426</u>	<u>\$2,560,052</u>

Chillicothe City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2009

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
Intergovernmental	\$5,968,362	\$0	\$0	\$5,968,362
Interest	1,252	1,226	14,936	17,414
Tuition and Fees	290,250	0	0	290,250
Extracurricular Activities	134,899	0	0	134,899
Gifts and Donations	18,556	0	0	18,556
Customer Sales and Services	461,929	0	0	461,929
Miscellaneous	52,252	0	0	52,252
<i>Total Revenues</i>	<u>6,927,500</u>	<u>1,226</u>	<u>14,936</u>	<u>6,943,662</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,891,850	0	0	1,891,850
Special	1,147,305	0	0	1,147,305
Vocational	743	0	0	743
Other	514,350	0	0	514,350
Support Services:				
Pupils	690,530	0	0	690,530
Instructional Staff	602,063	0	3,672	605,735
Administration	98,288	0	0	98,288
Fiscal	46,318	0	0	46,318
Operation and Maintenance of Plant	84,250	0	0	84,250
Pupil Transportation	174	0	0	174
Central	9,771	0	0	9,771
Operation of Non-Instructional Services	1,415,841	0	0	1,415,841
Extracurricular Activities	140,178	0	0	140,178
Capital Outlay	35,000	171,130	0	206,130
<i>Total Expenditures</i>	<u>6,676,661</u>	<u>171,130</u>	<u>3,672</u>	<u>6,851,463</u>
Excess of Revenues Over/(Under) Expenditures	250,839	(169,904)	11,264	92,199
Other Financing Sources:				
Transfers - In	2,493	0	0	2,493
General Obligation Bonds Issued	0	524,000	0	524,000
<i>Total Other Financing Sources</i>	<u>2,493</u>	<u>524,000</u>	<u>0</u>	<u>526,493</u>
<i>Net Change in Fund Balances</i>	253,332	354,096	11,264	618,692
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>67,084</u>	<u>(6,715)</u>	<u>523,162</u>	<u>583,531</u>
<i>Fund Balances at End of Year</i>	<u>\$320,416</u>	<u>\$347,381</u>	<u>\$534,426</u>	<u>\$1,202,223</u>

Chillicothe City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2009

	Food Service	Uniform School Supplies	Rotary	Public School Support
Assets:				
Equity in Pooled Cash and Investments	\$214,383	\$0	\$969	\$229,608
Accounts Receivable	0	0	0	75
Intergovernmental Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$214,383</u>	<u>\$0</u>	<u>\$969</u>	<u>\$229,683</u>
Liabilities and Fund Balances:				
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$2,073
Accrued Wages and Benefits	113,186	0	0	1,895
Interfund Payable	0	107,329	0	0
Intergovernmental Payable	50,139	0	0	5,619
Matured Compensated Absences Payable	4,415	0	0	0
Deferred Revenue	0	0	0	0
<i>Total Liabilities</i>	<u>167,740</u>	<u>107,329</u>	<u>0</u>	<u>9,587</u>
Fund Balances:				
Reserved for Encumbrances	4,199	3,556	0	4,902
Unreserved, Undesignated, Reported in Special Revenue	42,444	(110,885)	969	215,194
<i>Total Fund Balances</i>	<u>46,643</u>	<u>(107,329)</u>	<u>969</u>	<u>220,096</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$214,383</u>	<u>\$0</u>	<u>\$969</u>	<u>\$229,683</u>

<u>Other Local Grants</u>	<u>District Managed Activities</u>	<u>Auxiliary Services</u>	<u>Teacher Development</u>	<u>Education Management Information</u>	<u>Public School Preschool</u>
\$2,170	\$46,929	\$21,389	\$0	\$0	\$3,391
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>34,041</u>
<u>\$2,170</u>	<u>\$46,929</u>	<u>\$21,389</u>	<u>\$0</u>	<u>\$0</u>	<u>\$37,432</u>
\$0	\$2,317	\$0	\$0	\$0	\$0
0	0	1,791	0	0	31,867
0	0	0	0	0	0
0	527	488	0	0	5,858
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>18,664</u>
<u>0</u>	<u>2,844</u>	<u>2,279</u>	<u>0</u>	<u>0</u>	<u>56,389</u>
997	91	19,133	0	0	1,043
<u>1,173</u>	<u>43,994</u>	<u>(23)</u>	<u>0</u>	<u>0</u>	<u>(20,000)</u>
<u>2,170</u>	<u>44,085</u>	<u>19,110</u>	<u>0</u>	<u>0</u>	<u>(18,957)</u>
<u>\$2,170</u>	<u>\$46,929</u>	<u>\$21,389</u>	<u>\$0</u>	<u>\$0</u>	<u>\$37,432</u>

(Continued)

Chillicothe City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2009

	<u>OneNet Network</u>	<u>Schoolnet Training</u>	<u>Ohio Reads</u>	<u>Poverty Based Aid</u>
Assets:				
Equity in Pooled Cash and Investments	\$0	\$0	\$315	\$471,263
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	<u>0</u>	<u>0</u>	<u>33,903</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$34,218</u></u>	<u><u>\$471,263</u></u>
Liabilities and Fund Balances:				
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$0
Accrued Wages and Benefits	0	0	18,768	224,845
Interfund Payable	0	0	0	0
Intergovernmental Payable	0	0	3,502	46,227
Matured Compensated Absences Payable	0	0	0	0
Deferred Revenue	<u>0</u>	<u>0</u>	<u>23,403</u>	<u>0</u>
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>45,673</u>	<u>271,072</u>
Fund Balances:				
Reserved for Encumbrances	0	0	8,449	12,339
Unreserved, Undesignated, Reported in Special Revenue	<u>0</u>	<u>0</u>	<u>(19,904)</u>	<u>187,852</u>
<i>Total Fund Balances</i>	<u>0</u>	<u>0</u>	<u>(11,455)</u>	<u>200,191</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$34,218</u></u>	<u><u>\$471,263</u></u>

Miscellaneous State Grants	Title VI-B	State Fiscal Stabilization	Title I	Title VI	Drug Free School
\$43,087	\$0	\$0	\$0	\$0	\$6
0	0	0	0	0	0
<u>2,527</u>	<u>89,817</u>	<u>0</u>	<u>437,098</u>	<u>514</u>	<u>0</u>
<u>\$45,614</u>	<u>\$89,817</u>	<u>\$0</u>	<u>\$437,098</u>	<u>\$514</u>	<u>\$6</u>
\$0	\$0	\$0	\$647	\$0	\$0
3,659	81,484	105	98,388	0	0
0	671	0	109,430	0	0
1,377	24,246	0	22,889	0	135
0	0	0	0	0	0
<u>0</u>	<u>35,616</u>	<u>0</u>	<u>252,349</u>	<u>514</u>	<u>0</u>
<u>5,036</u>	<u>142,017</u>	<u>105</u>	<u>483,703</u>	<u>514</u>	<u>135</u>
8,946	3,583	0	18,846	514	4
<u>31,632</u>	<u>(55,783)</u>	<u>(105)</u>	<u>(65,451)</u>	<u>(514)</u>	<u>(133)</u>
<u>40,578</u>	<u>(52,200)</u>	<u>(105)</u>	<u>(46,605)</u>	<u>0</u>	<u>(129)</u>
<u>\$45,614</u>	<u>\$89,817</u>	<u>\$0</u>	<u>\$437,098</u>	<u>\$514</u>	<u>\$6</u>

(Continued)

Chillicothe City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2009

	Improving Teacher Quality	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
Assets:			
Equity in Pooled Cash and Investments	\$8,935	\$0	\$1,042,445
Accounts Receivable	0	0	75
Intergovernmental Receivable	24,403	13,422	635,725
<i>Total Assets</i>	<u>\$33,338</u>	<u>\$13,422</u>	<u>\$1,678,245</u>
Liabilities and Fund Balances:			
Liabilities			
Accounts Payable	\$0	\$0	\$5,037
Accrued Wages and Benefits	27,657	6,106	609,751
Interfund Payable	0	2,727	220,157
Intergovernmental Payable	5,262	1,158	167,427
Matured Compensated Absences Payable	0	0	4,415
Deferred Revenue	14,403	6,093	351,042
<i>Total Liabilities</i>	<u>47,322</u>	<u>16,084</u>	<u>1,357,829</u>
Fund Balances:			
Reserved for Encumbrances	1,265	2,291	90,158
Unreserved, Undesignated, Reported in Special Revenue	(15,249)	(4,953)	230,258
<i>Total Fund Balances</i>	<u>(13,984)</u>	<u>(2,662)</u>	<u>320,416</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$33,338</u>	<u>\$13,422</u>	<u>\$1,678,245</u>



Chillicothe City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2009

	Food Service	Uniform School Supplies	Rotary
Revenues:			
Intergovernmental	\$783,977	\$0	\$0
Interest	1,252	0	0
Tuition and Fees	0	64,896	0
Extracurricular Activities	0	0	334
Gifts and Donations	0	0	0
Customer Sales and Services	458,870	0	0
Miscellaneous	3,264	0	0
Total Revenues	1,247,363	64,896	334
Expenditures:			
Current:			
Instruction:			
Regular	0	109,187	0
Special	0	0	0
Vocational	0	743	0
Other	0	0	0
Support Services:			
Pupils	0	10,254	0
Instructional Staff	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	1,268,230	0	0
Extracurricular Activities	0	0	0
Capital Outlay	0	0	0
Total Expenditures	1,268,230	120,184	0
Excess of Revenues Over/(Under) Expenditures	(20,867)	(55,288)	334
Other Financing Sources:			
Transfers - In	0	0	0
Total Other Financing Sources	0	0	0
Net Change in Fund Balances	(20,867)	(55,288)	334
Fund Balances (Deficit) at Beginning of Year	67,510	(52,041)	635
Fund Balances (Deficit) at End of Year	\$46,643	(\$107,329)	\$969

Public School Support	Other Local Grants	District Managed Activities	Auxiliary Services	Teacher Development
\$55,625	\$45,997	\$0	\$102,422	\$0
0	0	0	0	0
223,349	0	2,005	0	0
51,048	0	83,517	0	0
12,263	1,900	4,393	0	0
0	0	0	3,059	0
20,718	0	28,270	0	0
<u>363,003</u>	<u>47,897</u>	<u>118,185</u>	<u>105,481</u>	<u>0</u>
199,228	11,178	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
23,816	0	0	0	0
70,941	253	0	0	1
731	0	0	0	0
0	0	0	0	0
505	0	0	0	0
13	0	0	0	0
1,027	0	0	0	0
33,166	0	0	96,445	0
0	0	140,178	0	0
0	35,000	0	0	0
<u>329,427</u>	<u>46,431</u>	<u>140,178</u>	<u>96,445</u>	<u>1</u>
33,576	1,466	(21,993)	9,036	(1)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
33,576	1,466	(21,993)	9,036	(1)
186,520	704	66,078	10,074	1
<u>\$220,096</u>	<u>\$2,170</u>	<u>\$44,085</u>	<u>\$19,110</u>	<u>\$0</u>

(Continued)

Chillicothe City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Fiscal Year Ended June 30, 2009

	Education Management Information	Public School Preschool	OneNet Network
Revenues:			
Intergovernmental	\$8,744	\$264,439	\$18,000
Interest	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Gifts and Donations	0	0	0
Customer Sales and Services	0	0	0
Miscellaneous	0	0	0
<i>Total Revenues</i>	<u>8,744</u>	<u>264,439</u>	<u>18,000</u>
Expenditures:			
Current:			
Instruction:			
Regular	0	168,012	0
Special	0	0	0
Vocational	0	0	0
Other	0	0	0
Support Services:			
Pupils	0	25	0
Instructional Staff	0	47,086	0
Administration	0	19,204	0
Fiscal	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	8,744	0	0
Operation of Non-Instructional Services	0	0	18,000
Extracurricular Activities	0	0	0
Capital Outlay	0	0	0
<i>Total Expenditures</i>	<u>8,744</u>	<u>234,327</u>	<u>18,000</u>
Excess of Revenues Over/(Under) Expenditures	0	30,112	0
Other Financing Sources:			
Transfers - In	0	0	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	0	30,112	0
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>0</u>	<u>(49,069)</u>	<u>0</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$0</u>	<u>(\$18,957)</u>	<u>\$0</u>

<u>Schoolnet Training</u>	<u>Ohio Reads</u>	<u>Poverty Based Aid</u>	<u>Miscellaneous State Grants</u>
\$2,970	\$217,400	\$2,147,625	\$218,563
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
<u>2,970</u>	<u>217,400</u>	<u>2,147,625</u>	<u>218,563</u>
220	0	1,265,917	0
0	0	0	40,295
0	0	0	0
0	0	514,350	0
0	0	1,344	612
0	160,883	142,636	63,759
2,970	0	0	0
0	0	0	3,000
0	0	44,145	39,600
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
<u>3,190</u>	<u>160,883</u>	<u>1,968,392</u>	<u>147,266</u>
(220)	56,517	179,233	71,297
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(220)	56,517	179,233	71,297
<u>220</u>	<u>(67,972)</u>	<u>20,958</u>	<u>(30,719)</u>
<u>\$0</u>	<u>(\$11,455)</u>	<u>\$200,191</u>	<u>\$40,578</u>

(Continued)

Chillicothe City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Fiscal Year Ended June 30, 2009

	Title VI-B	State Fiscal Stabilization	Title I	Title VI
Revenues:				
Intergovernmental	\$707,162	\$0	\$987,119	\$10,857
Interest	0	0	0	0
Tuition and Fees	0	0	0	0
Extracurricular Activities	0	0	0	0
Gifts and Donations	0	0	0	0
Customer Sales and Services	0	0	0	0
Miscellaneous	0	0	0	0
<i>Total Revenues</i>	<u>707,162</u>	<u>0</u>	<u>987,119</u>	<u>10,857</u>
Expenditures:				
Current:				
Instruction:				
Regular	0	0	6,656	11,321
Special	126,790	0	793,194	0
Vocational	0	0	0	0
Other	0	0	0	0
Support Services:				
Pupils	483,539	0	152,105	0
Instructional Staff	0	105	77,832	0
Administration	48,486	0	26,897	0
Fiscal	13,353	0	23,056	59
Operation and Maintenance of Plant	0	0	0	0
Pupil Transportation	0	0	0	0
Central	0	0	0	0
Operation of Non-Instructional Services	0	0	0	0
Extracurricular Activities	0	0	0	0
Capital Outlay	0	0	0	0
<i>Total Expenditures</i>	<u>672,168</u>	<u>105</u>	<u>1,079,740</u>	<u>11,380</u>
Excess of Revenues Over/(Under) Expenditures	34,994	(105)	(92,621)	(523)
Other Financing Sources:				
Transfers In	0	0	2,493	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>2,493</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	34,994	(105)	(90,128)	(523)
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>(87,194)</u>	<u>0</u>	<u>43,523</u>	<u>523</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u><u>(\$52,200)</u></u>	<u><u>(\$105)</u></u>	<u><u>(\$46,605)</u></u>	<u><u>\$0</u></u>

<u>Drug Free School</u>	<u>Improving Teacher Quality</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$12,682	\$291,715	\$93,065	\$5,968,362
0	0	0	1,252
0	0	0	290,250
0	0	0	134,899
0	0	0	18,556
0	0	0	461,929
0	0	0	52,252
<u>12,682</u>	<u>291,715</u>	<u>93,065</u>	<u>6,927,500</u>
0	111,453	8,678	1,891,850
0	118,419	68,607	1,147,305
0	0	0	743
0	0	0	514,350
10,944	0	7,891	690,530
0	34,325	4,242	602,063
0	0	0	98,288
0	5,295	1,555	46,318
0	0	0	84,250
0	0	161	174
0	0	0	9,771
0	0	0	1,415,841
0	0	0	140,178
0	0	0	35,000
<u>10,944</u>	<u>269,492</u>	<u>91,134</u>	<u>6,676,661</u>
1,738	22,223	1,931	250,839
<u>0</u>	<u>0</u>	<u>0</u>	<u>2,493</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>2,493</u>
1,738	22,223	1,931	253,332
<u>(1,867)</u>	<u>(36,207)</u>	<u>(4,593)</u>	<u>67,084</u>
<u>(\$129)</u>	<u>(\$13,984)</u>	<u>(\$2,662)</u>	<u>\$320,416</u>

Chillicothe City School District
Balance Sheet
Nonmajor Capital Project Fund
June 30, 2009

	<u>Construction</u>
<i>Assets:</i>	
Equity in Pooled Cash and Investments	\$346,899
Accrued Interest Receivable	<u>482</u>
<i>Total Assets</i>	<u><u>\$347,381</u></u>
<i>Fund Balances:</i>	
Reserved for Encumbrances	\$345,500
Unreserved, Undesignated, Reported in Capital Projects Funds	<u>1,881</u>
<i>Total Fund Balances</i>	<u><u>347,381</u></u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$347,381</u></u>

Chillicothe City School District
Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Project Fund
For the Fiscal Year Ended June 30, 2009

	Construction
Revenues:	
Interest	\$1,226
<i>Total Revenues</i>	1,226
Expenditures:	
Capital Outlay	171,130
<i>Total Expenditures</i>	171,130
Excess of Revenues Under Expenditures	(169,904)
Other Financing Sources:	
General Obligation Bonds Issued	524,000
<i>Total Other Financing Sources</i>	524,000
<i>Net Change in Fund Balance</i>	354,096
<i>Fund Balance at Beginning of Year</i>	(6,715)
<i>Fund Balance at End of Year</i>	\$347,381

Chillicothe City School District
Balance Sheet
Nonmajor Permanent Fund
June 30, 2009

	<u>Alumni Library</u>
<i>Assets:</i>	
Equity in Pooled Cash and Investments	\$530,885
Accrued Interest Receivable	<u>3,541</u>
<i>Total Assets</i>	<u><u>\$534,426</u></u>
 <i>Liabilities and Fund Balance:</i>	
<i>Fund Balance:</i>	
Reserved for Library Purposes	\$450,000
Unreserved, Undesignated, Reported in Permanent Fund	<u>84,426</u>
<i>Total Fund Balance</i>	<u>534,426</u>
<i>Total Liabilities and Fund Balance</i>	<u><u>\$534,426</u></u>

Chillicothe City School District
Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Permanent Fund
For the Fiscal Year Ended June 30, 2009

	Alumni Library
<i>Revenues:</i>	
Interest	\$14,936
<i>Total Revenues</i>	14,936
<i>Expenditures:</i>	
Current:	
Support Services:	
Instructional Staff	3,672
<i>Total Expenditures</i>	3,672
<i>Net Change in Fund Balance</i>	11,264
<i>Fund Balance at Beginning of Year</i>	523,162
<i>Fund Balance at End of Year</i>	\$534,426

Chillicothe City School District
Fund Descriptions

Agency Funds

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

District Agency Fund

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

Student Managed Activities Fund

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

Chillicothe City School District
*Statement of Changes in
 Assets and Liabilities
 Agency Funds
 Year Ended June 30, 2009*

	Balance 07/01/08	Additions	Deductions	Balance 06/30/09
DISTRICT AGENCY FUND				
Assets				
Equity in Pooled Cash and Investments	\$13,179	\$0	\$3,449	\$9,730
Total Assets	<u>\$13,179</u>	<u>\$0</u>	<u>\$3,449</u>	<u>\$9,730</u>
Liabilities				
Undistributed Monies	\$13,179	\$0	\$3,449	\$9,730
Total Liabilities	<u>\$13,179</u>	<u>\$0</u>	<u>\$3,449</u>	<u>\$9,730</u>
STUDENT MANAGED ACTIVITIES FUND				
Assets				
Equity in Pooled Cash and Investments	\$92,197	\$115,902	\$113,433	\$94,666
Total Assets	<u>\$92,197</u>	<u>\$115,902</u>	<u>\$113,433</u>	<u>\$94,666</u>
Liabilities				
Due to Students	\$92,197	\$115,902	\$113,433	\$94,666
Total Liabilities	<u>\$92,197</u>	<u>\$115,902</u>	<u>\$113,433</u>	<u>\$94,666</u>
TOTAL AGENCY FUNDS				
Assets				
Equity in Pooled Cash and Investments	\$105,376	\$115,902	\$116,882	\$104,396
Total Assets	<u>\$105,376</u>	<u>\$115,902</u>	<u>\$116,882</u>	<u>\$104,396</u>
Liabilities				
Undistributed Monies	\$13,179	\$0	\$3,449	\$9,730
Due to Students	92,197	115,902	113,433	94,666
Total Liabilities	<u>\$105,376</u>	<u>\$115,902</u>	<u>\$116,882</u>	<u>\$104,396</u>

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

Chillicothe City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget: Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Debt Service Fund				
Total Revenues and Other Sources	\$2,128,926	\$2,154,787	\$2,154,787	\$0
Total Expenditures and Other Uses	<u>2,792,656</u>	<u>2,818,517</u>	<u>2,187,772</u>	<u>630,745</u>
Net Change in Fund Balance	(663,730)	(663,730)	(32,985)	630,745
Fund Balance, July 1	<u>663,730</u>	<u>663,730</u>	<u>663,730</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$630,745</u></u>	<u><u>\$630,745</u></u>
Permanent Improvement Fund				
Total Revenues and Other Sources	\$1,107,964	\$1,121,867	\$1,121,867	\$0
Total Expenditures and Other Uses	<u>2,801,095</u>	<u>2,814,998</u>	<u>1,312,607</u>	<u>1,502,391</u>
Net Change in Fund Balance	(1,693,131)	(1,693,131)	(190,740)	1,502,391
Fund Balance, July 1	1,673,837	1,673,837	1,673,837	0
Prior Year Encumbrances Appropriated	<u>19,294</u>	<u>19,294</u>	<u>19,294</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$1,502,391</u></u>	<u><u>\$1,502,391</u></u>

Chillicothe City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
Food Service Fund				
Total Revenues and Other Sources	\$1,223,600	\$1,146,772	\$1,247,363	\$100,591
Total Expenditures and Other Uses	1,453,857	1,377,029	1,267,435	109,594
Net Change in Fund Balance	(230,257)	(230,257)	(20,072)	210,185
Fund Balance, July 1	176,273	176,273	176,273	0
Prior Year Encumbrances Appropriated	53,984	53,984	53,984	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$210,185</u>	<u>\$210,185</u>
Uniform School Supplies Fund				
Total Revenues and Other Sources	\$116,179	\$175,780	\$172,225	(\$3,555)
Total Expenditures and Other Uses	143,030	202,631	202,631	0
Net Change in Fund Balance	(26,851)	(26,851)	(30,406)	(3,555)
Fund Balance, July 1	8,052	8,052	8,052	0
Prior Year Encumbrances Appropriated	18,799	18,799	18,799	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>(\$3,555)</u>	<u>(\$3,555)</u>
Rotary Fund				
Total Revenues and Other Sources	\$0	\$239	\$334	\$95
Total Expenditures and Other Uses	635	874	0	874
Net Change in Fund Balance	(635)	(635)	334	969
Fund Balance, July 1	635	635	635	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$969</u>	<u>\$969</u>

Chillicothe City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget: Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Public School Support Fund				
Total Revenues and Other Sources	\$162,000	\$355,115	\$363,837	\$8,722
Total Expenditures and Other Uses	<u>361,052</u>	<u>554,167</u>	<u>340,245</u>	<u>213,922</u>
Net Change in Fund Balance	(199,052)	(199,052)	23,592	222,644
Fund Balance, July 1	191,532	191,532	191,532	0
Prior Year Encumbrances Appropriated	<u>7,520</u>	<u>7,520</u>	<u>7,520</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$222,644</u></u>	<u><u>\$222,644</u></u>
Other Local Grants Fund				
Total Revenues and Other Sources	\$30,900	\$47,897	\$47,897	\$0
Total Expenditures and Other Uses	<u>31,910</u>	<u>48,907</u>	<u>47,731</u>	<u>1,176</u>
Net Change in Fund Balance	(1,010)	(1,010)	166	1,176
Fund Balance, July 1	<u>1,010</u>	<u>1,010</u>	<u>1,010</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$1,176</u></u>	<u><u>\$1,176</u></u>
District Managed Activities Fund				
Total Revenues and Other Sources	\$126,260	\$117,179	\$118,185	\$1,006
Total Expenditures and Other Uses	<u>193,156</u>	<u>184,075</u>	<u>140,348</u>	<u>43,727</u>
Net Change in Fund Balance	(66,896)	(66,896)	(22,163)	44,733
Fund Balance, July 1	62,357	62,357	62,357	0
Prior Year Encumbrances Appropriated	<u>4,539</u>	<u>4,539</u>	<u>4,539</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$44,733</u></u>	<u><u>\$44,733</u></u>

Chillicothe City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
Auxiliary Services Fund				
Total Revenues and Other Sources	\$101,263	\$105,481	\$105,481	\$0
Total Expenditures and Other Uses	117,064	121,282	119,027	2,255
Net Change in Fund Balance	(15,801)	(15,801)	(13,546)	2,255
Fund Balance, July 1	9,146	9,146	9,146	0
Prior Year Encumbrances Appropriated	6,655	6,655	6,655	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$2,255</u>	<u>\$2,255</u>
Teacher Development Fund				
Total Revenues and Other Sources	\$0	\$0	\$0	\$0
Total Expenditures and Other Uses	0	0	1	(1)
Net Change in Fund Balance	0	0	(1)	(1)
Fund Balance, July 1	1	1	1	0
Fund Balance, June 30	<u>\$1</u>	<u>\$1</u>	<u>\$0</u>	<u>(\$1)</u>
Education Management Information Fund				
Total Revenues and Other Sources	\$13,000	\$8,744	\$8,744	\$0
Total Expenditures and Other Uses	13,000	8,744	8,744	0
Net Change in Fund Balance	0	0	0	0
Fund Balance, July 1	0	0	0	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Chillicothe City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget: Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Public School Preschool Fund				
Total Revenues and Other Sources	\$283,103	\$283,103	\$249,062	(\$34,041)
Total Expenditures and Other Uses	<u>287,317</u>	<u>287,317</u>	<u>250,984</u>	<u>36,333</u>
Net Change in Fund Balance	(4,214)	(4,214)	(1,922)	2,292
Fund Balance, July 1	1,997	1,997	1,997	0
Prior Year Encumbrances Appropriated	<u>2,217</u>	<u>2,217</u>	<u>2,217</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$2,292</u></u>	<u><u>\$2,292</u></u>
OneNet Network Fund				
Total Revenues and Other Sources	\$19,548	\$18,000	\$18,000	\$0
Total Expenditures and Other Uses	<u>19,548</u>	<u>18,000</u>	<u>18,000</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance, July 1	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
Schoolnet Training Fund				
Total Revenues and Other Sources	\$2,970	\$2,970	\$2,970	\$0
Total Expenditures and Other Uses	<u>3,213</u>	<u>3,213</u>	<u>3,213</u>	<u>0</u>
Net Change in Fund Balance	(243)	(243)	(243)	0
Fund Balance, July 1	0	0	0	0
Prior Year Encumbrances Appropriated	<u>243</u>	<u>243</u>	<u>243</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Chillicothe City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
Ohio Reads Fund				
Total Revenues and Other Sources	\$240,802	\$219,277	\$206,900	(\$12,377)
Total Expenditures and Other Uses	250,094	228,569	224,327	4,242
Net Change in Fund Balance	(9,292)	(9,292)	(17,427)	(8,135)
Fund Balance, July 1	0	0	0	0
Prior Year Encumbrances Appropriated	9,292	9,292	9,292	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>(\$8,135)</u>	<u>(\$8,135)</u>
Poverty Based Aid Fund				
Total Revenues and Other Sources	\$2,152,079	\$2,147,625	\$2,147,625	\$0
Total Expenditures and Other Uses	2,483,851	2,479,397	2,020,464	458,933
Net Change in Fund Balance	(331,772)	(331,772)	127,161	458,933
Fund Balance, July 1	318,526	318,526	318,526	0
Prior Year Encumbrances Appropriated	13,246	13,246	13,246	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$458,933</u>	<u>\$458,933</u>
Miscellaneous State Grants Fund				
Total Revenues and Other Sources	\$175,428	\$234,037	\$216,036	(\$18,001)
Total Expenditures and Other Uses	183,997	242,606	190,455	52,151
Net Change in Fund Balance	(8,569)	(8,569)	25,581	34,150
Fund Balance, July 1	0	0	0	0
Prior Year Encumbrances Appropriated	8,569	8,569	8,569	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$34,150</u>	<u>\$34,150</u>

Chillicothe City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
Title VI-B Fund				
Total Revenues and Other Sources	\$800,647	\$717,183	\$711,504	(\$5,679)
Total Expenditures and Other Uses	804,668	721,204	719,103	2,101
Net Change in Fund Balance	(4,021)	(4,021)	(7,599)	(3,578)
Fund Balance, July 1	2	2	2	0
Prior Year Encumbrances Appropriated	4,019	4,019	4,019	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>(\$3,578)</u>	<u>(\$3,578)</u>
Title I Fund				
Total Revenues and Other Sources	\$1,418,876	\$1,158,721	\$1,109,708	(\$49,013)
Total Expenditures and Other Uses	1,490,707	1,230,552	1,201,022	29,530
Net Change in Fund Balance	(71,831)	(71,831)	(91,314)	(19,483)
Fund Balance, July 1	32,006	32,006	32,006	0
Prior Year Encumbrances Appropriated	39,825	39,825	39,825	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>(\$19,483)</u>	<u>(\$19,483)</u>
Title VI Fund				
Total Revenues and Other Sources	\$11,744	\$11,371	\$10,857	(\$514)
Total Expenditures and Other Uses	21,402	21,029	21,030	(1)
Net Change in Fund Balance	(9,658)	(9,658)	(10,173)	(515)
Fund Balance, July 1	776	776	776	0
Prior Year Encumbrances Appropriated	8,882	8,882	8,882	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>(\$515)</u>	<u>(\$515)</u>

Chillicothe City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
Drug Free School Fund				
Total Revenues and Other Sources	\$15,049	\$13,048	\$12,682	(\$366)
Total Expenditures and Other Uses	15,050	13,049	12,682	367
Net Change in Fund Balance	(1)	(1)	0	1
Fund Balance, July 1	1	1	1	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$1</u>	<u>\$1</u>
Improving Teacher Quality Fund				
Total Revenues and Other Sources	\$318,718	\$294,230	\$294,230	\$0
Total Expenditures and Other Uses	384,073	359,585	352,029	7,556
Net Change in Fund Balance	(65,355)	(65,355)	(57,799)	7,556
Fund Balance, July 1	62,829	62,829	62,829	0
Prior Year Encumbrances Appropriated	2,526	2,526	2,526	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$7,556</u>	<u>\$7,556</u>
Miscellaneous Federal Grants Fund				
Total Revenues and Other Sources	\$98,256	\$91,758	\$89,166	(\$2,592)
Total Expenditures and Other Uses	103,830	97,332	97,031	301
Net Change in Fund Balance	(5,574)	(5,574)	(7,865)	(2,291)
Fund Balance, July 1	1,728	1,728	1,728	0
Prior Year Encumbrances Appropriated	3,846	3,846	3,846	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>(\$2,291)</u>	<u>(\$2,291)</u>

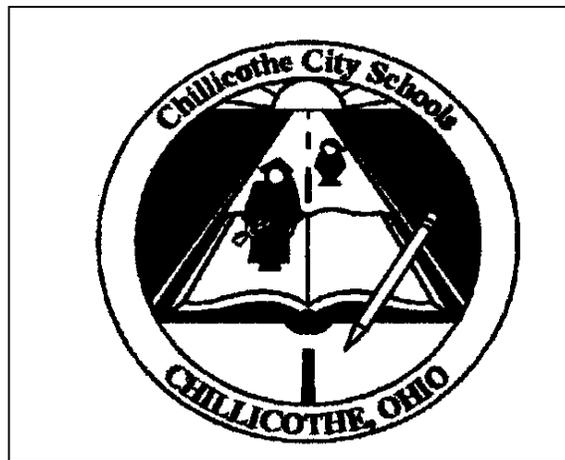
Chillicothe City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
Construction Fund				
Total Revenues and Other Sources	\$0	\$524,368	\$524,744	\$376
Total Expenditures and Other Uses	0	524,368	523,345	1,023
Net Change in Fund Balance	0	0	1,399	1,399
Fund Balance, July 1	0	0	0	0
Fund Balance, June 30	\$0	\$0	\$1,399	\$1,399

Chillicothe City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget: Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Alumni Library Fund				
Total Revenues and Other Sources	\$10,000	\$15,274	\$15,285	\$11
Total Expenditures and Other Uses	<u>79,907</u>	<u>85,181</u>	<u>3,672</u>	<u>81,509</u>
Net Change in Fund Balance	(69,907)	(69,907)	11,613	81,520
Fund Balance, July 1	<u>519,907</u>	<u>519,907</u>	<u>519,907</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$450,000</u></u>	<u><u>\$450,000</u></u>	<u><u>\$531,520</u></u>	<u><u>\$81,520</u></u>

CHILlicothe CITY SCHOOL DISTRICT



STATISTICAL SECTION

STATISTICAL TABLES

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

CONTENTS	PAGES
Financial Trends	S-1 to S-9
These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.	
Revenue Capacity	S-10 to S-19
These schedules contain information to help the reader assess the School District's most significant local revenue sources.	
Debt Capacity	S-20 to S-27
These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	
Demographic and Economic Information	S-28 to S-29
These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.	
Operating information	S-30 to S-35
These schedules contain service and capital asset data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	

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



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

	2003	2004	2005*	2006*	2007**	2008	2009
Invested in Capital Assets, Net of Related Debt	\$7,515,912	\$7,155,610	\$7,284,293	\$5,468,830	\$4,176,374	\$4,662,460	\$4,117,627
Restricted for:							
Capital Projects	643,402	637,768	989,145	1,361,950	4,005,186	1,731,774	1,930,135
Debt Service	1	0	0	377,202	750,181	870,494	855,946
Other Purposes	879,807	0	0	341,931	98,398	70,210	382,907
Permanent:							
Non-Expendable	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Expendable	13,705	19,937	29,853	45,902	51,849	73,162	84,426
Unrestricted (Deficit)	(1,379,093)	(2,006,329)	(2,883,816)	(321,063)	195,016	2,382,837	1,614,374
Total Net Assets	<u>\$8,123,734</u>	<u>\$6,256,986</u>	<u>\$5,869,475</u>	<u>\$7,724,752</u>	<u>\$9,727,004</u>	<u>\$10,240,937</u>	<u>\$9,435,415</u>

Source: School District Financial Records.

* Restated in fiscal year 2007

** Restated in fiscal year 2008

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

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

	2003	2004	2005*	2006*
Expenses				
Regular Instruction	\$12,163,589	\$12,621,430	\$12,795,621	\$13,449,213
Special Instruction	3,256,889	3,046,814	3,233,613	2,807,734
Vocational Instruction	9,408	4,067	4,424	4,094
Adult/Continuing	3,872	0	2,111	1,707
Other	169,954	177,316	177,912	464,322
Pupil Support	1,576,558	1,709,709	1,633,299	1,696,153
Instructional Staff Support	1,966,112	1,742,420	1,758,166	1,713,299
Board of Education	31,750	59,859	51,964	85,395
Administration	2,503,066	2,061,528	1,842,171	1,908,865
Fiscal	542,084	780,112	728,461	797,231
Business	129,933	111,094	58,209	101,697
Operation and Maintenance of Plant	2,510,074	2,509,503	2,262,677	2,608,949
Central	143,477	130,946	123,939	123,808
Pupil Transportation	955,208	865,188	874,516	812,874
Non-Instructional Services	1,733,371	1,601,095	1,538,412	1,534,833
Extracurricular Activities	579,848	595,741	479,251	554,034
Interest and Fiscal Charges	101,528	491,345	1,627,989	1,843,300
<i>Total Expenses</i>	<u>\$28,376,721</u>	<u>\$28,508,167</u>	<u>\$29,192,735</u>	<u>\$30,507,508</u>
Program Revenues				
Charges for Services and Sales				
Regular Instruction	\$713,198	\$611,412	\$963,130	\$1,060,067
Special	112,294	91,053	0	0
Vocational	0	22,257	0	0
Other	5,973	7,082	0	0
Pupil Support	66,456	59,491	47,959	10,938
Instructional Staff	138,434	140,285	175,686	58,815
Board of Education	1,195	3,035	0	0
Administration	134,873	91,731	0	1,482
Fiscal	29,865	35,409	0	0
Business	7,168	5,058	0	0
Operation and Maintenance of Plant	148,235	118,638	89,227	137,487
Pupil Transportation	58,536	38,445	0	0
Central	7,385	3,235	0	176
Non-Instructional Services	660,295	571,183	604,397	592,305
Extracurricular Activities	111,343	92,410	139,295	97,076
Interest and Fiscal Charges	0	0	0	0
Total Charges for Services and Sales	<u>\$2,195,250</u>	<u>\$1,890,724</u>	<u>\$2,019,694</u>	<u>\$1,958,346</u>

Source: School District Financial Records.

* Restated in fiscal year 2007.

Fiscal Year 2003 is the first year reported in accordance with GASB Statement No. 34.

The remaining years are not presented for that reason.

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

(2) Due to reclassification of intergovernmental revenue from program revenue to general revenue in fiscal year 2009.

(continued)

2007	2008 (2)	2009
\$13,859,140	\$16,852,376	\$16,775,233
3,005,694	3,005,510	3,311,588
5,539	5,892	7,094
776	0	0
742,123	614,995	724,819
1,611,950	1,668,494	1,867,359
1,546,115	1,528,952	1,455,774
57,065	79,622	49,970
1,821,274	1,993,530	2,007,302
628,942	851,805	778,102
139,816	131,676	128,108
2,335,077	2,958,034	3,084,136
149,960	319,951	283,936
689,553	1,033,711	902,757
1,347,824	1,539,225	1,594,325
471,279	553,444	562,207
1,661,285	1,657,433	1,640,534
<u>\$30,073,412</u>	<u>\$34,794,650</u>	<u>\$35,173,244</u>

\$667,405	\$373,583	\$732,901
148,341	87,873	158,075
0	0	0
33,380	16,340	22,640
78,898	48,457	89,132
70,285	38,550	67,675
3,331	2,979	2,358
92,883	61,026	98,377
39,898	25,408	37,399
6,661	4,233	5,895
110,682	68,873	134,633
36,637	44,523	40,083
4,979	11,864	9,721
518,581	401,757	523,752
165,377	124,695	140,994
2,220	3,385	2,358
<u>\$1,979,558</u>	<u>\$1,313,546</u>	<u>\$2,065,993</u>

(continued)

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

	2003	2004	2005*	2006*
Operating Grants and Contributions				
Regular Instruction	\$1,706,400	\$1,561,452	\$1,742,468 (1)	\$433,595
Special Instruction	1,482,159	1,452,216	1,423,095	1,152,485
Other	0	0	0	0
Pupil Support	461,774	549,446	511,660	622,593
Instructional Support	560,757	574,790	627,153	484,113
Administration	198,362	170,399	82,422	72,025
Fiscal	13,519	18,323	42,025	31,929
Operation and Maintenance of Plant	1,439	6,246	1,234	257
Pupil Transportation	354,092	413,514	355,160	38,420
Central	12,693	18,541	13,882	10,292
Non-Instructional Services	788,660	685,783	702,173	760,203
Extracurricular Activities	6,096	1,017	0	0
Interest and Fiscal Charges	0	0	0	0
Total Operating Grants and Contributions	5,585,951	5,451,727	5,501,272	3,605,912
Capital Grants and Contributions				
Regular Instruction	0	0	0	34,759
Pupil Support	0	0	0	0
Instructional Support	0	0	0	12,040
Administration	0	0	0	1,047
Fiscal	0	0	0	3,246
Operation and Maintenance of Plant	500,000	0	0	209
Pupil Transportation	0	0	0	39,262
Central	0	0	0	9,109
Non-Instructional Services	0	0	0	5,026
Total Capital Grants and Contributions	500,000	0	0	104,698
Total Program Revenues	8,281,201	7,342,451	7,520,966	5,668,956
Net Expense	(\$20,095,520)	(\$21,165,716)	(\$21,671,769)	(\$24,838,552)
General Revenues				
Property Taxes Levied for:				
General Purposes	\$11,974,340	\$12,197,565	\$10,767,539	\$12,449,460
Capital Projects	0	155,945	558,032	1,126,582
Debt Service	0	0	1,057,967	1,841,994
Payment in Lieu of Taxes	0	0	61,605	82,703
Gifts and Donations not				
Restricted to Specific Programs	0	26,833	24,476	63,273
Grants and Entitlements not				
Restricted to Specific Programs	6,733,797	6,545,788	7,793,690	9,574,690
Investment Earnings	116,855	171,276	925,457	1,323,394
Gain on Sale of Capital Assets	0	0	0	12,053
Miscellaneous	188,866	201,561	95,492	219,680
Total General Revenues	19,013,858	19,298,968	21,284,258	26,693,829
Change in Net Assets	(\$1,081,662)	(\$1,866,748)	(\$387,511)	\$1,855,277

(continued)

2007	2008 (2)	2009
\$950,472	\$1,870,996	\$1,704,076
997,846	1,522,946	1,692,974
277,489	420,833	469,675
277,489	494,763	626,233
280,678	557,319	547,954
35,085	90,991	84,301
25,516	45,495	42,150
22,327	34,122	78,279
54,441	53,816	61,227
6,379	11,374	6,021
695,317	1,177,195	1,282,573
57,412	119,426	126,451
413,260	444,166	0
4,093,711	6,843,442	6,721,914
53,667	89,979	0
319	226	0
11,148	6,104	0
2,389	1,583	0
4,937	3,843	0
56,536	80,258	0
24,048	32,555	0
6,211	11,530	0
0	0	0
159,255	226,078	0
6,232,524	8,383,066	8,787,907
(\$23,840,888)	(\$26,411,584)	(\$26,385,337)
\$11,778,185	\$11,785,635	\$10,281,684
823,993	934,167	838,717
1,824,986	1,839,060	1,688,807
101,703	63,797	54,518
3,750	32,500	4,250
11,226,182	11,669,583	12,374,214
868,942	445,516	216,183
4,686	0	0
115,827	155,259	121,442
26,748,254	26,925,517	25,579,815
\$2,907,366	\$513,933	(\$805,522)

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General Fund				
Reserved	\$1,353,848	\$1,119,342	\$1,348,475	\$1,451,821
Unreserved, Designated	0	0	0	0
Unreserved	<u>(635,792)</u>	<u>(639,757)</u>	<u>(1,133,099)</u>	<u>(1,846,805)</u>
<i>Total General Fund</i>	<u>718,056</u>	<u>479,585</u>	<u>215,376</u>	<u>(394,984)</u>
All Other Governmental Funds				
Reserved	158,187	98,431	142,552	676,431
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	417,961	520,760	669,303	121,534
Debt Service Funds	(436)	0	0	1
Capital Projects Funds	639,498	691,107	650,578	642,202
Permanent Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,705</u>
Total All Other Governmental Funds	<u>1,215,210</u>	<u>1,310,298</u>	<u>1,462,433</u>	<u>1,453,873</u>
<i>Total Governmental Funds</i>	<u><u>\$1,933,266</u></u>	<u><u>\$1,789,883</u></u>	<u><u>\$1,677,809</u></u>	<u><u>\$1,058,889</u></u>

Source: School District Financial Records.

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

(continued)

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$1,503,169	\$1,088,575	\$1,551,627	\$924,174	\$1,032,076	\$1,079,492
0	0	0	0	218,423	221,204
<u>(1,686,553)</u>	<u>(1,543,184)</u>	<u>(1,491,014)</u>	<u>266,318</u>	<u>2,001,002</u>	<u>1,496,328</u>
<u>(183,384)</u>	<u>(454,609)</u>	<u>60,613</u>	<u>1,190,492</u>	<u>3,251,501</u>	<u>2,797,024</u>
715,624	2,565,449	14,728,316	2,651,434	866,083	1,154,930
148,398	6,267	160,803	177,150	(110,876)	230,258
0	(324,813)	214,387	574,351	663,730	630,745
34,412,038	31,088,998	3,848,468	2,317,795	1,641,260	1,474,967
19,937	29,853	45,902	51,849	73,162	84,426
<u>35,295,997</u>	<u>33,365,754</u>	<u>18,997,876</u>	<u>5,772,579</u>	<u>3,133,359</u>	<u>3,575,326</u>
<u>\$35,112,613</u>	<u>\$32,911,145</u>	<u>\$19,058,489</u>	<u>\$6,963,071</u>	<u>\$6,384,860</u>	<u>\$6,372,350</u>

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

	2000	2001	2002	2003
Revenues				
Property and Other Local Taxes	\$11,896,382	\$11,706,436	\$11,998,995	\$11,822,240
Intergovernmental	9,656,419	10,600,932	12,292,255	12,016,887
Interest	480,507	467,219	171,929	116,855
Decrease in Fair Value of Investments	0	0	0	0
Tuition and Fees	953,925	1,204,762	1,284,873	1,355,234
Extracurricular Activities	131,007	109,671	123,109	106,853
Gifts and Donations	54,848	64,204	75,578	45,809
Customer Sales and Services	770,089	780,809	714,190	720,499
Rentals	7,258	0	0	7,839
Payments in Lieu of Taxes	0	0	0	0
Miscellaneous	123,542	210,877	139,715	169,237
<i>Total Revenues</i>	<u>24,073,977</u>	<u>25,144,910</u>	<u>26,800,644</u>	<u>26,361,453</u>
Expenditures				
Current:				
Instruction:				
Regular	10,825,581	11,043,691	11,734,822	11,787,158
Special	2,596,420	2,580,557	3,049,064	3,266,115
Vocational	3,414	5,388	7,564	6,038
Other	97,517	86,561	83,336	106,646
Support Services:				
Pupils	1,445,523	1,493,306	1,619,322	1,581,864
Instructional Staff	1,760,911	2,031,431	1,869,004	1,907,409
Board of Education	55,409	37,325	83,146	25,561
Administration	1,639,433	1,810,844	2,125,409	2,383,631
Fiscal	702,249	677,666	618,564	662,294
Business	95,117	109,533	129,340	125,002
Operation and Maintenance of Plant	2,230,774	2,293,238	2,380,901	2,477,462
Pupil Transportation	880,186	739,880	788,834	1,069,752
Central	85,094	86,571	94,515	124,093
Operation of Non-Instructional Services	1,345,072	1,394,526	1,333,413	1,528,211
Extracurricular Activities	592,865	594,118	568,273	571,440
Capital Outlay	607,625	68,335	10,646	9,002
Debt Service:				
Principal	236,038	251,084	291,468	135,000
Interest and Fiscal Charges	151,385	128,434	109,334	95,000
Issuance Costs	6,708	0	0	0
<i>Total Expenditures</i>	<u>25,357,321</u>	<u>25,432,488</u>	<u>26,896,955</u>	<u>27,861,678</u>
<i>Excess of Revenues Over</i> <i>(Under) Expenditures</i>	<u>(1,283,344)</u>	<u>(287,578)</u>	<u>(96,311)</u>	<u>(1,500,225)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	337	0	0	164
General Obligation/Refunding Bonds Issued	0	0	0	0
Premium on Bonds Issued	0	0	0	0
Inception of Capital Lease	0	0	0	0
Payments to Refunded Bond Escrow Agent	0	0	0	0
Transfers In	0	19,664	34,946	0
Transfers Out	0	(19,664)	(34,946)	0
<i>Total Other Financing Sources (Uses)</i>	<u>337</u>	<u>0</u>	<u>0</u>	<u>164</u>
<i>Net Change in Fund Balances</i>	<u>(\$1,283,007)</u>	<u>(\$287,578)</u>	<u>(\$96,311)</u>	<u>(\$1,500,061)</u>
Debt Service as a Percentage of				
Noncapital Expenditures (1)	1.59%	1.50%	1.49%	0.83%

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

* Restated in fiscal year 2007

Source: School District Financial Records.

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

(continued)

2004	2005*	2006*	2007	2008	2009
\$12,163,791	\$12,195,648	\$15,385,072	\$14,453,512	\$14,567,886	\$12,782,914
12,634,706	13,285,366	13,210,606	15,438,875	17,901,577	19,043,020
171,276	925,457	1,323,394	959,700	445,516	216,183
0	0	0	(90,758)	0	0
1,146,858	1,186,038	1,105,160	1,176,712	1,268,441	1,349,506
117,161	140,032	148,858	157,503	148,001	149,632
76,488	85,350	91,413	17,798	64,944	22,806
608,401	604,397	567,987	537,333	518,438	527,256
53,141	89,227	136,341	108,527	48,910	39,599
0	61,605	82,703	101,703	63,797	54,518
166,368	95,492	219,680	115,827	155,259	121,442
<u>27,138,190</u>	<u>28,668,612</u>	<u>32,271,214</u>	<u>32,976,732</u>	<u>35,182,769</u>	<u>34,306,876</u>
12,108,259	12,379,826	13,217,600	13,598,942	14,721,014	15,456,386
3,029,400	3,209,971	2,794,946	3,039,979	3,040,467	3,311,025
4,073	3,794	3,691	5,370	5,675	7,094
156,157	168,528	464,322	735,798	612,634	722,241
1,669,538	1,638,912	1,662,491	1,667,164	1,669,855	1,876,023
1,683,990	1,742,270	1,713,774	1,547,212	1,441,853	1,476,377
58,091	50,539	83,481	55,873	79,622	49,970
2,018,895	1,892,468	1,838,339	1,886,825	1,984,445	1,993,198
744,725	740,973	784,972	810,791	844,195	771,907
107,230	55,133	98,495	125,657	127,767	113,438
2,394,198	2,323,731	2,468,571	2,563,425	2,939,638	3,163,218
808,505	847,452	746,551	861,823	939,390	979,836
111,583	108,264	111,639	139,945	311,019	275,003
1,466,085	1,330,986	1,307,943	1,340,524	1,358,329	1,422,945
584,211	480,731	550,001	507,713	549,340	557,700
576,464	2,280,864	16,314,126	14,197,086	2,737,500	250,003
140,000	34,262,779	258,126	615,000	985,000	1,045,000
88,250	1,871,408	1,796,791	1,465,088	1,413,237	1,372,022
0	561,254	0	418,907	0	0
<u>27,749,654</u>	<u>65,949,883</u>	<u>46,215,859</u>	<u>45,583,122</u>	<u>35,760,980</u>	<u>34,843,386</u>
<u>(611,464)</u>	<u>(37,281,271)</u>	<u>(13,944,645)</u>	<u>(12,606,390)</u>	<u>(578,211)</u>	<u>(536,510)</u>
525,500	39,549	91,990	10,927	0	0
34,000,000	34,000,000	0	27,920,000	0	524,000
0	1,040,254	0	1,797,026	0	0
0	0	0	0	0	0
0	0	0	(29,298,119)	0	0
550,493	693,730	1,031,871	827,979	109,035	2,634
<u>(550,493)</u>	<u>(693,730)</u>	<u>(1,031,871)</u>	<u>(746,841)</u>	<u>(109,035)</u>	<u>(2,634)</u>
<u>34,525,500</u>	<u>35,079,803</u>	<u>91,990</u>	<u>510,972</u>	<u>0</u>	<u>524,000</u>
<u>\$33,914,036</u>	<u>(\$2,201,468)</u>	<u>(\$13,852,655)</u>	<u>(\$12,095,418)</u>	<u>(\$578,211)</u>	<u>(\$12,510)</u>
0.84%	57.99%	6.95%	6.88%	7.08%	7.62%

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

Tax Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	C o m m e r c i a l / Industrial/PU		Assessed Value	Estimated Actual Value
2000	\$191,276,140	\$94,316,940	\$815,980,229	\$28,519,710	\$32,408,761
2001	192,073,680	95,070,020	820,410,571	30,062,090	34,161,466
2002	218,310,870	104,215,340	921,503,457	26,393,230	29,992,307
2003	220,094,350	104,646,760	927,831,743	28,059,280	31,885,545
2004	221,756,900	106,334,440	937,403,829	24,417,050	27,746,648
2005	241,749,430	112,892,600	1,013,262,943	24,280,980	27,592,023
2006	242,723,230	114,472,050	1,020,557,943	22,037,170	25,042,239
2007	243,633,510	114,967,220	1,024,573,514	20,891,800	23,740,682
2008	264,305,780	127,730,510	1,120,103,686	15,982,540	18,161,977
2009	264,607,000	123,314,760	1,108,347,886	16,973,140	19,287,659

(1) Amount Restated per County Auditor records.

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

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. The listing percentage is 18.75 percent for 2006, 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

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

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

(continued)

Tangible Personal Property		Total			Weighted Average Tax Rate
General Business		Assessed	Estimated	Ratio	
Assessed Value	Estimated Actual Value	Value	Actual Value		
\$133,870,322	\$535,481,288	\$447,983,112	\$1,383,870,278	32.37%	\$27.88
138,865,100	555,460,400	456,070,890	1,410,032,437	32.34%	27.97
135,568,200	564,867,500	484,487,640	1,516,363,264	31.95%	26.66
125,725,980	546,634,696	478,526,370	1,506,351,984	31.77%	26.45
136,938,100	595,383,043	489,446,490	1,560,533,520	31.36%	26.60
99,095,610	430,850,478 (1)	478,018,620	1,471,705,444	32.48%	32.11
88,627,710	385,337,870 (1)	467,860,160	1,430,938,052	32.70%	37.72
61,654,660	328,824,853 (1)	441,147,190	1,377,139,049	32.03%	36.90
39,342,600	314,740,800 (1)	447,361,430	1,453,006,463	30.79%	34.14
16,423,760	262,780,160	421,318,660	1,390,415,705	30.30%	33.62

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

	2000	2001	2002	2003
Unvoted Millage				
Operating	3.50	3.50	3.50	3.50
Permanent Improvement	-	-	-	-
Debt	-	-	-	-
Voted Millage - by levy				
1976 Operating - continuing				
Residential/Agricultural Real	12.00	12.01	11.70	11.70
Commercial/Industrial and Public Utility Real	15.10	15.17	13.91	13.91
General Business and Public Utility Personal	27.00	27.00	27.00	27.00
Federal Donated Commodities				
1994 Current Expense - continuing				
Residential/Agricultural Real	5.24	5.24	4.80	4.80
Commercial/Industrial and Public Utility Real	6.59	6.62	6.07	6.07
General Business and Public Utility Personal	7.20	7.20	7.20	7.20
2005 Current Expense-continuing				
Residential/Agricultural Real	-	-	-	-
Commercial/Industrial and Public Utility Real	-	-	-	-
General Business and Public Utility Personal	-	-	-	-
1985 Bond Levy (debt service)	0.04	-	-	-
2004 Bond Levy (debt service)	-	-	-	-
2004 Permanent Improvement (23 Years)				
Residential/Agricultural Real	-	-	-	-
Commercial/Industrial and Public Utility Real	-	-	-	-
General Business and Public Utility Personal	-	-	-	-
Total voted millage by type of property				
Residential/Agricultural Real	17.28	17.24	16.50	16.51
Commercial/Industrial and Public Utility Real	21.73	39.03	19.97	19.98
General Business and Public Utility Personal	34.24	34.20	34.20	34.20
Total Direct Tax Rate	37.74	37.70	37.70	37.70
Overlapping Rates by Taxing District				
Scioto Township				
Residential/Agricultural Real	4.50	4.50	4.22	4.22
Commercial/Industrial and Public Utility Real	5.10	5.09	4.76	4.73
General Business and Public Utility Personal	5.50	5.50	5.50	5.50
City of Chillicothe				
Residential/Agricultural Real	-	-	-	-
Commercial/Industrial and Public Utility Real	-	-	-	-
General Business and Public Utility Personal	-	-	-	-
Pickaway-Ross JVSD				
Residential/Agricultural Real	2.00	2.00	2.00	2.00
Commercial/Industrial and Public Utility Real	2.00	2.00	2.00	2.00
General Business and Public Utility Personal	3.20	3.20	3.20	3.20
Ross County				
Residential/Agricultural Real	7.05	6.99	6.44	7.59
Commercial/Industrial and Public Utility Real	0.08	0.08	0.08	0.08
General Business and Public Utility Personal	9.40	9.40	9.40	9.40

The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year.

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

Source: Ohio Department of Taxation

(continued)

2004	2005	2006	2007	2008	2009
3.50	3.50	3.50	3.50	3.50	3.50
-	-	-	-	-	-
-	-	-	-	-	-
11.70	11.89	11.90	11.89	10.99	11.00
13.93	13.51	13.44	13.50	12.48	13.03
27.00	27.00	27.00	27.00	27.00	27.00
4.80	4.61	4.61	4.60	4.26	4.26
6.08	5.90	5.87	5.59	5.44	5.68
7.20	7.20	7.20	7.20	7.20	7.20
-	-	6.00	6.00	5.55	5.55
-	-	5.97	6.00	5.54	5.79
-	-	6.00	6.00	6.00	6.00
-	-	-	-	-	-
-	4.47	4.47	4.47	4.47	4.47
-	2.30	2.30	2.30	2.13	2.13
-	2.43	2.41	2.42	2.24	2.34
-	2.50	2.50	2.50	2.50	2.50
16.50	23.27	29.28	29.26	27.40	27.41
20.00	26.30	32.16	31.98	30.17	31.32
34.20	41.17	47.17	47.17	47.17	47.17
37.70	44.67	50.67	50.67	50.67	50.67
4.81	4.60	4.61	4.60	4.54	4.54
5.09	4.80	4.79	4.79	4.50	4.53
5.50	5.50	5.50	5.50	5.50	5.50
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2.00	2.00	2.00	2.99	2.80	2.74
2.00	2.00	2.00	3.03	2.87	2.94
3.20	3.20	3.20	4.20	4.20	4.20
8.44	9.11	9.09	9.06	8.56	9.66
0.09	0.10	0.10	9.59	9.15	10.44
9.80	10.40	10.40	10.40	10.60	11.70

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

	2000	2001	2002	2003	2004
Unvoted Millage					
Operating	3.50	3.50	3.50	3.50	3.50
Permanent Improvement	-	-	-	-	-
Debt	-	-	-	-	-
Voted Millage - by levy					
1976 Operating - continuing					
Residential/Agricultural Real	12.00	12.01	11.70	11.70	11.70
Commercial/Industrial and Public Utility Real	15.10	15.17	13.91	13.91	13.93
General Business and Public Utility Personal	27.00	27.00	27.00	27.00	27.00
1994 Current Expense - continuing					
Residential/Agricultural Real	5.24	5.24	4.80	4.80	4.80
Commercial/Industrial and Public Utility Real	6.59	6.62	6.07	6.07	6.08
General Business and Public Utility Personal	7.20	7.20	7.20	7.20	7.20
2005 Current Expense-continuing					
Residential/Agricultural Real	-	-	-	-	-
Commercial/Industrial and Public Utility Real	-	-	-	-	-
General Business and Public Utility Personal	-	-	-	-	-
1985 Bond Levy (debt service)	0.04	-	-	-	-
2004 Bond Levy (debt service)	-	-	-	-	-
2004 Permanent Improvement (23 Years)					
Residential/Agricultural Real	-	-	-	-	-
Commercial/Industrial and Public Utility Real	-	-	-	-	-
General Business and Public Utility Personal	-	-	-	-	-
Total voted millage by type of property					
Residential/Agricultural Real	17.28	17.24	16.50	16.51	16.50
Commercial/Industrial and Public Utility Real	21.73	39.03	19.97	19.98	20.00
General Business and Public Utility Personal	34.24	34.20	34.20	34.20	34.20
Total Direct Tax Rate	37.74	37.70	37.70	37.70	37.70
Overlapping Rates by Taxing District					
Scioto Township					
Residential/Agricultural Real	0.48	0.48	0.44	0.44	0.44
Commercial/Industrial and Public Utility Real	0.55	0.55	0.52	0.52	0.52
General Business and Public Utility Personal	0.60	0.60	0.60	0.60	0.60
City of Chillicothe					
Residential/Agricultural Real	3.20	3.20	3.20	3.20	3.20
Commercial/Industrial and Public Utility Real	3.20	3.20	3.20	3.20	3.20
General Business and Public Utility Personal	3.20	3.20	3.20	3.20	3.20
Pickaway-Ross JVSD					
Residential/Agricultural Real	2.00	2.00	2.00	2.00	2.00
Commercial/Industrial and Public Utility Real	2.00	2.00	2.00	2.00	2.00
General Business and Public Utility Personal	3.20	3.20	3.20	3.20	3.20
Ross County					
Residential/Agricultural Real	7.05	6.99	6.44	7.59	8.44
Commercial/Industrial and Public Utility Real	8.21	8.17	7.65	8.37	9.01
General Business and Public Utility Personal	9.40	9.40	9.40	9.40	9.80

The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year.

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

Source: Ohio Department of Taxation

(continued)

2005	2006	2007	2008	2009
3.50	3.50	3.50	3.50	3.50
-	-	-	-	-
-	-	-	-	-
11.89	11.90	11.89	10.99	11.00
13.51	13.44	13.50	12.48	13.03
27.00	27.00	27.00	27.00	27.00
4.61	4.61	4.60	4.26	4.26
5.90	5.87	5.89	5.44	5.69
7.20	7.20	7.20	7.20	7.20
-	6.00	6.00	5.55	5.55
-	5.97	6.00	5.54	5.79
-	6.00	6.00	6.00	6.00
-	-	-	-	-
4.47	4.47	4.47	4.47	4.47
2.30	2.30	2.30	2.13	2.13
2.43	2.41	2.42	2.24	2.34
2.50	2.50	2.50	2.50	2.50
23.27	29.28	29.26	27.40	27.41
26.30	32.16	32.28	30.17	31.32
41.17	47.17	47.17	47.17	47.17
44.67	50.67	50.67	50.67	50.67
0.42	0.42	0.42	0.57	0.57
0.51	0.51	0.51	0.57	0.58
0.60	0.60	0.60	0.60	0.60
3.20	3.20	3.20	3.20	3.20
3.20	3.20	3.20	3.20	3.20
3.20	3.20	3.20	3.20	3.20
2.00	2.00	2.99	2.80	2.74
2.00	2.00	3.03	2.87	2.94
3.20	3.20	4.20	4.20	4.20
9.11	9.09	9.06	8.56	9.66
9.63	9.57	9.59	9.15	10.44
10.40	10.40	10.40	10.60	11.70

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

Collection Year	Current Tax Levy (1)	Current Tax Collections (1)	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections	Total Tax Collections (1)	Percent of Total Tax Collections to Current Tax Levy
2000	\$12,684,857	\$12,494,811	98.50%	\$208,017	\$12,702,828	100.14%
2001	12,632,642	12,456,295	98.60	272,722	12,729,017	100.76
2002	12,547,558	12,226,466	97.44	186,907	12,413,373	98.93
2003	13,077,318	12,841,127	98.19	242,376	13,083,503	100.05
2004	11,590,767	11,140,708	96.12	274,920	11,415,628	98.49
2005	14,887,701	14,558,609	97.79	385,815	14,944,424	100.38
2006	16,267,151	15,867,842	97.55	508,327	16,376,169	100.67
2007	* 14,962,303	14,816,599	99.03	515,674	15,332,273	102.47
2008	14,109,638	13,668,184	96.87	738,387	14,406,571	102.10
2009	13,477,677	13,069,214	96.97	493,080	13,562,294	100.63

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

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

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

Chillicothe City School District
Principal Taxpayers
Real Estate Tax
2009 and 2000 (1)

Name of Taxpayer	2009	
	Assessed Value	Percent of Real Property Assessed Value
Glatfelter Company	\$ 18,282,830	4.71%
Chillicothe Mall Inc.	4,220,620	1.09%
DDR Ohio Opportunity II LLC	3,978,530	1.03%
Central Center LTD	3,101,500	0.80%
Sam's Real Estate Business	2,629,020	0.68%
Zane Plaza LLC	2,399,090	0.62%
K Mart Corporation	2,311,240	0.60%
RG Chillicothe Associates LTD	1,823,400	0.47%
QNP Corporation	1,764,270	0.45%
Traditions at Chillicothe	1,677,030	0.43%
Totals	<u>\$42,187,530</u>	<u>10.88%</u>
Total Assessed Valuation	<u>\$387,921,760</u>	

Name of Taxpayer	2000	
	Assessed Value	Percent of Real Property Assessed Value
Mead Corporation	\$ 26,202,900	9.17%
Developers Diversified Realty Corp.	3,037,030	1.06%
Chillicothe Mall, Inc.	2,777,290	0.97%
Central Center LTD	2,353,090	0.82%
Real Estate Finance Trust	2,175,600	0.76%
Shawnee Group LTD Partnership	2,115,170	0.74%
RG Chillicothe Associates LTD	1,497,290	0.52%
ABCO Land Development Corp. & Beerman Corp.	1,332,130	0.47%
Rodney Winegardner	1,396,850	0.49%
Hermanson Limited Partnership	1,061,710	0.37%
Totals	<u>\$43,949,060</u>	<u>15.37%</u>
Total Assessed Valuation	<u>\$285,593,080</u>	

(1) The amounts presented represent the assessed values for tax years 2009 and 2000 collections were based.

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

Chillicothe City School District
Principal Taxpayers
Tangible Personal Property Tax
2009 and 2000 (1)

Name of Taxpayer	2009	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Glatfelter Company	\$4,689,810	28.56%
Chillicothe Telephone Company	3,002,000	18.28%
Wal-Mart	956,950	5.83%
QNP Holdings Inc.	436,260	2.66%
Lowe's Home Centers Inc.	404,820	2.46%
Standard Car Truck Company	372,230	2.27%
Herrnstein Chrysler Inc.	285,130	1.74%
Horizon Personal Communications	253,620	1.54%
BLC Corporation	242,510	1.48%
Kroger Company	218,330	1.33%
Total	\$10,861,660	66.15%
Total Assessed Valuation	\$16,423,760	

Name of Taxpayer	2000	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Mead Corporation	\$97,935,070	73.16%
BLC Corporation	2,389,810	1.79%
QNP Holding, Inc.	1,938,770	1.45%
Lowe's Companies, Inc.	1,706,520	1.27%
Kmart Corporation	1,633,130	1.22%
Wal-Mart Stores East, Inc.	1,312,890	0.98%
Union Spring & Mfg. Corporation	1,051,210	0.79%
IBM Credit Corporation	942,730	0.70%
Specialty Mineral Incorporated	925,160	0.69%
Herrnstein Chrysler Plymouth	898,560	0.67%
Total	\$110,733,850	82.72%
Total Assessed Valuation	\$133,870,322	

(1) The amounts presented represent the assessed values for tax years 2009 and 2000 collections were based.

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

Chillicothe City School District

Principal Taxpayers

Public Utilities Tax

2009 and 2000 (1)

Name of Taxpayer	2009	
	Assessed Value	Percent of Public Utility Assessed Value
Columbus Southern Power Company	\$15,042,790	88.63%
Columbia Gas of Ohio Incorporated	1,605,330	9.46%
Norfolk Southern Combined Railroad Subsidiaries	245,650	1.45%
CSX Transportation Incorporated	65,890	0.39%
Total	<u>\$16,959,660</u>	<u>99.93%</u>
Total Assessed Valuation	<u>\$16,973,140</u>	

Name of Taxpayer	2000	
	Assessed Value	Percent of Public Utility Assessed Value
Columbus Southern Power Company	\$13,757,040	48.24%
Chillicothe Telephone	7,425,370	26.04%
Columbia Gas of Ohio Incorporated	4,198,540	14.72%
Horizon Personal Communications	1,931,600	6.77%
Norfolk Southern Combined Railroad Subsidiaries	908,800	3.19%
Total	<u>\$28,221,350</u>	<u>98.96%</u>
Total Assessed Valuation	<u>\$28,519,710</u>	

(1) The amounts presented represent the assessed values for tax years 2009 and 2000 collections were based.

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

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

Fiscal Year	Governmental Activities			Total Primary Government	(2) Percentage of Personal Income	(2) Per Capita
	(1) General Obligation Bonds	(1) Energy Conservation	(1) Capital Leases*			
2000	\$161,000	\$2,150,000	\$316,269	\$2,627,269	0.92%	\$119.20
2001	0	2,030,000	166,354	2,196,354	0.79%	99.65
2002	0	1,900,000	0	1,900,000	0.68%	86.20
2003	0	1,765,000	0	1,765,000	0.42%	80.08
2004	0	1,625,000	0	1,625,000	0.39%	73.73
2005	34,000,000	1,475,000	0	35,475,000	8.52%	1,609.50
2006	35,067,599	1,320,000	0	36,387,599	7.22%	1,650.91
2007	35,122,564	1,155,000	0	36,277,564	7.20%	1,645.91
2008	34,458,413	985,000	0	35,443,413	7.11%	1,626.41
2009	34,292,658	805,000	0	35,097,658	8.43%	1,610.28

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

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

* - Amount Restated in fiscal year 2005

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

Fiscal Year	(1) General Bonded Debt	(1) Resources Available to Pay Principal	Net General Bonded Debt	(2) Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2000	\$161,000	\$0	\$161,000	0.04%	\$7
2001	0	0	0	0.00%	0
2002	0	0	0	0.00%	0
2003	0	0	0	0.00%	0
2004	0	0	0	0.00%	0
2005	34,000,000	18,029	33,981,971	7.11%	1,559
2006	35,067,599	214,388	34,853,211	7.45%	1,581
2007	35,122,564	574,351	34,548,213	7.83%	1,567
2008	34,458,413	663,730	33,794,683	7.55%	1,550
2009	34,292,658	630,745	33,661,913	7.99%	1,544

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

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

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

Fiscal Year	Population (1)	Estimated Actual Value of Taxable Property(2)	General Bonded Debt				Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt per Capita
			General Obligation Debt Outstanding #	Resources Available to Pay Principal	Net General Bonded Debt			
2000	22,041 b	\$1,383,870,278	\$2,311,000	\$0	\$2,311,000	0.17%	\$104.85	
2001	22,041 b	1,410,032,437	2,030,000	0	2,030,000	0.14%	92.10	
2002	22,041 b	1,516,363,264	1,900,000	0	1,900,000	0.13%	86.20	
2003	22,041 b	1,506,351,984	1,765,000	0	1,765,000	0.12%	80.00	
2004	22,041 b	1,560,533,520	1,625,000	0	1,625,000	0.10%	74.00	
2005	22,041 b	1,471,705,444	35,475,000	18,029	35,456,971	2.41%	1,608.68	
2006*	22,041 b	1,430,938,052	36,387,599	214,388	36,173,211	2.38%	1,641.18	
2007	22,041 b	1,377,139,049	36,277,564	574,351	35,703,213	2.32%	1,619.85	
2008	21,796 c	1,453,006,463	35,443,413	663,730	34,779,683	2.44%	1,595.69	
2009	21,796 c	1,390,415,705	35,097,658	630,745	34,466,913	2.52%	1,581.34	

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

(2) Ross County Auditor

- Includes General Obligation Bonds and Energy Conservation Notes

* - Amount restated in fiscal year 2007

(continued)

General Debt				
General Bonded Debt Outstanding	Capital Leases	Total Debt	Ratio of General Debt to Estimated Actual Value	General Debt Per Capita
\$2,311,000	\$316,269	\$2,627,269	0.19%	\$119.20
2,030,000	166,354	2,196,354	0.16%	99.65
1,900,000	0	1,900,000	0.13%	86.20
1,765,000	0	1,765,000	0.12%	80.08
1,625,000	0	1,625,000	0.10%	73.73
35,475,000	0	35,475,000	2.41%	1,608.68
36,387,599	0	36,387,599	2.54%	1,641.18
36,277,564	0	36,277,564	2.63%	1,619.85
34,779,683	0	34,779,683	2.39%	1,595.69
34,466,913	0	34,466,913	2.48%	1,581.34

Chillicothe City School District
*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
June 30, 2009*

	Debt Attributable to Governmental Activities	Percentage Applicable to School District	Amount of Direct and Overlapping Debt
Overlapping Debt:			
Payable from Property Taxes			
Ross County	\$8,465,373	36.55%	\$3,094,094
City of Chillicothe	1,340,000	91.17%	1,221,678
Scioto Township	<u>0</u>	83.27%	<u>0</u>
Total Overlapping Debt	\$9,805,373		\$4,315,772
Direct Debt	<u>35,097,658</u>	100.00%	<u>35,097,658</u>
Total Direct and Overlapping Debt	<u><u>\$44,903,031</u></u>		<u><u>\$39,413,430</u></u>

Source: Office of the Auditor, Ross County, Ohio



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

	2000	2001	2002	2003
Tax Valuation	<u>\$448,565,882</u>	<u>\$456,070,890</u>	<u>\$489,487,640</u>	<u>\$478,446,490</u>
Debt Limit - 9% of Taxable Valuation (1)	<u>40,370,929</u>	<u>41,046,380</u>	<u>44,053,888</u>	<u>43,060,184</u>
Amount of Debt Applicable to Debt Limit General Obligation Bonds Less Amount Available in Debt Service	<u>161,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Legal Debt Margin	<u>\$40,370,929</u>	<u>\$41,046,380</u>	<u>\$44,053,888</u>	<u>\$43,060,184</u>
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%	100.00%
Energy Conservation Debt Limit- .90% of assessed value (1)	4,037,093	4,104,638	4,405,389	4,306,018
Amount of Debt Subject to Limit	<u>2,150,000</u>	<u>2,030,000</u>	<u>1,900,000</u>	<u>1,765,000</u>
Unvoted Legal Debt Margin	<u>\$6,187,093</u>	<u>\$6,134,638</u>	<u>\$6,305,389</u>	<u>\$6,071,018</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	153.26%	149.46%	143.13%	140.99%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	448,566	456,071	489,488	478,446
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Legal Debt Margin	<u>\$448,566</u>	<u>\$456,071</u>	<u>\$489,488</u>	<u>\$478,446</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%

Source: Ross County Auditor and School District Financial Records

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

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

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

(continued)

2004	2005	2006	2007	2008	2009
<u>\$489,446,490</u>	<u>\$478,018,620</u>	<u>\$467,860,160</u>	<u>\$441,147,190</u>	<u>\$447,361,430</u>	<u>\$421,318,660</u>
<u>44,050,184</u>	<u>43,021,676</u>	<u>42,107,414</u>	<u>39,703,247</u>	<u>40,262,529</u>	<u>37,918,679</u>
<u>0</u>	<u>34,000,000</u>	<u>33,995,000</u>	<u>33,545,000</u>	<u>32,066,270</u>	<u>31,234,255</u>
<u>0</u>	<u>34,000,000</u>	<u>33,995,000</u>	<u>33,545,000</u>	<u>32,066,270</u>	<u>31,234,255</u>
<u>\$44,050,184</u>	<u>\$9,021,676</u>	<u>\$8,112,414</u>	<u>\$6,158,247</u>	<u>\$8,196,259</u>	<u>\$6,684,424</u>
100.00%	20.97%	19.27%	15.51%	20.36%	17.63%
4,405,018	4,302,168	4,210,741	3,970,325	4,026,253	3,791,868
<u>1,625,000</u>	<u>1,475,000</u>	<u>1,320,000</u>	<u>1,155,000</u>	<u>985,000</u>	<u>1,329,000</u>
<u>\$6,030,018</u>	<u>\$5,777,168</u>	<u>\$5,530,741</u>	<u>\$5,125,325</u>	<u>\$5,011,253</u>	<u>\$5,120,868</u>
136.89%	134.29%	131.35%	129.09%	124.46%	135.05%
489,446	478,019	467,860	441,147	447,361	421,319
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$489,446</u>	<u>\$478,019</u>	<u>\$467,860</u>	<u>\$441,147</u>	<u>\$447,361</u>	<u>\$421,319</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Chillicothe City School District
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Personal Income (2) (in thousands)	Per Capita Personal Income	Unemployment Rate (3)
2000	22,041	\$284,734,054	12,918	4.40%
2001	22,041	276,151,689	12,529	5.70%
2002	22,041	276,151,689	12,529	6.40%
2003	22,041	416,325,396	18,889	6.20%
2004	22,041	416,325,396	18,889	7.10%
2005	22,041	416,325,396	18,889	9.10%
2006	22,041	503,988,908	22,866	7.30%
2007	22,041	503,988,908	22,866	6.20%
2008	21,796	498,387,336	22,866	8.00%
2009	21,796	416,325,396	19,101	9.40%

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

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

Employer	Nature of Business	2009			2000		
		Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Glatfelter Paper Company	Specialty and Carbonless Paper	1,500	1	4.98%	2,832	1	(1)
Ross County	County Government	550	2	1.83%	546	2	(1)
Chillicothe City Schools	Education	356	3	1.18%	464	4	(1)
City of Chillicothe	City Government	290	4	0.96%	373	6	(1)
Lowe's	Retail	230	5	0.76%	253	8	(1)
Wal-Mart	Retail	210	6	0.70%	515	3	(1)
Horizon Family of Companies	Communications	200	7	0.66%	265	7	(1)
Ohio University-Chillicothe	Regional College Campus	170	8	0.56%	401	5	(1)
Time Warner/Adelphia	Cable TV/Internet	122	9	0.41%	130	9	(1)
AEP	Regional Utility Center	<u>14</u>	10	0.05%	<u>21</u>	10	(1)
Total		<u>3,642</u>			<u>5,800</u>		
Total Employment within the School District (2)		<u>30,100</u>			<u>(1)</u>		

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

(1)- Information Not Available

(2) - Labor Market Information Website

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

Function/Program	2004	2005	2006	2007	2008	2009
Regular Instruction						
Elementary Classroom Teachers	83.57	83.54	86.90	87.34	86.70	86.70
Middle School Classroom Teachers	30.16	30.06	30.23	28.72	36.88	38.18
High School Classroom Teachers	43.38	42.54	42.00	40.30	40.20	39.72
Special Instruction						
Elementary Classroom Teachers	23.50	24.62	21.77	21.50	17.51	17.82
Middle School Classroom Teachers	5.00	5.00	5.00	5.00	7.51	7.51
Gifted Education Teachers	2.00	2.00	2.00	2.00	1.70	1.70
High School Classroom Teachers	6.00	6.00	6.00	7.00	7.00	6.00
Pupil Support Services						
Guidance Counselors	6.00	6.00	6.00	4.00	4.00	4.00
Librarians	3.00	2.00	2.00	2.00	1.00	1.00
Psychologists	2.00	4.00	3.56	3.00	4.00	4.00
Speech and Language Pathologists	2.00	2.00	2.00	2.00	2.00	2.00
Nurse	2.00	1.90	1.81	1.81	2.00	2.00
Teacher Aides	25.72	23.43	20.93	26.00	29.72	30.72
Technology	2.50	3.00	3.00	2.00	0.00	0.00
Secretaries	14.85	16.75	16.75	15.75	11.71	11.71
Administrators						
District	3.00	3.00	4.00	4.50	4.50	4.50
Elementary	4.00	4.00	5.00	5.00	4.00	4.00
Middle School	2.00	1.75	1.75	1.75	1.75	1.75
High School	2.14	2.14	3.14	3.14	2.39	2.39
Secretaries	14.00	13.79	13.79	13.79	14.79	14.79
Fiscal Services	6.00	6.00	6.00	6.00	6.00	6.00
Operation of Plant						
Custodians	20.00	18.00	18.00	18.00	19.67	19.67
Maintenance	8.00	8.00	8.00	8.00	8.00	8.00
Pupil Transportation						
Bus Drivers	20.00	19.00	19.00	19.00	18.00	17.50
Extracurricular Activities						
Secretaries	0.86	0.86	0.86	0.86	0.86	0.86
Food Service Program						
Cooks	25.41	24.35	24.37	24.37	23.35	23.35
Totals:	<u>357.09</u>	<u>353.73</u>	<u>353.86</u>	<u>352.83</u>	<u>355.24</u>	<u>355.87</u>

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

Information prior to 2004 is not available.

Source: School District Records

Chillicothe City School District
Operating Statistics
Last Seven Fiscal Years

Fiscal Year	Expenses	Enrollment	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/ Teacher Ratio
2003	\$28,376,721	3,564	\$7,962	N/A	187	19.1
2004	\$28,508,167	3,387	\$8,417	5.71%	174	19.4
2005	29,192,735	3,196	9,134	8.52%	178	18.0
2006*	30,507,508	3,069	9,941	8.84%	177	17.4
2007	30,073,412	3,030	9,925	0.17%	177	17.1
2008	34,794,650	3,075	11,316	14.11%	198	15.5
2009	35,173,244	3,052	11,525	1.85%	175	17.4

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

N/A - Not Applicable

* - Restated in fiscal year 2007

Chillicothe City School District
Building Statistics
Last Ten Fiscal Years

	2000	2001	2002	2003
Allen Elementary School				
Constructed in 1961				
Total Building Square Footage	30,251			
Enrollment Grades K-6	265	251	247	270
Student Capacity	375	375	375	375
Regular Instruction Classrooms	12	12	12	12
Regular Instruction Teachers	12	12	12	12
Special Instruction Classrooms	3	3	3	3
Special Instruction Teachers	5	3	3	5
Central Elementary				
Constructed in 1960				
Total Building Square Footage	29,850			
Enrollment Grades K-6	316	318	264	242
Student Capacity	400	400	400	400
Regular Instruction Classrooms	14	14	14	13
Regular Instruction Teachers	14	14	14	13
Special Instruction Classrooms	2	3	2	3
Special Instruction Teachers	3	3	5	5
Hopewell Elementary				
Constructed in 1954				
Total Building Square Footage	39,416			
Enrollment Grades K-6	250	265	254	244
Student Capacity	425	425	425	425
Regular Instruction Classrooms	12	12	12	11
Regular Instruction Teachers	12	12	12	11
Special Instruction Classrooms	5	5	5	6
Special Instruction Teachers	8	8	8	8
McArthur Elementary				
Constructed in 1961				
Total Building Square Footage	30,178			
Enrollment Grades K-6	279	269	283	275
Student Capacity	375	375	375	375
Regular Instruction Classrooms	14	14	12	13
Regular Instruction Teachers	14	14	12	13
Special Instruction Classrooms	1	1	3	2
Special Instruction Teachers	6	6	6	6

(continued)

2004	2005	2006	2007	2008	2009
308	306	338	347	341	341
375	375	375	375	375	375
14	14	15	15	17	17
14	14	15	15	17	17
1	1	0	0	0	0
3	4	3	3	3	3

Closed Closed Closed Closed Closed Closed

Closed Closed Closed Closed Closed Closed

Closed Closed Closed Closed Closed Closed

(continued)

Chillicothe City School District
Building Statistics
Last Ten Fiscal Years

	2000	2001	2002	2003
Mt. Logan Elementary School				
Constructed in 1977				
Total Building Square Footage	60,389			
Enrollment Grades K-6	359	357	350	333
Student Capacity	600	600	600	600
Regular Instruction Classrooms	20	20	20	17
Regular Instruction Teachers	20	20	20	17
Special Instruction Classrooms	4	4	4	5
Special Instruction Teachers	8	8	4	5
Tiffin Elementary School				
Constructed in 1952				
Total Building Square Footage	36,135			
Enrollment Grades K-5	307	285	282	242
Student Capacity	425	425	425	425
Regular Instruction Classrooms	15	15	14	14
Regular Instruction Teachers	15	15	14	14
Special Instruction Classrooms	2	2	3	3
Special Instruction Teachers	6	6	6	8
Worthington Elementary School				
Constructed in 1951				
Total Building Square Footage	39,774			
Enrollment Grades K-5	292	300	318	316
Student Capacity	350	350	350	350
Regular Instruction Classrooms	14	14	14	14
Regular Instruction Teachers	14	14	16	15
Special Instruction Classrooms	0	0	0	0
Special Instruction Teachers	2	2	2	2
J.A. Smith Middle School				
Constructed in 1931				
Total Building Square Footage	103,456			
Enrollment Grades 6-8	449	480	461	430
Student Capacity	775	775	775	775
Regular Instruction Classrooms	29	29	30	25
Regular Instruction Teachers	29	29	26	25
Special Instruction Classrooms	6	6	5	5
Special Instruction Teachers	6	6	5	5
Chillicothe Middle School				
Constructed in 1963, Renovated in 2007				
Total Building Square Footage				
Enrollment Grades 6-8				
Student Capacity				
Regular Instruction Classrooms				
Regular Instruction Teachers				
Special Instruction Classrooms				
Special Instruction Teachers				
Chillicothe High School				
Constructed in 1963				
Total Building Square Footage	165,317			
Enrollment Grades 9-12	1,182	1,215	1,192	1,133
Student Capacity	970	970	970	970
Regular Instruction Classrooms	48	48	48	48
Regular Instruction Teachers	51	46	45	41
Special Instruction Classrooms	6	6	6	6
Special Instruction Teachers	6	6	6	6

(continued)

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

2004	2005	2006	2007	2008	2009
544	500	494	525	428	418
600	600	600	600	600	600
21	26	25	25	23	23
21	26	25	25	23	23
3	9	9	9	9	9
5	9	10	10	7	7
380	384	332	325	303	298
425	425	425	425	425	425
11	17	18	18	18	18
11	17	17	17	14	13
6	0	0	0	0	0
9	7	5	5	5	5
377	357	363	337	335	363
350	350	350	350	350	350
14	14	14	14	14	14
14	16	15	15	16	17
0	0	0	0	0	0
3	3	4	4	4	4
631	576	550	584	Closed	Closed
775	775	775	775		
22	24	25	25		
22	24	25	25		
4	6	10	10		
4	6	10	10		
				126,499	
				689	659
				800	800
				25	25
				25	25
				11	11
				11	11
1,099	970	940	912	979	882
970	970	970	970	970	970
48	48	48	48	48	48
42	41	41	41	42	43
6	6	6	6	7	7
6	6	6	6	7	7



Mary Taylor, CPA
Auditor of State

CHILLICOTHE CITY SCHOOL DISTRICT
ROSS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 2, 2010