



Dave Yost • Auditor of State

**CITY OF CHILLICOTHE
ROSS COUNTY**

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**CITY OF CHILLICOTHE
ROSS COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2010**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed Through Ohio Department of Development</i>			
Community Development Block Grant State's Program	A-C-08-104-1	14.228	\$ 26,000
Community Development Block Grant State's Program	A-F-08-104-1	14.228	16,137
Community Development Block Grant State's Program	A-F-09-104-1	14.228	20,323
Comprehensive Downtown Revitalization Program	A-T-08-104-1	14.228	<u>133,711</u>
Total Community Development Block Grant Program			<u>196,170</u>
Neighborhood Stabilization Program (Recovery Act Funded)	B-Z-08-066-1	14.256	244,097
HOME Investment Partnership Program	A-C-08-104-2	14.239	<u>168,159</u>
TOTAL U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT			<u>608,426</u>
U.S. ENVIROMENTAL PROTECTION AGENCY			
<i>Direct:</i>			
Brownfields Assessment and Cleanup Cooperative Agreement	BF-00E69001-0	66.818	<u>187,152</u>
TOTAL U.S. ENVIROMENTAL PROTECTION AGENCY			<u>187,152</u>
U.S. DEPARTMENT OF JUSTICE			
<i>Passed Through Ohio Office of the Attorney General</i>			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	2008-DD-BX-0666	16.580	<u>90,833</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>90,833</u>
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed Through Ohio Department of Transportation</i>			
Formula Grants for Other Than Urbanized Areas	RPT-4071-030-101	20.509	594,243
Rural Transit Grant Program Capital Project	RPT-0071-030-102	20.509	179,103
Rural Transit Grant Program Capital Project	RPT-0071-026-073	20.509	390,830
ARRA - Rural Transit Grant Program Capital Project	RPTS-0071-001-093	20.509	<u>821,881</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>1,986,057</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Direct:</i>			
FY09 Assistance to Firefighters Grant	EMW-2009-FO-05249	97.044	<u>292,500</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>292,500</u>
Total Federal Awards Expenditures			<u>\$ 3,164,968</u>

The accompanying notes are an integral part of this schedule.

**CITY OF CHILLICOTHE
ROSS COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
DECEMBER 31, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the City of Chillicothe, Ross County, Ohio (the City's) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B – FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS

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

NOTE C- MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

City of Chillicothe
Ross County
35 South Paint Street
Chillicothe, Ohio 45601

To the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chillicothe, Ross County, Ohio (the City) as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 6, 2011. 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*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated June 6, 2011.

We intend this report solely for the information and use of management, the finance committee, City Council, federal awarding agencies and pass-through entities and others within the City. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

June 6, 2011



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND THE FEDERAL AWARDS EXPENDITURES SCHEDULE

City of Chillicothe
Ross County
35 South Paint Street
Chillicothe, Ohio 45601

To the City Council:

Compliance

We have audited the compliance of City of Chillicothe, Ross County, Ohio (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the City of Chillicothe's major federal program for the year ended December 31, 2010. The summary of auditor's results section of the accompanying schedule of finding identifies the City's major federal program. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City'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 included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the 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 City'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 on the City's compliance with those requirements.

In our opinion, the City of Chillicothe complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2010.

Internal Control over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, 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.

We noted a matter involving federal compliance not requiring inclusion in this report, that we reported to the City's management in a separate letter dated June 6, 2011.

Federal Awards Expenditures Schedule

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Chillicothe, Ross County, Ohio (the City) as of and for the year ended December 31, 2010, and have issued our report thereon dated June 6, 2011. Our audit was performed to form an opinion on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The accompanying federal awards expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of the finance committee, management, City Council, others within the City, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

June 6, 2011

**CITY OF CHILLICOTHE
ROSS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA # 20.509 Formula Grants for Other than Urbanized Areas
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

CITY OF CHILLICOTHE
ROSS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2010

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Cash Management – 15 Day Rule	No	Partially Corrected, Reissued in Management Letter

City of Chillicothe, Ohio Comprehensive Annual Financial Report

For the Year Ended December 31, 2010

Prepared by the Office of the Chillicothe City Auditor



Thomas M. Spetnagel Jr.
Chillicothe City Auditor

CITY OF CHILLICOTHE, OHIO
 Comprehensive Annual Financial Report
 For the Year Ended December 31, 2010

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CITY OF CHILLICOTHE - Ohio's First Capital
THOMAS M. SPETNAGEL, JR., City Auditor



35 SOUTH PAINT STREET • P.O. BOX 457
CHILLICOTHE, OHIO 45601-0457

TELEPHONE (740) 775-3955
FAX (740) 773-4535
EMAIL: chilliaud@bright.net

June 6, 2011

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

FROM: City Auditor Tom Spetnagel Jr. and Staff

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Chillicothe for the year ended December 31, 2010. This report, prepared by the City Auditor's Office, contains a comprehensive analysis of the City's financial position and activities for the year 2010. It is intended to provide all pertinent and necessary financial information to the Citizens of Chillicothe.

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

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

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

State Audit

The 2010 basic financial statements were audited by the State of Ohio Auditor's Office. This audit was conducted according to generally accepted auditing standards and Government Auditing Standards and included a legal and financial compliance audit, a review of internal controls, and tests of transactions. The State Auditor's opinion letter is at the beginning of the financial section.

Reporting Entity

In accordance with the Governmental Accounting Standards Board (GASB) Statement 14, the following is a brief definition of the reporting entity. This report includes all funds, agencies, boards, and commissions for which the City is financially accountable. In considering that responsibility the City must determine whether an entity is fiscally independent of the City and whether it has the ability to significantly influence operations, select the governing authority, designate management, and maintain accountability over fiscal matters of the entity. The reporting entity is discussed in more detail in Note 1 of the Notes to the Basic Financial Statements.

History and City Organization

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

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

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

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

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

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

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

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

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

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

Economic Outlook

After weathering a deep economic recession throughout most of 2010, the City of Chillicothe showed signs of an improving economy by year's end. During the year, cash flow problems within the City's general fund forced layoffs and job eliminations affecting 40 government workers, including: 5 police officers and 5 firefighters, 15 school crossing guards, a nuisance enforcement officer, a parking enforcer, 4 laborers, an Engineering aide and surveyor, a traffic control crew leader, an office manager and 2 part-time employees within the Parks and Recreation department, and the Mayor's Chief of Staff and 2 secretaries.

As of December 2010, Chillicothe's unemployment rate stood at 10.8%, as compared to the national average of 9.4% and the state unemployment rate of 9.6%. This represents a marked improvement from December 2009, when the local unemployment rate was 12.5%. However, it still reflects a 35% increase from the December 2008 figure of 8.0%.

Foreclosure filings reached a three-year low in 2010. Ross County recorded 420 foreclosure actions for the year, versus 497 in 2009.

Health care continued to be the primary growth sector, with the Adena Regional Medical Center and the Veterans Administration hospital serving as the two largest and fastest-growing employers in the area. In 2010, Adena hosted a dedication ceremony for its \$45 million expansion, with new quarters opening for cardiology, orthopedics, and obstetrics. Construction also began on Adena's new \$21 million cancer center, which is expected to open in 2011.

The VA hospital had a successful year as well. In addition to renovating several of its existing buildings, the VA laid the groundwork for a new biomass electric generating plant which is expected to bring in new jobs.

The region's big manufacturers, the Kenworth Truck Company and the Glatfelter Paper Company, ultimately came out ahead despite a very difficult year. For Kenworth, the first half of the year was sluggish and truck orders were well below the average demand for trucks nationwide (about 200,000 to 225,000 per year). The local tractor-trailer manufacturing plant, owned by PACCAR, had employed about 1,800 people in 2006 when demand for trucks was high due to impending changes in emissions laws. Once the recession took hold, the company scaled back its workforce to about 1,000 people. Truck orders began increasing during the second half of the year, which led Plant Manager Scott Blue to announce in early 2011 that the company would begin hiring back an additional shift of workers.

Glatfelter, having already seen a modest turnaround in late 2009, received more good news in 2010 when Fulghum Fibres Inc. announced plans to invest \$36 million in the construction of a new woodyard facility at the Chillicothe plant. This move would allow the company to replace some of the 50 positions out of 1,450 that have been lost due to the recession. On December 31, 2010, the company said goodbye to its CEO, George Glatfelter III, who retired from the position after 12 years.

There were numerous changes affecting Chillicothe's commercial retailers in 2010. Goodwill and Chillicothe Carpet both began the process of relocating their businesses to Shawnee Square and the new Prairie Run development on Hospital Road, respectively. Although the Hollywood Video store on Bridge Street was demolished, three new businesses are planned for the spot. Plans are also in the works for a new bakery on Paint Street and a new Japanese steakhouse on the former Waterbeds N' Stuff lot. Finally, a new TJ Maxx store opened in April of 2011 in the Chillicothe Mall.

For 2011 and beyond, Chillicothe's economic outlook is mixed. While the major employers expect another year of slow growth, there is a strong possibility that some funding sources will be lost due to cuts made at the state level. With the state facing a projected \$8 billion shortfall as of December 31, 2010, these cuts could be severe. The future of Chillicothe and the surrounding region depends heavily on job creation and retention, both of which will likely require collaboration and leveraging of resources.

Major Initiatives

The year 2010 saw many enhancements to the City and County's infrastructure and business community. Some of the most significant accomplishments included the following:

- < The widening of State Route 104 to four lanes from Route 35 north to the Route 207 connector was completed. This project, which puts a modern highway in northern Chillicothe past the two state prisons and VA hospital, was funded entirely by money received from the American Recovery and Reinvestment Act (federal stimulus package).
- < North Plaza Boulevard was relocated to improve the flow of traffic on North Bridge Street.
- < Repaving of the entire Western Avenue took place during late summer, and preliminary design work began for the widening of Western Avenue.
- < The grand opening of Chillicothe Transit's new rider terminal and maintenance garage at Seventh and Watt Streets took place on September 15, 2010, and operation out of the new facility officially commenced on September 27.
- < The Chillicothe Police Department investigated 393 major crime cases, 126 of which were narcotics cases, which resulted in 366 felony arrests, 115 misdemeanor arrests, and the recovery of \$173,143.43 in property and cash.
- < The Chillicothe Fire Department responded to 5,045 requests for emergency squad services (a decrease of 90 from 2009) and 777 fires, which resulted in two fire deaths.
- < During the year, the Fire Department upgraded its radios to the MARCS system with the help of grant money received through the Department of Homeland Security totaling \$292,500. Likewise, the Police Department took steps toward its own move to the MARCS system in 2011 by securing a \$75,000 grant which will help pay for some of the costs and obtaining Council approval to enter into a lease-to-own agreement for the use of the equipment.
- < Traffic signals were replaced with stop signs to improve the flow of traffic at the intersections of Second Street at Mulberry, Walnut and High Street, and Walnut and Fourth Street.
- < A new, modernized zoning code was finalized and put before City Council for adoption. This code modifies several existing provisions and accomplishes the goal of regulating adult-oriented businesses in the downtown area.
- < The 2010 Street and Alley Program in conjunction with the Ohio Public Works Commission resulted in \$330,000 of improvements to various streets and alleys within the City.
- < The Chillicothe Utilities Department moved to monthly billing and replaced water lines between Plyleys Lane and Brewer Heights. A method was also designed to repair the "leak" in the City swimming pool, which prevented additional water loss.
- < Considerable effort was expended in developing a wheelchair lift for the Armory building.
- < Many of the repairs and improvements to the floodwall suggested by FEMA in its inspection report were begun.
- < Planning and design work were ongoing for the Chillicothe Municipal Court's anticipated move to a new building in 2011.
- < The Fire Department replaced one of its emergency squads, Medic 3.
- < For the first time, the City added a health savings account (HSA) option to its benefits package, which will save money for the City on health insurance premiums and encourage fewer claims.
- < Passage of a levy on the May ballot ensured the reopening of the northside branch of the Chillicothe and Ross County Public Library.

Future Initiatives

Many new initiatives are expected in 2011 which will enhance the City. These include all of the following:

- < The Chillicothe Municipal Court will relocate to its new building on Main Street.
- < The City will issue \$2,441,000 of notes to upgrade the water system in the area of the Adena Regional Medical Center. The project will include water mains, a booster station, pumps, line upgrades, and an elevated water storage tank.
- < The Police Department will join the Fire Department in moving to the MARCS radio system, positioning us as having one of the best disaster response systems of any city our size in the state.

Long-Term Financial Planning

For the first half of 2010, the City's one-year and two-year revenue and expenditure forecasts were grim, particularly within the general fund. These forecasts prompted the City to reduce expenditures through personnel cuts, which took the form of layoffs, furloughs, and other job eliminations achieved by way of attrition. By making these cuts, the City was able to maintain a balanced budget throughout 2010 and to position itself for further reductions in revenue anticipated for 2011. Although stagnant revenues were starting to increase by year's end, the City's 2011 share of the State's local government fund, which made up nearly \$1 million of the general fund in fiscal year 2010, remained uncertain due to the State's own impending \$8 billion deficit.

Aside from reducing expenditures, the City also attempted to increase general revenues in 2010 by raising the local income tax rate from 1.6% to 2.0%. This attempt ultimately failed when a ballot measure was defeated in November of 2010 which would have allocated an additional 0.4% to safety services. In the wake of this defeat, the City's management feels that it is extremely unlikely any other proposed increase will be supported by the current tax base.

Notwithstanding this fact, the City has taken several steps toward improving its long-term financial health. It has implemented a health savings account option on its employees' insurance package which is estimated to save hundreds of thousands of dollars per year, it has secured grants for the police and fire departments which have allowed personnel to be hired back in both of those departments, and it has re-entered a group pool which will reduce future workers' compensation premiums. Other cost-saving measures have been discussed as well that should help in rebuilding the City's reserves. Once the State's budget picture becomes clearer, it will become more evident whether or not these steps have gone far enough.

Relevant Financial Policies

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

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

Budgetary Controls

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

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

The City maintains its budgetary control by not allowing expenditures/expenses plus

encumbrances to exceed appropriations at the object level. All purchases by the City are processed through the computer system in two stages. A department first initiates a purchase by issuing a purchase requisition which is approved by the Purchasing Agent, the Mayor, and then by the City Auditor. This requisition is then converted into a purchase order, which is again signed by both the Purchasing Agent and the City Auditor, and then forwarded to the appropriate vendor. It is important to note that the Auditor approves as to availability of funds and reviews the legality of the expenditures. It should also be noted that any purchase in excess of \$500 must be approved by the Board of Control, which is made up of the Mayor, Service Director, and the Safety Director.

Internal Controls

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

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Chillicothe for its **Comprehensive Annual Financial Report (CAFR)** for the year ended December 31, 2009. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The City of Chillicothe has now received a Certificate of Achievement for each of the years ended December 31, 1991 through December 31, 2009. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgment

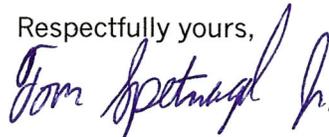
This Comprehensive Annual Financial Report for the City of Chillicothe is the 20th for our City and represents not only a tremendous effort on the part of the Auditor's staff but is indicative of the professionalism of all the people involved. With this report our taxpayers may now better understand the operation of our City and its basic financial structure.

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

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

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

Respectfully yours,



Tom Spetnagel Jr.
Chillicothe City Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Chillicothe
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

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

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CITY OF CHILLICOTHE, OHIO
LISTING OF ELECTED OFFICIALS

MAYOR

Joseph P. Sulzer
Term Expires 12-31-11

CITY COUNCIL

Bruce A. Arnold
President
Term Expires 12-31-11

Thomas Trutschel
1st Ward Council
Term Expires 12-31-11

Nancy Ames
2nd Ward Council
Term Expires 12-31-11

Queen Lester
3rd Ward Council
Term Expires 12-31-11

Jean Malone
4th Ward Council
Term Expires 12-31-11

Jeremy Siberell
5th Ward Council
Term Expires 12-31-11

Patricia Patrick
6th Ward Council
Term Expires 12-31-11

Dustin Proehl
Council At Large
Term Expires 12-31-11

Joseph Sharp
Council At Large
Term Expires 12-31-11

Napoleon Cross
Council At Large
Term Expires 12-31-11

CITY AUDITOR

Tom Spetnagel Jr.
Term Expires 12-31-13

CITY TREASURER

David A. Neal
Term Expires 12-31-13

DIRECTOR OF LAW

Toni Eddy
Term Expires 12-31-11

CITY OF CHILLICOTHE, OHIO
LISTING OF APPOINTED OFFICIALS

ENGINEER	Thomas Day
UTILITIES DIRECTOR	Richard Johnson
SAFETY/SERVICE DIRECTOR	Michael Pfeiffer
HUMAN RESOURCES DIRECTOR	Tammy Bochard
PARKS/RECREATION DIRECTOR	Cathy Primer
TRANSIT DIRECTOR	Michael Scholl
CLERK OF COUNCIL	John Fosson
ASSISTANT LAW DIRECTOR	Kathryn Janes
ASSISTANT LAW DIRECTOR	Mark Preston
ASSISTANT LAW DIRECTOR	Michelle Rout
ASSISTANT LAW DIRECTOR	Carrie Rowland
ASSISTANT LAW DIRECTOR	Sherri Rutherford

CITY OF CHILLICOTHE, OHIO
2010 CITY AUDITOR'S STAFF

CITY AUDITOR	Tom Spetnagel Jr.
TAX AUDITOR	Julie A. Parker
SYSTEM ADMINISTRATOR	Linda J. Tackett
SYSTEM ADMINISTRATOR	Kathy L. Knece
ACCOUNTING CLERK	Holly Cousins
ACCOUNTING CLERK	Mary Schmidt
ACCOUNTING CLERK	Heidi Leasure
AUDITOR'S CLERK	Katherine Flechtner
AUDITOR'S CLERK	Shannon Robinson



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

City of Chillicothe
Ross County
35 South Paint Street
Chillicothe, Ohio 43145

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Chillicothe, Ross County, Ohio (the City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City'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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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, the business-type activities, each major fund, and the aggregate remaining fund information of City of Chillicothe, Ross County, Ohio, as of December 31, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Street Construction, Maintenance and Repair and Bus Transit funds 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 June 6, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting 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.

Accounting principles generally accepted in the United States of America require this presentation to include Management's Discussion and Analysis as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information provides additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.



Dave Yost
Auditor of State

June 6, 2011

The discussion and analysis of the City of Chillicothe's financial performance provides an overall review of its financial activities for the year ended December 31, 2010. The purpose of this discussion and analysis is to look at the City's financial performance and discuss pertinent points to better help the reader understand our performance.

Financial Highlights

1. The City of Chillicothe's total net assets decreased \$2,768,111; net assets of the governmental activities decreased \$2,925,596; and net assets of the business-type activities increased \$157,485.
2. The General Fund balance of \$1,337,555 decreased \$1,037,063, or 43.67%, from the previous year's balance of \$2,374,618. This was a result of decreased revenues and increased expenditures for Security of Persons and Property: Fire.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

The City of Chillicothe maintains 25 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances, for the General Fund, Bus Transit Fund, and Street Construction Maintenance & Repair Fund, which are considered to be major funds. Data from the other 22 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

Government-Wide Financial Analysis

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

The City of Chillicothe as a Whole

The following two statements reflect the net assets of the City of Chillicothe as a whole and are divided into the following categories:

- assets
- liabilities
- net assets (assets minus liabilities)
- revenues
- expenses
- increase (decrease) in net assets

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Current and Other Assets	\$9,710,039	\$13,634,836	\$9,386,218	\$9,873,300	\$19,096,257	\$23,508,136
Capital Assets, Net	43,796,484	43,495,605	38,714,250	39,323,207	82,510,734	82,818,812
<i>Total Assets</i>	<u>53,506,523</u>	<u>57,130,441</u>	<u>48,100,468</u>	<u>49,196,507</u>	<u>101,606,991</u>	<u>106,326,948</u>
Liabilities						
Current and Other Liabilities	7,373,152	6,863,491	296,961	434,365	7,670,113	7,297,856
Long-Term Liabilities:						
Due within One Year	1,256,539	2,131,060	1,503,493	1,524,425	2,760,032	3,655,485
Due in More Than One Year	2,429,264	2,762,726	5,512,832	6,608,020	7,942,096	9,370,746
<i>Total Liabilities</i>	<u>11,058,955</u>	<u>11,757,277</u>	<u>7,313,286</u>	<u>8,566,810</u>	<u>18,372,241</u>	<u>20,324,087</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	40,021,089	39,109,104	32,510,938	32,021,986	72,532,027	71,131,090
Restricted for:						
Debt Service	14,099	13,507	1,627,337	1,694,714	1,641,436	1,708,221
Capital Projects	1,488,796	321,193	1,818,467	1,818,467	3,307,263	2,139,660
Other Purposes	2,142,130	5,239,587	0	0	2,142,130	5,239,587
Permanent Fund Purpose:						
Expendable	2,207	2,187	0	0	2,207	2,187
Nonexpendable	1,000	1,000	0	0	1,000	1,000
Unrestricted	(1,221,753)	686,586	4,830,440	5,094,530	3,608,687	5,781,116
Total Net Assets	<u>\$42,447,568</u>	<u>\$45,373,164</u>	<u>\$40,787,182</u>	<u>\$40,629,697</u>	<u>\$83,234,750</u>	<u>\$86,002,861</u>

Current and other assets of governmental activities decreased by \$3,924,797 or 28.79% due to decreases in equity in pooled cash and cash equivalents and intergovernmental receivables. Capital assets of the governmental activities increased due to current capital asset additions exceeding depreciation expenses. Total liabilities of the governmental activities decreased by \$698,322 or 5.94% due to a decrease in long-term liabilities.

Current and other assets of business-type activities decreased by \$487,082 or 4.93% due to a decrease in equity in pooled cash and cash equivalents and accounts receivable. Capital assets decreased by \$608,957 or 1.55% due to depreciation expense exceeding current capital asset additions.

City of Chillicothe, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Total liabilities of business-type activities decreased by \$1,253,524 or 14.63% due to principal retirement of debt. Investment in capital assets, net of related debt increased by \$488,952 or 1.53% due to principal retirement of debt.

The City of Chillicothe's total net assets decreased from \$86,002,861 at the beginning of 2010 to \$83,234,750 at the end of the year, a change of \$2,768,111 or 3.22%. This decrease is the result of a decrease in the net assets of the governmental activities of \$2,925,596 or 6.45% and an increase in the net assets of the business-type activities of \$157,485 or 0.39%.

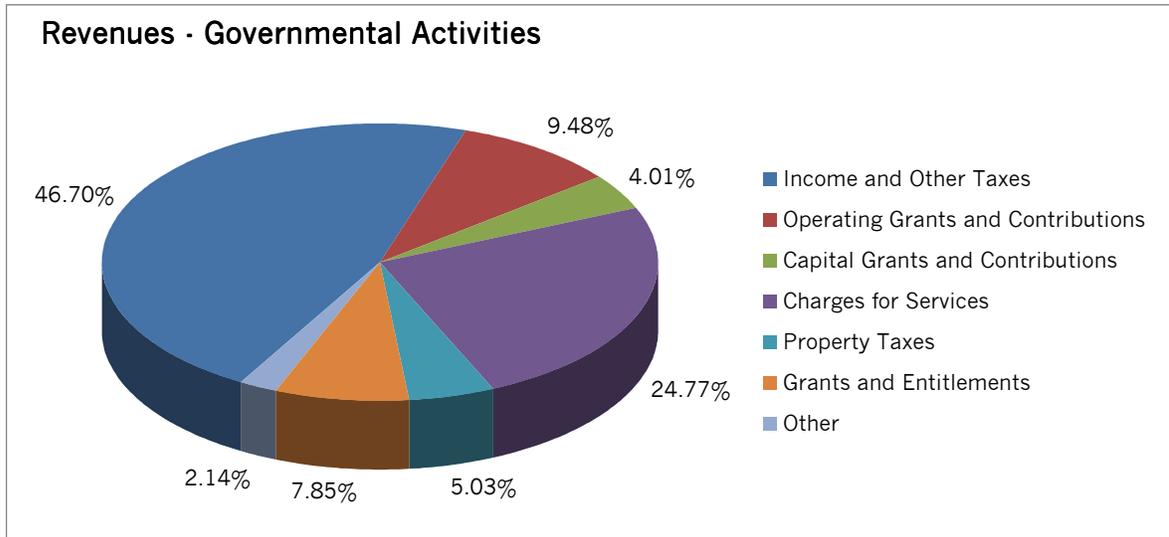
In order to further understand what makes up the changes in net assets for the current year, the following table gives readers further details regarding the results of activities for years 2010 and 2009.

Changes in Net Assets

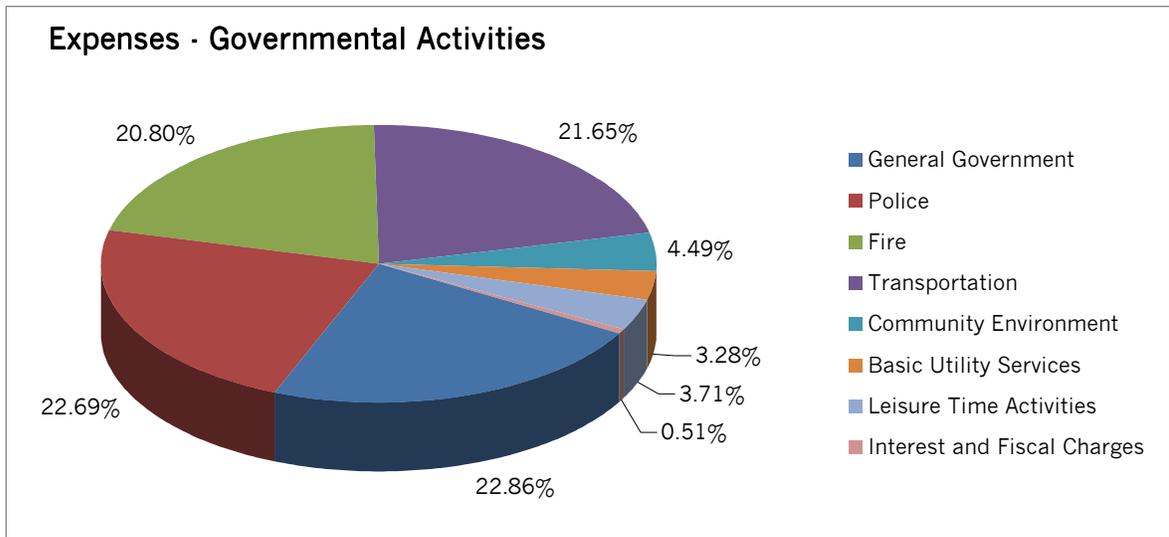
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues:						
Charges for Services	\$5,744,025	\$4,665,122	\$7,526,003	\$7,557,636	\$13,270,028	\$12,222,758
Operating Grants and Contributions	2,198,928	5,389,193	0	0	2,198,928	5,389,193
Capital Grants and Contributions	930,890	3,778,705	0	0	930,890	3,778,705
General Revenues:						
Property Taxes	1,167,527	1,157,487	0	0	1,167,527	1,157,487
Income and Other Taxes	10,829,679	10,824,780	0	0	10,829,679	10,824,780
Grants and Entitlements	1,820,969	2,098,454	0	0	1,820,969	2,098,454
Other	496,592	475,530	403,064	99,717	899,656	575,247
<i>Total Revenues</i>	<u>23,188,610</u>	<u>28,389,271</u>	<u>7,929,067</u>	<u>7,657,353</u>	<u>31,117,677</u>	<u>36,046,624</u>
Program Expenses						
General Government	5,967,188	5,856,422	0	0	5,967,188	5,856,422
<i>Security of Persons and Property:</i>						
Police	5,921,752	5,616,398	0	0	5,921,752	5,616,398
Fire	5,427,992	5,370,049	0	0	5,427,992	5,370,049
Transportation	5,650,615	7,341,642	0	0	5,650,615	7,341,642
Leisure Time Activities	969,074	520,058	0	0	969,074	520,058
Community Environment	1,172,801	1,685,430	0	0	1,172,801	1,685,430
Basic Utility Services	856,056	874,302	0	0	856,056	874,302
Interest and Fiscal Charges	132,305	136,428	0	0	132,305	136,428
Water and Sewer	0	0	7,788,005	7,648,327	7,788,005	7,648,327
<i>Total Expenses</i>	<u>26,097,783</u>	<u>27,400,729</u>	<u>7,788,005</u>	<u>7,648,327</u>	<u>33,885,788</u>	<u>35,049,056</u>
Increase (Decrease) in Net Assets Before Transfers	(2,909,173)	988,542	141,062	9,026	(2,768,111)	997,568
Net Transfers In (Out)	<u>(16,423)</u>	<u>(39,790)</u>	<u>16,423</u>	<u>39,790</u>	<u>0</u>	<u>0</u>
Increase (Decrease) in Net Assets	(2,925,596)	948,752	157,485	48,816	(2,768,111)	997,568
Net Assets at Beginning of Year	<u>45,373,164</u>	<u>44,424,412</u>	<u>40,629,697</u>	<u>40,580,881</u>	<u>86,002,861</u>	<u>85,005,293</u>
Net Assets at End of Year	<u>\$42,447,568</u>	<u>\$45,373,164</u>	<u>\$40,787,182</u>	<u>\$40,629,697</u>	<u>\$83,234,750</u>	<u>\$86,002,861</u>

Governmental Activities

Governmental activities decreased the City of Chillicothe's net assets by \$2,925,596. The primary reason for the decrease in net assets relates to a decrease in revenue from capital grants and contributions of \$2,847,815 and a decrease in revenue from operating grants and contributions of \$3,190,265.



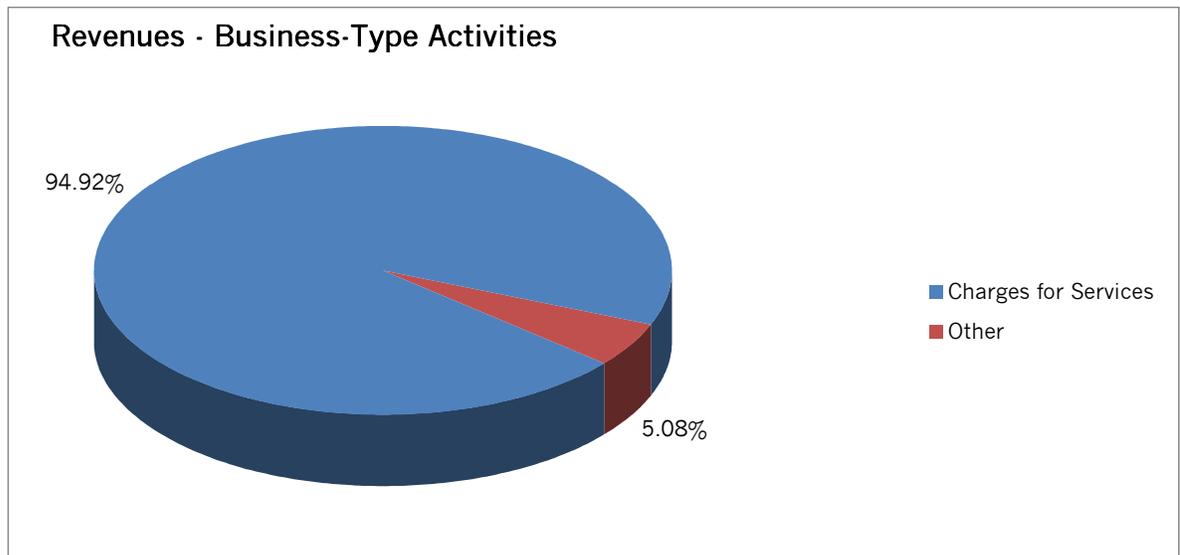
Of the \$23,188,610 in total revenues, income and other taxes account for 46.70%; charges for services of \$5,744,025 account for 24.77%; operating grants and contributions account for 9.48%; capital grants and contributions account for 4.01%; and unrestricted grants and entitlements, property taxes, and other revenue make up the remaining 15.02%. The income and other tax revenue for 2010 was \$10,829,679, which was an increase of \$4,899 or 0.05%.



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

Business-Type Activities

The business-type activities of the City of Chillicothe, which include its water and sewer operations, increased the net assets by \$157,485. The majority of the increase in net assets is the result of an increase in other revenue received by the Water Fund as reimbursements for prior years' expenses.



Financial Analysis of the City of Chillicothe's Funds

Governmental Funds

The focus of the City of Chillicothe's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year. These funds are accounted for by using the modified accrual basis of accounting. The General Fund is the chief operating fund of the City of Chillicothe. At the end of 2010, the total fund balance for the General Fund was \$1,337,555 of which \$1,194,568 was unreserved.

During the current year, the fund balance of the General Fund decreased by \$1,037,063. The decrease in the General Fund balance was the result of a decrease in intergovernmental revenue, fines, licenses & permits and transfers in, and an increase in expenditures for Security of Persons and Property: Police and Fire.

At the end of 2010, the Bus Transit Fund had a fund deficit of (\$963,678), which is a decrease of \$690,907. This was the result of a decrease in intergovernmental revenues, primarily stimulus money which was used to construct the new transit facility.

The Street Construction Maintenance & Repair Fund had a fund deficit of (\$672,531) at the end of 2010, which is a decrease of \$793,848. This was the result of the principal payment of bond anticipation notes.

Proprietary Funds

During the current year, the net assets of the City of Chillicothe's Water Fund increased by \$908,501 or 4.33%. The increase in the Water Fund net assets is due mostly to a decrease in other operating expenses which allowed revenues to continue to exceed expenses.

During the current year, the net assets of the Sewer Fund decreased by \$751,016 or 3.82%. The decrease in the Sewer Fund net assets is due mostly to an increase in expenditures for materials and supplies and contractual services.

General Fund Budgeting Highlights

The City of Chillicothe's budget is prepared according to Ohio law and is based on accounting for certain transactions on a budget basis of cash receipts (revenues), and disbursements and encumbrances (expenditures). The most significant budgeted fund is the General Fund. During 2010, the City of Chillicothe amended its General Fund budget on various occasions. All recommendations for budget changes come to the Finance Committee of City Council for review before going to the whole Council for an ordinance on the change. The City of Chillicothe does allow small budget changes that modify line items within departments within the same fund.

For the General Fund, the original budgeted revenues were \$16,705,538 and the final budgeted revenue amount was \$16,718,591.

The difference between the General Fund's final budget and actual revenues in the Local Taxes was \$80,953 or 0.82%. This was due to a decrease in the receipt of municipal income taxes.

The differences between the General Fund's original budget and final amended budget of expenditures amounted to a \$3,818,725 increase, which included \$2,200,000 for retirement of principal and \$1,042,195 additional appropriation in General Government.

The difference between the General Fund's final budget and actual for the General Government expenditures was \$1,547,660 or 21.67%. This decrease in actual expenditures was the result of decreases in personal services and contractual services.

Capital Assets and Debt Administration

**CAPITAL ASSETS AT DECEMBER 31
 (NET OF DEPRECIATION)**

	Governmental Activities		Business-Type Activities	
	2010	2009	2010	2009
Land	\$6,864,490	\$6,864,490	\$1,889,017	\$1,889,017
Construction in Progress	0	4,460,654	0	0
Land Improvements	3,354	44,586	0	0
Buildings, Structures and Improvements	11,007,641	7,344,247	1,961,157	2,056,766
Plant and Facilities	0	0	14,859,461	15,358,504
Furniture, Fixtures, & Equipment	2,433,805	1,791,532	577,702	508,765
Infrastructure	23,487,194	22,990,096	19,426,913	19,510,155
Total	\$43,796,484	\$43,495,605	\$38,714,250	\$39,323,207

Total capital assets for governmental activities of the City of Chillicothe for the year 2010 were \$43,796,484 or \$300,879 more than in 2009. This increase was mostly due to an increase in buildings, structures, and improvements.

The decrease in capital assets for business-type activities of \$608,957 was due primarily to the annual depreciation expense. Additional information concerning capital assets can be found in Note 7 of the notes to the basic financial statements.

As of December 31, 2010, the City of Chillicothe had \$11,235,450 in bonds, OPWC loan, and notes outstanding.

OUTSTANDING DEBT AT DECEMBER 31

	<u>2010</u>	<u>2009</u>
Governmental Activities		
General Obligation Bonds:		
Various Purpose	\$265,000	\$455,000
Police and Fire Pension	395,000	415,000
Street Improvement Note	900,000	1,000,000
Fire Truck Acquisition Note	0	200,000
Bus Garage Facility Note	1,400,000	1,400,000
Municipal Court Building Note	2,100,000	2,200,000
OPWC Loan	<u>50,450</u>	<u>63,063</u>
Total Governmental Activities	5,110,450	5,733,063
Business-Type Activities		
Water Revenue Bonds	4,615,000	5,665,000
Sewer General Obligation Bonds	<u>1,510,000</u>	<u>1,595,000</u>
Total Business-Type Activities	<u>6,125,000</u>	<u>7,260,000</u>
Total	<u><u>\$11,235,450</u></u>	<u><u>\$12,993,063</u></u>

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

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

There is \$4,615,000 in water revenue bonds.

The \$900,000 general obligation note is for street improvements.

The \$1,400,000 general obligation note is for the new bus transit facility.

The \$2,100,000 general obligation note is for the new Municipal Court building.

The \$50,450 OPWC loan was for street improvements.

Additional information concerning the City of Chillicothe's debt can be found in Note 8 and Note 9 of the notes to the basic financial statements.

Current Known Facts and Conditions

Despite a slight increase, City income tax collections in 2010 continued to be below pre-2009 levels due to reductions in employment at Glatfelter, Kenworth, and Horizon Communications. However, there were strong indications of a recovery at year-end, as both Glatfelter and Kenworth announced their intention to hire additional workers.

Contacting the City's Financial Management

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

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City of Chillicothe, Ohio

Statement of Net Assets

December 31, 2010

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$4,371,875	\$4,717,211	\$9,089,086
Cash and Cash Equivalents in Segregated Accounts	32,559	0	32,559
Investments	1,000	0	1,000
Materials and Supplies Inventory	75,454	38,403	113,857
Accrued Interest Receivable	5,138	0	5,138
Accounts Receivable	161,061	1,083,322	1,244,383
Intergovernmental Receivable	2,296,496	0	2,296,496
Prepaid Items	150,330	49,748	200,078
Other Taxes Receivable	119,095	0	119,095
Income Taxes Receivable	1,241,798	0	1,241,798
Property Taxes Receivable	1,191,334	0	1,191,334
Special Assessments Receivable	63,899	9,234	73,133
<i>Restricted Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	0	1,818,467	1,818,467
Cash and Cash Equivalents with Fiscal Agents	0	1,627,337	1,627,337
Deferred Charges	0	42,496	42,496
Non-Depreciable Capital Assets	6,864,490	1,889,017	8,753,507
Depreciable Capital Assets, net	36,931,994	36,825,233	73,757,227
<i>Total Assets</i>	<u>53,506,523</u>	<u>48,100,468</u>	<u>101,606,991</u>
Liabilities:			
Accounts Payable	97,924	62,250	160,174
Accrued Wages and Benefits	420,150	84,082	504,232
Contracts Payable	157,810	17,675	175,485
Intergovernmental Payable	1,054,520	112,551	1,167,071
Matured Compensated Absences	66,121	0	66,121
Accrued Interest Payable	22,162	20,403	42,565
Deferred Revenue	1,154,465	0	1,154,465
Notes Payable	4,400,000	0	4,400,000
<i>Long-Term Liabilities:</i>			
Due Within One Year	1,256,539	1,503,493	2,760,032
Due in More Than One Year	2,429,264	5,512,832	7,942,096
<i>Total Liabilities</i>	<u>11,058,955</u>	<u>7,313,286</u>	<u>18,372,241</u>
Net Assets:			
Investments in Capital Assets, Net of Related Debt	40,021,089	32,510,938	72,532,027
<i>Restricted for:</i>			
Debt Service	14,099	1,627,337	1,641,436
Capital Outlay	1,488,796	1,818,467	3,307,263
Street Maintenance and Repair	326,271	0	326,271
Bus Transit	398,327	0	398,327
Housing and Urban Development	418,947	0	418,947
Other Purposes	998,585	0	998,585
<i>Permanent Fund Purpose:</i>			
Expendable	2,207	0	2,207
Nonexpendable	1,000	0	1,000
Unrestricted	(1,221,753)	4,830,440	3,608,687
<i>Total Net Assets</i>	<u>\$42,447,568</u>	<u>\$40,787,182</u>	<u>\$83,234,750</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio

Statement of Activities

For the Year Ended December 31, 2010

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$5,967,188	\$2,619,886	\$207,793	\$0
<i>Security of Persons and Property:</i>				
Police	5,921,752	57,760	151,421	0
Fire	5,427,992	1,138,072	146,250	0
Transportation	5,650,615	848,534	1,555,346	794,490
Leisure Time Services	969,074	90,134	6,407	136,400
Community Environment	1,172,801	0	131,711	0
Basic Utility Services	856,056	989,639	0	0
Interest and Fiscal Charges	132,305	0	0	0
<i>Total Governmental Activities</i>	<u>26,097,783</u>	<u>5,744,025</u>	<u>2,198,928</u>	<u>930,890</u>
Business-Type Activities:				
Sewer	3,887,721	3,086,853	0	0
Water	3,900,284	4,439,150	0	0
<i>Total Business-Type Activities</i>	<u>7,788,005</u>	<u>7,526,003</u>	<u>0</u>	<u>0</u>
<i>Totals</i>	<u>\$33,885,788</u>	<u>\$13,270,028</u>	<u>\$2,198,928</u>	<u>\$930,890</u>

General Revenues

Property Taxes Levied for:

General Purposes

Police and Fire Pension

Municipal Income Taxes Levied for:

General Purposes

Transportation

Capital Outlay

Other Taxes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Gain on Sale of Capital Assets

Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(3,139,509)	\$0	(\$3,139,509)
(5,712,571)	0	(5,712,571)
(4,143,670)	0	(4,143,670)
(2,452,245)	0	(2,452,245)
(736,133)	0	(736,133)
(1,041,090)	0	(1,041,090)
133,583	0	133,583
(132,305)	0	(132,305)
(17,223,940)	0	(17,223,940)
0	(800,868)	(800,868)
0	538,866	538,866
0	(262,002)	(262,002)
(17,223,940)	(262,002)	(17,485,942)
941,165	0	941,165
226,362	0	226,362
9,109,304	0	9,109,304
662,443	0	662,443
827,341	0	827,341
230,591	0	230,591
1,820,969	0	1,820,969
55,348	0	55,348
387	0	387
440,857	403,064	843,921
14,314,767	403,064	14,717,831
(16,423)	16,423	0
14,298,344	419,487	14,717,831
(2,925,596)	157,485	(2,768,111)
45,373,164	40,629,697	86,002,861
<u>\$42,447,568</u>	<u>\$40,787,182</u>	<u>83,234,750</u>

City of Chillicothe, Ohio

Balance Sheet
Governmental Funds

December 31, 2010

	General	Bus Transit	Street Construction Maintenance & Repair Fund	All Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$2,683,269	\$175,876	\$138,443	\$1,374,287	\$4,371,875
Cash and Cash Equivalents in Segregated Accounts	0	27,268	0	5,291	32,559
Investments in City Treasury	0	0	0	1,000	1,000
Accrued Interest Receivable	5,138	0	0	0	5,138
Accounts Receivable	159,640	1,158	0	263	161,061
Interfund Receivable	54,165	0	0	0	54,165
Intergovernmental Receivable	864,787	470,075	467,362	494,272	2,296,496
Income Taxes Receivable	1,008,960	77,613	0	155,225	1,241,798
Property Taxes Receivable	961,358	0	0	229,976	1,191,334
Other Taxes Receivable	119,095	0	0	0	119,095
Special Assessments Receivable	63,899	0	0	0	63,899
Materials and Supplies Inventory	53,538	10,814	11,102	0	75,454
Prepaid Items	117,728	12,821	41	19,740	150,330
<i>Total Assets</i>	<u>\$6,091,577</u>	<u>\$775,625</u>	<u>\$616,948</u>	<u>\$2,280,054</u>	<u>\$9,764,204</u>
Liabilities:					
Accounts Payable	\$76,958	\$13,773	\$0	\$7,193	\$97,924
Accrued Wages and Benefits	349,511	39,066	20,454	11,119	420,150
Contracts Payable	15,773	124,195	17,842	0	157,810
Intergovernmental Payable	657,963	54,991	30,397	311,169	1,054,520
Matured Compensated Absences	59,839	6,282	0	0	66,121
Accrued Interest Payable	1,123	9,281	9,211	0	19,615
Interfund Payable	0	18,055	0	36,110	54,165
Deferred Revenue	1,492,855	73,660	311,575	670,152	2,548,242
Notes Payable	2,100,000	1,400,000	900,000	0	4,400,000
<i>Total Liabilities</i>	<u>4,754,022</u>	<u>1,739,303</u>	<u>1,289,479</u>	<u>1,035,743</u>	<u>8,818,547</u>
Fund Balances:					
Reserved for Encumbrances	25,259	113,088	664	44,972	183,983
Reserved for Prepaid Items	117,728	12,821	41	19,740	150,330
Reserved for Endowments	0	0	0	1,000	1,000
<i>Unreserved, Undesignated, Reported in:</i>					
General Fund	1,194,568	0	0	0	1,194,568
Special Revenue Funds	0	(1,089,587)	(673,236)	737,121	(1,025,702)
Debt Service Funds	0	0	0	16,646	16,646
Capital Projects Funds	0	0	0	422,625	422,625
Permanent Funds	0	0	0	2,207	2,207
<i>Total Fund Balances</i>	<u>1,337,555</u>	<u>(963,678)</u>	<u>(672,531)</u>	<u>1,244,311</u>	<u>945,657</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$6,091,577</u>	<u>\$775,625</u>	<u>\$616,948</u>	<u>\$2,280,054</u>	<u>\$9,764,204</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio		
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities		
December 31, 2010		
Total Governmental Fund Balances		\$945,657
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		43,796,484
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:		
Property and Other Taxes	56,953	
Intergovernmental	1,293,009	
Special Assessments	<u>43,815</u>	
Total		1,393,777
Some interest is not due and payable in the current period and therefore is not reported in the funds.		(2,547)
Some liabilities, including the bonds and loan payable, are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(265,000)	
Police & Fire Pension Bonds	(395,000)	
OPWC Loan Payable	(50,450)	
Premium on Bonds Issued	(2,081)	
Capital Leases Payable	(107,864)	
Landfill Postclosure Costs	(511,381)	
Compensated Absences Payable	<u>(2,354,027)</u>	
Total		<u>(3,685,803)</u>
Net Assets of Governmental Activities		<u><u>\$42,447,568</u></u>
See accompanying notes to the basic financial statements		

City of Chillicothe, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

For the Year Ended December 31, 2010

	General	Bus Transit	Street Construction Maintenance & Repair Fund	All Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$937,381	\$0	\$0	\$225,468	\$1,162,849
Income Taxes	8,611,759	662,443	0	1,324,886	10,599,088
Other Local Taxes	230,591	0	0	0	230,591
Charges for Services	3,219,514	820,297	0	41,439	4,081,250
Fines, Licenses, and Permits	1,505,729	0	0	91,513	1,597,242
Intergovernmental	1,871,482	2,244,669	963,259	1,426,816	6,506,226
Special Assessments	50,186	0	0	0	50,186
Interest	55,310	0	0	38	55,348
Other	271,972	51,349	11,682	151,012	486,015
<i>Total Revenues</i>	<u>16,753,924</u>	<u>3,778,758</u>	<u>974,941</u>	<u>3,261,172</u>	<u>24,768,795</u>
Expenditures:					
<i>Current:</i>					
General Government	5,562,639	0	0	288,100	5,850,739
<i>Security of Persons and Property:</i>					
Police	5,032,086	0	0	585,164	5,617,250
Fire	4,401,302	0	0	650,457	5,051,759
Transportation	270,248	4,427,600	1,205,464	186,858	6,090,170
Leisure Time Services	101,988	0	0	681,091	783,079
Community Environment	119	0	0	859,664	859,783
Basic Utility Services	843,424	0	0	0	843,424
Capital Outlay	568	0	0	1,276,520	1,277,088
<i>Debt Service:</i>					
Principal Retirements	37,525	1,824	912,613	212,242	1,164,204
Interest and Fiscal Charges	37,150	30,409	25,712	41,652	134,923
<i>Total Expenditures</i>	<u>16,287,049</u>	<u>4,459,833</u>	<u>2,143,789</u>	<u>4,781,748</u>	<u>27,672,419</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>466,875</u>	<u>(681,075)</u>	<u>(1,168,848)</u>	<u>(1,520,576)</u>	<u>(2,903,624)</u>
Other Financing Sources and Uses:					
Proceeds from Sale of Capital Assets	5,639	16,850	0	850	23,339
Inception of Capital Lease	42,285	0	0	0	42,285
Transfers In	613,342	0	375,000	1,896,242	2,884,584
Transfers Out	(2,165,204)	(26,682)	0	(709,121)	(2,901,007)
<i>Total Other Financing Sources and Uses</i>	<u>(1,503,938)</u>	<u>(9,832)</u>	<u>375,000</u>	<u>1,187,971</u>	<u>49,201</u>
<i>Net Change in Fund Balance</i>	<u>(1,037,063)</u>	<u>(690,907)</u>	<u>(793,848)</u>	<u>(332,605)</u>	<u>(2,854,423)</u>
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>2,374,618</u>	<u>(272,771)</u>	<u>121,317</u>	<u>1,576,916</u>	<u>3,800,080</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$1,337,555</u>	<u>(\$963,678)</u>	<u>(\$672,531)</u>	<u>\$1,244,311</u>	<u>\$945,657</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2010

Net Change in Fund Balances - Total Governmental Funds (\$2,854,423)

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

Governmental funds report capital outlays as expenditures.

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

Capital Asset Additions	3,190,644	
Current Year Depreciation	(2,866,813)	
Total		323,831

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

(22,952)

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

Delinquent Property Taxes	4,678	
Delinquent Special Assessments	15,347	
Intergovernmental	(1,600,597)	
Total		(1,580,572)

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

Principal Retirement	1,164,204	
Capital Leases Traded-In	7,106	
Total		1,171,310

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

537

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

(42,285)

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

53,170

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

Compensated Absences	23,707	
Premium on Bonds Issued	2,081	
Total		25,788

Change in Net Assets - Governmental Activities

(\$2,925,596)

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio

Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Budget Basis)
General Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Local Taxes	\$9,576,599	\$9,862,982	\$9,782,029	(\$80,953)
Charges for Services	3,717,961	3,112,270	3,245,446	133,176
Fines, Licenses, and Permits	1,517,700	1,525,959	1,536,624	10,665
Intergovernmental	1,455,458	1,769,377	1,741,201	(28,176)
Special Assessments	15,000	55,000	50,186	(4,814)
Investment Earnings	185,000	71,000	59,328	(11,672)
Other	237,820	322,003	307,009	(14,994)
<i>Total Revenues</i>	<u>16,705,538</u>	<u>16,718,591</u>	<u>16,721,823</u>	<u>3,232</u>
Expenditures:				
Current:				
General Government	6,098,122	7,140,317	5,592,657	1,547,660
Security of Persons and Property				
Police	4,805,654	4,948,288	4,907,239	41,049
Fire	4,180,995	4,313,548	4,280,035	33,513
Transportation	117,500	289,815	270,248	19,567
Community Environment	1,100	945	119	826
Basic Utility Services	832,875	963,795	854,259	109,536
Leisure Time Activities	117,028	115,291	100,391	14,900
Debt Service:				
Principal Retirement	0	2,200,000	2,200,000	0
Interest and Fiscal Charges	27,500	27,500	27,500	0
<i>Total Expenditures</i>	<u>16,180,774</u>	<u>19,999,499</u>	<u>18,232,448</u>	<u>1,767,051</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	524,764	(3,280,908)	(1,510,625)	1,770,283
Other Financing Sources and Uses:				
Proceeds From Sale of Capital Assets	0	5,600	5,639	39
Issuance of Notes	0	2,100,000	2,100,000	0
Transfers In	701,750	566,421	613,342	46,921
Transfers Out	(2,570,400)	(2,165,210)	(2,165,204)	6
<i>Total Other Sources and Uses</i>	<u>(1,868,650)</u>	<u>506,811</u>	<u>553,777</u>	<u>46,966</u>
<i>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</i>	(1,343,886)	(2,774,097)	(956,848)	1,817,249
<i>Fund Balances at Beginning of Year</i>	3,502,831	3,502,831	3,502,831	0
<i>Prior Year Encumbrances Appropriated</i>	<u>22,652</u>	<u>22,652</u>	<u>22,652</u>	<u>0</u>
<i>Fund Balances at End of Year</i>	<u>\$2,181,597</u>	<u>\$751,386</u>	<u>\$2,568,635</u>	<u>\$1,817,249</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Bus Transit Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Local Taxes	\$630,000	\$672,317	\$666,816	(\$5,501)
Charges for Services	97,000	97,000	82,878	(14,122)
Intergovernmental	3,881,921	3,781,921	3,133,611	(648,310)
Other	44,760	44,760	50,191	5,431
<i>Total Revenues</i>	<u>4,653,681</u>	<u>4,595,998</u>	<u>3,933,496</u>	<u>(662,502)</u>
Expenditures:				
Current:				
Transportation	4,747,446	6,480,791	5,857,316	623,475
<i>Total Expenditures</i>	<u>4,747,446</u>	<u>6,480,791</u>	<u>5,857,316</u>	<u>623,475</u>
<i>Excess of Revenues (Under) Expenditures</i>	(93,765)	(1,884,793)	(1,923,820)	(39,027)
Other Financing Sources and Uses:				
Issuance of Notes	0	1,400,000	1,400,000	0
Proceeds From Sale of Capital Assets	0	0	16,850	16,850
Transfers Out	(29,500)	(26,701)	(26,682)	19
<i>Total Other Sources and Uses</i>	<u>(29,500)</u>	<u>1,373,299</u>	<u>1,390,168</u>	<u>16,869</u>
<i>Excess of Revenues and Other Sources (Under) Expenditures and Other Uses</i>	(123,265)	(511,494)	(533,652)	(22,158)
<i>Fund Balances at Beginning of Year</i>	382,658	382,658	382,658	0
<i>Prior Year Encumbrances Appropriated</i>	211,336	211,336	211,336	0
<i>Fund Balances at End of Year</i>	<u>\$470,729</u>	<u>\$82,500</u>	<u>\$60,342</u>	<u>(\$22,158)</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Street Construction Maintenance & Repair Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$938,000	\$958,000	\$963,832	\$5,832
Other	8,800	8,800	11,682	2,882
<i>Total Revenues</i>	<u>946,800</u>	<u>966,800</u>	<u>975,514</u>	<u>8,714</u>
Expenditures:				
Current:				
Transportation	1,430,913	2,386,448	2,259,439	127,009
<i>Total Expenditures</i>	<u>1,430,913</u>	<u>2,386,448</u>	<u>2,259,439</u>	<u>127,009</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(484,113)	(1,419,648)	(1,283,925)	135,723
Other Financing Sources:				
Issuance of Notes	0	900,000	900,000	0
Transfers In	500,000	375,000	375,000	0
<i>Total Other Financing Sources</i>	<u>500,000</u>	<u>1,275,000</u>	<u>1,275,000</u>	<u>0</u>
<i>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</i>	15,887	(144,648)	(8,925)	135,723
<i>Fund Balances at Beginning of Year</i>	114,464	114,464	114,464	0
<i>Prior Year Encumbrances Appropriated</i>	<u>32,240</u>	<u>32,240</u>	<u>32,240</u>	<u>0</u>
<i>Fund Balances at End of Year</i>	<u><u>\$162,591</u></u>	<u><u>\$2,056</u></u>	<u><u>\$137,779</u></u>	<u><u>\$135,723</u></u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio

Statement of Fund Net Assets
Proprietary Funds

December 31, 2010

	Enterprise Funds		Total
	Water	Sewer	
Assets:			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$1,813,459	\$2,903,752	\$4,717,211
Accounts Receivable	619,518	463,804	1,083,322
Special Assessments Receivable	7,116	2,118	9,234
Materials and Supplies Inventory	33,109	5,294	38,403
Prepaid Items	30,493	19,255	49,748
<i>Total Current Assets</i>	<u>2,503,695</u>	<u>3,394,223</u>	<u>5,897,918</u>
<i>Noncurrent Assets:</i>			
<i>Restricted Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	1,200,000	618,467	1,818,467
Cash and Cash Equivalents with Fiscal Agents	1,627,337	0	1,627,337
Deferred Charges	42,496	0	42,496
Non-Depreciable Capital Assets	1,412,520	476,497	1,889,017
Depreciable Capital Assets, Net	20,333,188	16,492,045	36,825,233
<i>Total Noncurrent Assets</i>	<u>24,615,541</u>	<u>17,587,009</u>	<u>42,202,550</u>
<i>Total Assets</i>	<u>27,119,236</u>	<u>20,981,232</u>	<u>48,100,468</u>
Liabilities:			
<i>Current:</i>			
Accounts Payable	28,814	33,436	62,250
Accrued Wages and Benefits	41,960	42,122	84,082
Contracts Payable	15,242	2,433	17,675
Intergovernmental Payable	61,309	51,242	112,551
Accrued Interest Payable	15,663	4,740	20,403
Compensated Absences Payable	136,729	176,094	312,823
General Obligation Bonds Payable	0	95,000	95,000
Capital Leases Payable	670	0	670
Revenue Bonds Payable	1,095,000	0	1,095,000
<i>Total Current Liabilities</i>	<u>1,395,387</u>	<u>405,067</u>	<u>1,800,454</u>
<i>Noncurrent Liabilities:</i>			
Compensated Absences Payable	226,574	273,616	500,190
General Obligation Bonds Payable	0	1,415,000	1,415,000
Revenue Bonds Payable	3,597,642	0	3,597,642
<i>Total Noncurrent Liabilities</i>	<u>3,824,216</u>	<u>1,688,616</u>	<u>5,512,832</u>
<i>Total Liabilities</i>	<u>5,219,603</u>	<u>2,093,683</u>	<u>7,313,286</u>
Investments in Capital Assets, Net of Related Debt	17,052,396	15,458,542	32,510,938
Restricted for Debt Service	1,627,337	0	1,627,337
Restricted for Capital Outlay	1,200,000	618,467	1,818,467
Unrestricted	2,019,900	2,810,540	4,830,440
<i>Total Net Assets</i>	<u>\$21,899,633</u>	<u>\$18,887,549</u>	<u>\$40,787,182</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio

Statement of Revenues, Expenses and
Changes in Fund Net Assets
Proprietary Funds

For the Year Ended December 31, 2010

	Enterprise Funds		Total
	Water	Sewer	
Operating Revenues:			
Charges for Services	\$4,439,150	\$3,086,853	\$7,526,003
Other	376,396	26,668	403,064
<i>Total Operating Revenues</i>	<u>4,815,546</u>	<u>3,113,521</u>	<u>7,929,067</u>
Operating Expenses:			
Personal Services	1,181,060	1,082,521	2,263,581
Fringe Benefits	686,991	610,156	1,297,147
Travel	823	75	898
Contractual Services	109,352	116,117	225,469
Materials and Supplies	783,203	752,622	1,535,825
Depreciation	743,260	655,443	1,398,703
Other	101,661	604,090	705,751
<i>Total Operating Expenses</i>	<u>3,606,350</u>	<u>3,821,024</u>	<u>7,427,374</u>
<i>Operating Income (Loss)</i>	<u>1,209,196</u>	<u>(707,503)</u>	<u>501,693</u>
Non-Operating Revenues (Expenses):			
Interest and Fiscal Charges	(197,149)	(57,988)	(255,137)
Loss on Disposal of Capital Assets	(73,993)	(8,709)	(82,702)
Bond Issuance Costs	(22,792)	0	(22,792)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(293,934)</u>	<u>(66,697)</u>	<u>(360,631)</u>
<i>Income (Loss) Before Contributions and Transfers</i>	<u>915,262</u>	<u>(774,200)</u>	<u>141,062</u>
Transfers In	0	30,000	30,000
Transfers Out	(6,761)	(6,816)	(13,577)
<i>Change in Net Assets</i>	<u>908,501</u>	<u>(751,016)</u>	<u>157,485</u>
<i>Net Assets at Beginning of Year</i>	<u>20,991,132</u>	<u>19,638,565</u>	<u>40,629,697</u>
<i>Net Assets at End of Year</i>	<u><u>\$21,899,633</u></u>	<u><u>\$18,887,549</u></u>	<u><u>\$40,787,182</u></u>

See accompanying notes to the basic financial statements

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City of Chillicothe, Ohio

Statement of Cash Flows
Proprietary Funds

For the Year Ended December 31, 2010

	Enterprise Funds		Total
	Water	Sewer	
Cash Flows from (Used by) Operating Activities:			
Cash Received from Customers	\$4,505,439	\$3,170,773	\$7,676,212
Cash Received from Other Receipts	376,058	26,351	402,409
Cash Payments to Employees	(1,831,894)	(1,667,369)	(3,499,263)
Cash Payments for Contractual Services	(137,327)	(105,913)	(243,240)
Cash Payments for Supplies and Materials	(737,608)	(719,225)	(1,456,833)
Cash Payments for Other Expenses	(285,323)	(613,342)	(898,665)
<i>Net Cash Provided by Operating Activities</i>	<u>1,889,345</u>	<u>91,275</u>	<u>1,980,620</u>
Cash Flows from (Used by) Non-Capital Financing Activities:			
Transfers In from Other Funds	0	30,000	30,000
Transfers Out to Other Funds	(6,761)	(6,816)	(13,577)
<i>Net Cash Provided by Non-Capital Financing Activities</i>	<u>(6,761)</u>	<u>23,184</u>	<u>16,423</u>
Cash Flows from (Used by) Capital and Related Financing Activities:			
Interest Paid on Bonds and Capital Leases	(226,597)	(58,190)	(284,787)
Principal Paid on Bonds and Capital Leases	(1,052,316)	(85,000)	(1,137,316)
Cash Paid to Acquire/Construct Capital Assets	(548,977)	(326,641)	(875,618)
Cash Received from Sale of Assets	3,170	0	3,170
<i>Net Cash Used by Capital and Related Financing</i>	<u>(1,824,720)</u>	<u>(469,831)</u>	<u>(2,294,551)</u>
<i>Net Increase (Decrease) In Cash and Cash Equivalents</i>	57,864	(355,372)	(297,508)
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>4,582,932</u>	<u>3,877,591</u>	<u>8,460,523</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$4,640,796</u>	<u>\$3,522,219</u>	<u>\$8,163,015</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio

Statement of Cash Flows
Proprietary Funds

For the Year Ended December 31, 2010

	Enterprise Funds		Total
	Water	Sewer	
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$1,209,196	(\$707,503)	\$501,693
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	743,260	655,443	1,398,703
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	66,092	83,920	150,012
(Increase) Decrease in Special Assessments Receivable	(141)	(317)	(458)
(Increase) Decrease in Material & Supply Inventory	12,811	(1,785)	11,026
(Increase) Decrease in Prepaid Items	(3,153)	10,109	6,956
Increase (Decrease) in Accounts Payable	(166,265)	24,051	(142,214)
Increase (Decrease) in Contracts Payable	(9,010)	2,433	(6,577)
Increase (Decrease) in Accrued Wages Payable	10,508	3,910	14,418
Increase (Decrease) in Compensated Absences Payable	19,165	27,912	47,077
Increase (Decrease) in Interfund Payable	(370)	(384)	(754)
Increase (Decrease) in Intergovernmental Payable	7,252	(6,514)	738
Net Cash Provided by Operating Activities	<u>\$1,889,345</u>	<u>\$91,275</u>	<u>\$1,980,620</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio

Statement of Fiduciary Net Assets

Fiduciary Funds

December 31, 2010

	Private Purpose Trust Fund	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Current Assets:		
Equity in Pooled Cash & Cash Equivalents	\$48,891	\$30,413
Cash and Cash Equivalents in Segregated Accounts	0	197,582
	<u> </u>	<u> </u>
<i>Total Assets</i>	48,891	227,995
	<u> </u>	<u> </u>
Liabilities:		
Current Liabilities:		
Intergovernmental Payable	0	54,047
Undistributed Monies	0	143,535
Deposits Held and Due to Others	0	30,413
	<u> </u>	<u> </u>
<i>Total Liabilities</i>	0	\$227,995
	<u> </u>	<u> </u>
Net Assets:		
Held in Trust for Cemetery Maintenance	\$48,891	
	<u> </u>	

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio

Statement of Changes in Fiduciary Net Assets
Fiduciary Fund

For the Year Ended December 31, 2010

	Private Purpose Trust Fund
Additions:	
Unclaimed Monies Received	\$16,033
<i>Total Additions</i>	<u>16,033</u>
Deductions:	
Monies Claimed	330
Amounts Paid to Funds - Expired Claims	5,186
<i>Total Deductions</i>	<u>5,516</u>
<i>Change in Net Assets</i>	10,517
<i>Net Assets at Beginning of Year</i>	<u>38,374</u>
<i>Net Assets at End of Year</i>	<u><u>\$48,891</u></u>

See accompanying notes to the basic financial statements

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CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 - DESCRIPTION OF THE CITY OF CHILLICOTHE

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

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated on the statement of net activities. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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

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

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

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

Proprietary Funds

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

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net 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. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City's trust fund is a private-purpose trust fund established to account for assets (escheat property) held for individuals as unclaimed funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for assets that are held pending determination of their disposition and the City's Municipal Court balances.

Measurement Focus

Government-Wide Financial Statements

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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.

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

The private-purpose trust fund is reported using the economic resources measurement focus.

Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include municipal income taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from municipal income taxes is recognized in the period in which the income is earned (See Note 14).

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 13). Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

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

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

Unearned/Deferred Revenue

Unearned/deferred 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 December 31, 2010, but which were levied to finance year 2011 operations, have been recorded as unearned/deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenditures/Expenses

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

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

Budgetary Accounting and Control

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

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

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

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

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

Cash and Cash Equivalents

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

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

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

Following the local ordinance of the City as well as Ohio statutes, the City has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during 2010 amounted to \$55,310, which includes \$42,828 assigned from other City funds.

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

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

CITY OF CHILLICOTHE, OHIO
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Inventory

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

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

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2010 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

Restricted Assets

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

Capital Assets

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

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

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

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

Compensated Absences

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

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

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

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

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

Accrued Liabilities and Long-Term Obligations

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

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

CITY OF CHILLICOTHE, OHIO
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FOR THE YEAR ENDED DECEMBER 31, 2010

Fund Balance Reserves

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure.

As a result, encumbrances, prepaids, and principal portion of the permanent fund are recorded as a reservation of fund balance.

Net Assets

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

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

Operating Revenues and Expenses

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

Interfund Transactions

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

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

Interfund Balances

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

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Extraordinary and Special Items

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

Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2010.

Estimates

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

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

CITY OF CHILLICOTHE, OHIO
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**Net Change in Fund Balance/Excess of Revenue and Other Sources
 Over (Under) Expenditures and Other Uses**

	<u>General Fund</u>	<u>Bus Transit Fund</u>	<u>Street Construction Maintenance & Repair Fund</u>
GAAP Basis	\$(1,037,063)	\$(690,907)	\$(793,848)
Adjustments:			
Net Adjustment for Revenue Accruals	(32,101)	154,378	573
Net Adjustment for Expenditure Accruals	(1,920,140)	(1,284,395)	(114,986)
Encumbrances	(25,259)	(113,088)	(664)
Net Adjustment for Other Sources (Uses)	<u>2,057,715</u>	<u>1,400,000</u>	<u>900,000</u>
Budget Basis	<u>\$(956,848)</u>	<u>\$(533,652)</u>	<u>\$(8,925)</u>

NOTE 3A - ACCOUNTABILITY AND COMPLIANCE

Deficit Fund Balances

<u>Major Funds</u>	<u>Deficit</u>
Bus Transit	\$963,678
Street Construction Maintenance & Repair	672,531
 <u>Nonmajor Funds</u>	 <u>Deficit</u>
Police Pension	\$118,654
Fire Pension	152,600

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

NOTE 4 - NEW GASB PRONOUNCEMENTS

For fiscal year 2010, the City implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets," GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments," and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies." The implementation of GASB Statement No. 51, 53, and 58 had no effect on the disclosure requirements and there was no effect on the prior period fund balances of the City.

CITY OF CHILLICOTHE, OHIO
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NOTE 5 - CASH, DEPOSITS, AND INVESTMENTS

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

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

The amount available for deposit and investment are as follows:

Cash and Cash Equivalents	
-Pooled	\$10,986,857
-Segregated	230,141
-Fiscal & Escrow Agents	1,627,337
Investment (Carrying Amount)	1,000
Reconciling items (net) to arrive at bank balances for deposits	<u>143,205</u>
Total available for deposit and investment	<u><u>\$12,988,540</u></u>

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

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

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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.

At fiscal year end, the City had \$1,000 in undeposited cash on hand which is included on the financial statements as part of "Equity in Pooled Cash and Cash Equivalents."

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

At December 31, 2010, the carrying amount of all City deposits was \$11,216,998. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures," as of December 31, 2010, \$10,610,203 of the City's bank balance of \$11,360,203 was exposed to custodial risk as discussed above while \$750,000 was covered by Federal Deposit Insurance. Congress enacted temporary legislation to increase FDIC insurance coverage from \$100,000 to \$250,000 until December 31, 2013.

Investments: As of December 31, 2010, the City had the following investments and maturities:

Investment Type	Fair Value	One Year or Less
U.S. Treasury Bond	\$1,000	\$1,000
Money Market Mutual Fund	1,627,337	1,627,337
Totals:	<u>\$1,628,337</u>	<u>\$1,628,337</u>

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

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City limits its investments to those authorized by state statute. Standard and Poor's and Moody's has assigned the U.S. Treasury Bond an "AAA" rating. Moody's has assigned the Fifth Third U.S. Treasury Mutual Fund an "AAA" rating.

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

CITY OF CHILLICOTHE, OHIO
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NOTE 6 - RECEIVABLES

Receivables at December 31, 2010 consisted of property taxes, municipal income taxes, accounts (billings for user charged services) and intergovernmental grants. All receivables are considered fully collectible. A summary of the principal items of intergovernmental receivables follows:

Governmental Activities

General Fund:

Local Government Distributions	\$682,470
State Property Tax Reimbursements	58,739
Estate Taxes and Other Revenues	<u>123,578</u>
Total General Fund	864,787
Bus Transportation Grants	470,075
Street Construction Maintenance & Repair Distributions	467,362
<i>Nonmajor Special Revenue Funds:</i>	
State Highway Distributions	37,894
Housing and Urban Development Grants	363,199
Grants	74,010
Indigent Drivers Alcohol Treatment Grant	5,171
Police & Fire Pension State Property Tax Reimbursements	<u>13,998</u>
Total Nonmajor Special Revenue Funds	<u>494,272</u>
Total Intergovernmental Receivables	<u><u>\$2,296,496</u></u>

NOTE 7 - CAPITAL ASSETS

The following table provides a summary of the changes in capital assets during 2010 for the governmental activities:

	Balance 1/1/2010	Additions	Deletions	Balance 12/31/2010
Governmental Activities:				
Nondepreciable Capital Assets				
Land	\$6,864,490	\$0	\$0	\$6,864,490
Construction in Progress	4,460,654	0	(4,460,654)	0
Total Nondepreciable Capital Assets	<u>11,325,144</u>	<u>0</u>	<u>(4,460,654)</u>	<u>6,864,490</u>
Depreciable Capital Assets				
Land Improvements	4,827,698	0	0	4,827,698
Buildings, Structures, & Improvements	14,866,002	3,991,134	(1,350)	18,855,786
Furniture, Fixtures, Equipment, & Vehicles	10,142,625	1,622,956	(714,947)	11,050,634
Infrastructure	55,510,230	2,037,208	0	57,547,438
Total Depreciable Capital Assets	<u>85,346,555</u>	<u>7,651,298</u>	<u>(716,297)</u>	<u>92,281,556</u>

CITY OF CHILLICOTHE, OHIO
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Less Accumulated Depreciation:				
Land Improvements	(4,783,112)	(41,232)	0	(4,824,344)
Buildings, Structures, & Improvements	(7,521,755)	(327,605)	1,215	(7,848,145)
Furniture, Fixtures, Equipment, & Vehicles	(8,351,093)	(957,866)	692,130	(8,616,829)
Infrastructure	<u>(32,520,134)</u>	<u>(1,540,110)</u>	<u>0</u>	<u>(34,060,244)</u>
Total Accumulated Depreciation	<u>(53,176,094)</u>	<u>(2,866,813)</u>	<u>693,345</u>	<u>(55,349,562)</u>
Total Capital Assets Being Depreciated, Net	<u>32,170,461</u>	<u>4,784,485</u>	<u>(22,952)</u>	<u>36,931,994</u>
Governmental Activities Capital Assets, Net	<u>\$43,495,605</u>	<u>\$4,784,485</u>	<u>\$(4,483,606)</u>	<u>\$43,796,484</u>

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

Governmental Activities	
General Government	\$167,828
<i>Security of Persons and Property:</i>	
Police	183,793
Fire	474,667
Transportation	1,613,132
Community Environment	314,432
Leisure Time Activities	<u>112,961</u>
Governmental Activities Depreciation Expense	<u><u>\$2,866,813</u></u>

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

	Balance 1/1/2010	Additions	Deletions	Balance 12/31/2010
Business-Type Activities:				
Nondepreciable Capital Assets				
Land	<u>\$1,889,017</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,889,017</u>
Total Nondepreciable Capital Assets	<u>1,889,017</u>	<u>0</u>	<u>0</u>	<u>1,889,017</u>
Depreciable Capital Assets				
Land Improvements	272,721	0	0	272,721
Buildings, Structures, & Improvements	3,850,029	13,371	0	3,863,400
Plant & Facilities	25,072,722	0	0	25,072,722
Furniture, Fixtures, Equipment, & Vehicles	2,767,245	276,805	(63,216)	2,980,834
Infrastructure	<u>28,909,342</u>	<u>585,442</u>	<u>(142,113)</u>	<u>29,352,671</u>
Total Depreciable Capital Assets	<u>60,872,059</u>	<u>875,618</u>	<u>(205,329)</u>	<u>61,542,348</u>

CITY OF CHILLICOTHE, OHIO
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Less Accumulated Depreciation:

Land Improvements	(272,721)	0	0	(272,721)
Buildings, Structures, & Improvements	(1,793,263)	(108,980)	0	(1,902,243)
Plant & Facilities	(9,714,218)	(499,043)	0	(10,213,261)
Furniture, Fixtures, Equipment, & Vehicles	(2,258,480)	(206,745)	62,093	(2,403,132)
Infrastructure	(9,399,187)	(583,935)	57,364	(9,925,758)
Total Accumulated Depreciation	(23,437,869)	(1,398,703)	119,457	(24,717,115)
Total Capital Assets Being Depreciated, Net	37,434,190	(523,085)	(85,872)	36,825,233
Business-Type Activities Capital Assets, Net	\$39,323,207	\$(523,085)	\$(85,872)	\$38,714,250

NOTE 8 - NOTES PAYABLE

The City's note transactions for the year ended December 31, 2010, were as follows:

Purpose	Balance 1/1/2010	Additions	Deletions	Balance 12/31/2010
Governmental Activities:				
Bond Anticipation Notes Payable:				
Fire Truck Acquisition, 3.15%	200,000	0	200,000	0
Street Improvement, 3.00%	100,000	0	100,000	0
Street Improvement, 1.78%	0	900,000	0	900,000
Bus Garage Facility, 3.50%	1,400,000	0	1,400,000	0
Bus Garage Facility, 1.85%	0	1,400,000	0	1,400,000
Municipal Court Building, 1.25%	2,200,000	0	2,200,000	0
Municipal Court Building, 1.75%	0	2,100,000	0	2,100,000
Governmental Activities Notes Payable	\$3,900,000	\$4,400,000	\$3,900,000	\$4,400,000

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

In March of 2010, the City paid off the balance of the \$200,000 in notes outstanding for a new fire truck; in June, the City paid \$100,000 of the \$1,000,000 in notes outstanding for street improvements and reissued \$900,000 in notes; in August, the City reissued \$1,400,000 in notes for its portion of the new Bus Garage Facility; and in December, the City paid \$100,000 of the \$2,200,000 in notes outstanding for the new Municipal Court building and reissued \$2,100,000 in notes. Therefore, the City had \$4,400,000 in bond anticipation notes outstanding at December 31, 2010.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 9 - LONG-TERM OBLIGATIONS

The City's long-term obligations activity for the year ended December 31, 2010 was as follows:

Governmental Activities General Obligation Bonds and Other Long-Term Obligations

Purpose	Balance 1/1/2010	Additions	Deletions	Balance 12/31/2010	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds Payable:					
Various Purpose G.O. Bonds, \$2,125,000, 3.31%, 2003 - 2012	\$455,000		\$ (\$190,000) 0	\$265,000	\$190,000
Issuance Premium on Bonds Police & Fire Pension Bonds, \$575,000, 3.75% - 5.625%, 1999-2024	4,162		0 (2,081)	2,081	0
OPWC Term Loan Payable \$126,126, 0.00%, 2005 - 2014	63,063		0 (12,613)	50,450	12,612
Bond Anticipation Notes Payable:					
Street Improvements, 3.00%	900,000		0 (900,000)	0	0
Other Long-Term Obligations:					
Compensated Absences	2,377,734	890,545	(914,252)	2,354,027	946,142
Capital Leases	114,276	42,285	(48,697)	107,864	38,136
Landfill Post-Closure Care	564,551	0	(53,170)	511,381	49,649
Governmental Activities Long-Term Obligations	<u>\$4,893,786</u>	<u>\$932,830</u>	<u>\$(1,240,813)</u>	<u>\$3,685,803</u>	<u>\$1,256,539</u>

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

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

In 2005, the City of Chillicothe borrowed \$126,126 in Issue II funds for street improvements. The OPWC loan will be paid from the Street Construction Maintenance & Repair Fund. Compensated absences will be paid from the fund from which the employees' salaries are paid, which include the General, Street Construction Maintenance & Repair, Parks & Recreation, Parking, and Bus Transit funds. Capital lease obligations will be paid from the fund that maintains custody of the related asset. The landfill post-closure care liability will be paid from the General Fund. For a description of the bond anticipation notes see Note 8.

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Business-Type Activities Bonds and Other Long-Term Obligations

Purpose	Balance 1/1/2010	Additions	Deletions	Balance 12/31/2010	Amounts Due Within One Year
Business-Type Activities:					
Revenue Bonds Payable:					
Municipal Water System Refunding \$11,350,000, 5.22%, 2003 - 2014	\$5,665,000	\$ 0	(\$1,050,000)	\$4,615,000	\$1,095,000
Issuance Premium on Bonds	103,523	0	(25,881)	77,642	0
General Obligation Bonds Payable:					
Municipal Sewer Bond \$2,095,000, 3.31%, 2003 - 2023	1,595,000	0	(85,000)	1,510,000	95,000
Other Long-Term Obligations:					
Compensated Absences	765,936	248,045	(200,968)	813,013	312,823
Capital Leases	2,986	0	(2,316)	670	670
Business-Type Activities Long-Term Obligations	<u>\$8,132,445</u>	<u>\$248,045</u>	<u>\$(1,364,165)</u>	<u>\$7,016,325</u>	<u>\$1,503,493</u>

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

Revenue and general obligation bonds issued for business-type activities are retired through the respective enterprise funds. Revenue bonds are secured by the revenues generated from the enterprise operations. General obligation bonds also require the City to generate revenues from the enterprise operations that are sufficient to meet debt service requirements.

Enterprise fund assets, whose use is restricted under bond indentures, are presented as restricted assets on the statement of net assets. Restricted assets relating to the revenue bonds at December 31, 2010 are as follows:

Business-Type Activities

Restricted Assets Held by the City For:	
Sewer Replacement and Improvement	\$618,467
Restricted Assets Held by the City For:	
Water Replacement and Improvement	\$1,200,000
Restricted Assets Held by the Trustee for:	
Water Bond Debt Service	<u>1,627,337</u>
Business-Type Activities Restricted Assets	<u><u>\$3,445,804</u></u>

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Debt service requirements are as follows:

Various Purpose General Obligation Bonds			Police & Fire Pension Bonds	
For year ended December 31	Principal	Interest	Principal	Interest
2011	\$190,000	\$8,025	\$20,000	\$21,964
2012	75,000	2,325	20,000	20,944
2013	0	0	20,000	19,903
2014	0	0	25,000	18,844
2015	0	0	25,000	17,437
2016 – 2020	0	0	140,000	65,250
2021 – 2025	0	0	145,000	20,813
	<u>\$265,000</u>	<u>\$10,350</u>	<u>\$395,000</u>	<u>\$185,155</u>

Water Revenue Bonds			Sewer G.O. Bonds	
For year ended December 31	Principal	Interest	Principal	Interest
2011	\$1,095,000	\$184,417	\$95,000	\$55,810
2012	1,130,000	147,188	95,000	52,960
2013	1,175,000	104,813	100,000	50,015
2014	1,215,000	60,750	100,000	46,765
2015	0	0	105,000	43,415
2016 – 2020	0	0	595,000	157,313
2021 – 2025	0	0	420,000	35,285
	<u>\$4,615,000</u>	<u>\$497,168</u>	<u>\$1,510,000</u>	<u>\$441,563</u>

For Year Ended Dec 31	OPWC Loan Payable Principal Only
2011	\$12,612
2012	12,613
2013	12,612
2014	12,613
	<u>\$50,450</u>

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 10 - CAPITAL LEASES

The City has entered into various agreements to lease equipment. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Lease payments are made in accordance with the amortization schedule. At the end of the lease the City has the option of purchasing the asset or trade-in the asset for credit on another purchase. New capital leases are reflected in the statement of revenues, expenditures, and changes in fund balance for governmental funds as a functional expenditure and "inception of capital lease." Capital lease payments are reflected as debt service expenditures in the General, Bus Transit, Street Construction Maintenance & Repair, and Parks and Recreation funds. These capital leased assets, consisting of equipment, have been capitalized in the amount of \$261,641 in the governmental funds, which represents the present value of the minimum lease payments at the time of acquisition. Principal payments in 2010 were \$41,591 in the governmental funds.

The City's future minimum lease payments and present value of net minimum lease payments required under these capital lease obligations as of December 31, 2010 are as follows:

Year Ended December 31,	Capital Lease Payments	
	Governmental Activities	Business- Type Activities
2011	\$45,054	\$681
2012	35,965	0
2013	24,417	0
2014	13,705	0
2015	2,277	0
Total Future Minimum Lease Payments	121,418	681
Less: Amount Representing Interest	(13,554)	(11)
Present Value of Net Minimum Lease Payments	<u>\$107,864</u>	<u>\$670</u>

NOTE 11 - PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

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

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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

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

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

Funding Policy. The Ohio Revised Code provides statutory authority for member and employer contribution rates. For 2010, member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only within the Traditional Pension Plan. Plan members, other than those engaged in law enforcement, are required to contribute 10.0% of their annual covered salary.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. The employer contribution rate for pension benefits for 2010 was 14.0% of covered payroll, except for those plan members in law enforcement or public safety. For those classifications, the employer's pension contribution was 17.87% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for State and local employer units and 18.1% of covered payroll for law and public safety employer units. The City's required contributions to OPERS for the years ending December 31, 2010, 2009, and 2008 were \$677,920, \$545,200, and \$517,898, respectively; 92.98% has been contributed for 2010, 100% for years 2009 and 2008. Of the 2010 amount, \$47,614 was unpaid at December 31, 2010 and is recorded as a fund liability in the basic financial statements.

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

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

In 2010, for local government employer units, the rate was 14.0% of covered payroll; for members in the Traditional Plan, 5.5% was the portion used to fund healthcare from January 1 through February 28, 2010 and 5.0% was the portion used from March 1 through December 31, 2010; and for members in the Combined Plan, 4.73% was the portion used to fund healthcare from January 1 through February 28, 2010 and 4.23% was the portion used from March 1 through December 31, 2010. The 2010 employer rate was 17.87%, and 7.0% was used to fund healthcare for both the law enforcement and public safety divisions.

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

Of the employer contributions made by the City for the year 2010, \$79,184 was the amount used to fund postemployment healthcare from January 1 through February 28, 2010, and \$308,590 was the amount from April 1 through December 31, 2010. The actual contribution and the actuarially required contribution amounts are the same.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement healthcare through their contributions to OPERS.

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

Ohio Police and Fire Pension Fund

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

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Funding Policy. Plan members are required to contribute 10.0% of their annual covered salary to fund pension benefits, while the City is required to contribute 19.5% and 24.0%, respectively, for police officers and firefighters. Contributions are authorized by state statute. The City's contributions to OP&F for the years ending December 31, 2010, 2009 and 2008 were \$801,463, \$816,133, and \$789,496, respectively; 75.3% has been contributed for 2010 and 100% for years 2009 and 2008. Of the 2010 amount \$197,926 was unpaid at December 31, 2010 and is recorded as a fund liability in the basic financial statements.

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

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

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

The Ohio Revised Code provides the statutory authority allowing the OP&F Board of Trustees to provide healthcare coverage to all eligible individuals. Healthcare funding and accounting is on a pay-as-you go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree healthcare expenses. The Board defined allocation was 6.75% of covered payroll in 2009 and 6.75% in 2010. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustee's primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their healthcare coverage through a deduction from their monthly benefit payment.

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 12 - COMPENSATED ABSENCES

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

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

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

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

NOTE 13 - PROPERTY TAXES

Property taxes include amounts levied against real, public utility, and tangible personal (business) property. The assessed value by property classification upon which the 2010 tax levy was based follows:

Property Tax Classification	Assessed Value
Real Property	\$397,696,220
Tangible Personal Property	1,250,990
Public Utility Property	17,742,500
Total	<u><u>\$416,689,710</u></u>

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

CITY OF CHILLICOTHE, OHIO
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FOR THE YEAR ENDED DECEMBER 31, 2010

In 2010, real property taxes were levied on January 1, 2010, on assessed values as of January 1, 2009, the lien date. Real estate taxes were due and payable on February 12 and July 9, 2010. Personal property taxes were due and payable on May 8 and September 18, 2010, on assessed values as of the lien date, December 31, 2009.

The County Treasurer collects property taxes on behalf of all taxing districts within the City. The County Auditor periodically remits to the taxing districts their portions of the taxes collected. Accrued property taxes receivable represent current taxes which were levied, measurable, and unpaid, as well as delinquent taxes outstanding as of December 31, 2010.

Although total property tax collections for the next ensuing fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are intended to finance the subsequent year's operations. Therefore, the total property taxes receivable at year-end are credited to unearned revenue on the governmental fund statement.

NOTE 14 - MUNICIPAL INCOME TAXES

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

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

As of December 31, 2010, there was \$526,752 in delinquent income taxes for which collection is uncertain; therefore, these taxes are not accrued. In 2010, these municipal income taxes generated a combined total of \$10,599,088 in local tax revenue.

NOTE 15 - INTERFUND ACTIVITY

As of December 31, 2010, receivables and payables that resulted from various interfund transactions were as follows:

	Interfund Receivables	Interfund Payables
	<u> </u>	<u> </u>
Governmental Activities		
General Fund	\$54,165	\$0
Bus Transit Fund	0	18,055
<i>Nonmajor Capital Projects Funds:</i>		
Safety Levy Capital	0	18,055
Parks and Recreation Capital	0	18,055
Total Nonmajor Capital Projects Fund	<u>0</u>	<u>36,110</u>
<i>Total</i>	<u>\$54,165</u>	<u>\$54,165</u>

CITY OF CHILLICOTHE, OHIO
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FOR THE YEAR ENDED DECEMBER 31, 2010

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

A summary of interfund transfers for 2010 are as follows:

Transfers Out	Transfers In						Total
	General	Street Construction Maintenance & Repair Fund	Nonmajor Special Revenue	Nonmajor Capital Projects	Bond Retirement	Sewer	
General	\$0	\$375,000	\$1,618,804	\$65,000	\$76,400	\$30,000	\$2,165,204
Bus Transit	26,682	0	0	0	0	0	26,682
Nonmajor Spec. Revenue	520,083	0	9,038	0	0	0	529,121
Nonmajor Cap. Projects	53,000	0	0	0	127,000	0	180,000
Water	6,761	0	0	0	0	0	6,761
Sewer	6,816	0	0	0	0	0	6,816
	<u>\$613,342</u>	<u>\$375,000</u>	<u>\$1,627,842</u>	<u>\$65,000</u>	<u>\$203,400</u>	<u>\$30,000</u>	<u>\$2,914,584</u>

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

In 2010, the City made transfers of \$1,618,804 from the General Fund to various Nonmajor Special Revenue Funds to subsidize the programs of those funds.

NOTE 16 - ROSS COUNTY AND CHILLICOTHE LAW ENFORCEMENT COMPLEX

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

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

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

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

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

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

NOTE 17 - LANDFILL CLOSURE AND POST CLOSURE CARE

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

In 2010, the City incurred \$48,393 in post closure care costs and decreased its postclosure care liability by \$53,170, which is a change in estimate. To this date, the City has incurred approximately \$2,196,748 in closure and postclosure care costs. These costs have been incurred by the Landfill Closure Fund.

CITY OF CHILLICOTHE, OHIO
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FOR THE YEAR ENDED DECEMBER 31, 2010

The City has accrued a liability for landfill post-closure care costs of \$511,381. The liability is based on an average of cumulative postclosure care costs to this date projected over the next twelve years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Financial assurance to fund this liability is provided through the General Fund where transfers will be made over the next twelve years.

NOTE 18 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft, destruction of assets, errors and omissions, employee injuries, and natural disasters. The City has addressed these various types of risk by purchasing insurance through commercial carriers.

The City belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles.

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

In addition, the City maintains replacement cost insurance on buildings and contents in the amount of \$58,909,300. Other property insurance includes \$250,000 unscheduled and \$1,576,765 scheduled for contractor's equipment. Comprehensive boiler and machinery coverage is carried in the amount of \$58,909,300. Insurance deductibles on any of the above coverages do not exceed \$50,000.

The City participates in the Workers' Compensation Program provided by the State of Ohio. The City no longer belongs to a pool with other Ohio cities for a workers' compensation group rating program. Settled claims have exceeded the above coverage limits in the past three years.

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

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

NOTE 19 - CONTINGENCIES

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

CITY OF CHILLICOTHE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 20 - SUBSEQUENT EVENTS

On March 10, 2011, the City issued \$2,441,000 in general obligation bond anticipation notes for the purpose of constructing a new water tower and making various water line upgrades in the area of the Adena Regional Medical Center. The interest rate is 1.99%.

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CITY OF CHILLICOTHE, OHIO

GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

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

State Highway Fund

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

Parks and Recreation Fund

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

HUD Fund

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

Grants Fund

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

Floodwall Fund

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

Cablevision Fund

To account for transfers from the General Fund made for the purpose of maintenance and repair of the cable system as provided for in the cable franchise agreement.

Income Tax Fund

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

Law Enforcement Fund

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

Indigent Drivers Alcohol Treatment Fund

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

OMVI Enforcement & Education Fund

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

CITY OF CHILLICOTHE, OHIO

GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

Mandatory Drug Fines Fund

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

Parking Fund

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

Police Pension Fund

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

Fire Pension Fund

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

CITY OF CHILLICOTHE, OHIO

NONMAJOR BOND RETIREMENT FUND

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

NONMAJOR CAPITAL PROJECTS FUNDS

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

Capital Improvement Fund

To account for General Fund transfers, which are used for the purpose of making capital improvements and for purchases of capital equipment.

Issue II Fund

To account for funds received from the Ohio Public Works Commission, used to make improvements to certain streets and alleys.

Safety Levy Capital Fund

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

Landfill Closure Fund

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

Parks and Recreation Capital Fund

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

Streetscape Fund

To account for streetscape maintenance expenses.

CITY OF CHILLICOTHE, OHIO
NONMAJOR PERMANENT FUND

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

Carlisle Hill Fund

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

City of Chillicothe, Ohio

Combining Balance Sheet
Nonmajor Governmental Funds

December 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$989,055	\$16,646	\$366,379	\$2,207	1,374,287
Cash and Cash Equivalents in Segregated Accounts	5,291	0	0	0	5,291
Investments in City Treasury	0	0	0	1,000	1,000
Accounts Receivable	263	0	0	0	263
Intergovernmental Receivable	494,272	0	0	0	494,272
Income Taxes Receivable	50,293	0	104,932	0	155,225
Property Taxes Receivable	229,976	0	0	0	229,976
Prepaid Items	11,913	0	7,827	0	19,740
<i>Total Assets</i>	<u>\$1,781,063</u>	<u>\$16,646</u>	<u>\$479,138</u>	<u>\$3,207</u>	<u>\$2,280,054</u>
Liabilities:					
Accounts Payable	\$2,961	\$0	\$4,232	\$0	\$7,193
Accrued Wages and Benefits	11,119	0	0	0	11,119
Intergovernmental Payable	311,169	0	0	0	311,169
Interfund Payable	0	0	36,110	0	36,110
Deferred Revenue	670,152	0	0	0	670,152
<i>Total Liabilities</i>	<u>995,401</u>	<u>0</u>	<u>40,342</u>	<u>0</u>	<u>1,035,743</u>
Fund Balances:					
Reserved for Encumbrances	36,628	0	8,344	0	44,972
Reserved for Prepaid Items	11,913	0	7,827	0	19,740
Reserved for Endowments	0	0	0	1,000	1,000
<i>Unreserved, Undesignated, Reported in:</i>					
Special Revenue Funds	737,121	0	0	0	737,121
Debt Service Funds	0	16,646	0	0	16,646
Capital Projects Funds	0	0	422,625	0	422,625
Permanent Funds	0	0	0	2,207	2,207
<i>Total Fund Balances</i>	<u>785,662</u>	<u>16,646</u>	<u>438,796</u>	<u>3,207</u>	<u>1,244,311</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,781,063</u>	<u>\$16,646</u>	<u>\$479,138</u>	<u>\$3,207</u>	<u>\$2,280,054</u>

City of Chillicothe, Ohio

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds

For the Year Ended December 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Property Taxes	\$225,468	\$0	\$0	\$0	\$225,468
Income Taxes	497,545	0	827,341	0	1,324,886
Charges for Services	41,439	0	0	0	41,439
Fines, Licenses, and Permits	91,513	0	0	0	91,513
Intergovernmental	667,916	0	758,900	0	1,426,816
Interest	18	0	0	20	38
Other	23,090	0	127,922	0	151,012
<i>Total Revenues</i>	<u>1,546,989</u>	<u>0</u>	<u>1,714,163</u>	<u>20</u>	<u>3,261,172</u>
Expenditures:					
<i>Current:</i>					
General Government	288,100	0	0	0	288,100
<i>Security of Persons and Property:</i>					
Police	585,164	0	0	0	585,164
Fire	650,457	0	0	0	650,457
Transportation	186,858	0	0	0	186,858
Leisure Time Services	681,091	0	0	0	681,091
Community Environment	859,664	0	0	0	859,664
Capital Outlay	0	0	1,276,520	0	1,276,520
<i>Debt Service:</i>					
Principal Retirements	22,242	190,000	0	0	212,242
Interest and Fiscal Charges	23,267	13,345	5,040	0	41,652
<i>Total Expenditures</i>	<u>3,296,843</u>	<u>203,345</u>	<u>1,281,560</u>	<u>0</u>	<u>4,781,748</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,749,854)</u>	<u>(203,345)</u>	<u>432,603</u>	<u>20</u>	<u>(1,520,576)</u>
Other Financing Sources and Uses:					
Proceeds from Sale of Capital Assets	850	0	0	0	850
Transfers In	1,627,842	203,400	65,000	0	1,896,242
Transfers Out	(529,121)	0	(180,000)	0	(709,121)
<i>Total Other Financing Sources and Uses</i>	<u>1,099,571</u>	<u>203,400</u>	<u>(115,000)</u>	<u>0</u>	<u>1,187,971</u>
<i>Net Change in Fund Balance</i>	(650,283)	55	317,603	20	(332,605)
<i>Fund Balance at Beginning of Year</i>	<u>1,435,945</u>	<u>16,591</u>	<u>121,193</u>	<u>3,187</u>	<u>1,576,916</u>
<i>Fund Balance at End of Year</i>	<u>\$785,662</u>	<u>\$16,646</u>	<u>\$438,796</u>	<u>\$3,207</u>	<u>\$1,244,311</u>

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City of Chillicothe, Ohio

Combining Balance Sheet
Nonmajor Special Revenue Funds

December 31, 2010

	State Highway	Parks & Recreation	HUD	Grants	Floodwall
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$24,583	\$238,062	\$51,718	\$75,463	\$57,626
Cash and Cash Equivalents in Segregated Accounts	0	0	4,030	0	0
Accounts Receivable	0	0	0	0	0
Intergovernmental Receivable	37,894	0	363,199	74,010	0
Income Taxes Receivable	0	50,293	0	0	0
Property Taxes Receivable	0	0	0	0	0
Prepaid Items	0	2,289	0	0	9,559
<i>Total Assets</i>	<u>\$62,477</u>	<u>\$290,644</u>	<u>\$418,947</u>	<u>\$149,473</u>	<u>\$67,185</u>
Liabilities:					
Accounts Payable	\$0	\$2,961	\$0	\$0	\$0
Accrued Wages and Benefits	0	9,520	0	0	0
Intergovernmental Payable	0	21,545	0	0	0
Deferred Revenue	25,263	0	363,199	37,716	0
<i>Total Liabilities</i>	<u>25,263</u>	<u>34,026</u>	<u>363,199</u>	<u>37,716</u>	<u>0</u>
Fund Balances:					
Reserved for Encumbrances	0	0	34,678	0	1,950
Reserved for Prepaid Items	0	2,289	0	0	9,559
<i>Unreserved, Undesignated, Reported in:</i>					
Special Revenue Funds	37,214	254,329	21,070	111,757	55,676
<i>Total Fund Balances</i>	<u>37,214</u>	<u>256,618</u>	<u>55,748</u>	<u>111,757</u>	<u>67,185</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$62,477</u>	<u>\$290,644</u>	<u>\$418,947</u>	<u>\$149,473</u>	<u>\$67,185</u>

Cablevision	Income Tax	Law Enforcement	Indigent Driver's Alcohol Treatment	OMVI Enforcement & Education	Mandatory Drug Fines	Parking
\$5,765	\$86,034	\$71,922	\$270,450	\$2,217	\$38,278	\$50,924
0	0	0	1,073	188	0	0
0	0	0	0	0	263	0
0	0	0	5,171	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	65
\$5,765	\$86,034	\$71,922	\$276,694	\$2,405	\$38,541	\$50,989
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	1,599
0	0	0	0	0	0	2,357
0	0	0	0	0	0	0
0	0	0	0	0	0	3,956
0	0	0	0	0	0	0
0	0	0	0	0	0	65
5,765	86,034	71,922	276,694	2,405	38,541	46,968
5,765	86,034	71,922	276,694	2,405	38,541	47,033
\$5,765	\$86,034	\$71,922	\$276,694	\$2,405	\$38,541	\$50,989

continued

City of Chillicothe, Ohio

Combining Balance Sheet
 Nonmajor Special Revenue Funds

December 31, 2010

	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$13,045	\$2,968	\$989,055
Cash and Cash Equivalents in Segregated Accounts	0	0	5,291
Accounts Receivable	0	0	263
Intergovernmental Receivable	6,999	6,999	494,272
Income Taxes Receivable	0	0	50,293
Property Taxes Receivable	114,988	114,988	229,976
Prepaid Items	0	0	11,913
	<u> </u>	<u> </u>	<u> </u>
<i>Total Assets</i>	<u>\$135,032</u>	<u>\$124,955</u>	<u>\$1,781,063</u>
Liabilities:			
Accounts Payable	\$0	\$0	\$2,961
Accrued Wages and Benefits	0	0	11,119
Intergovernmental Payable	131,699	155,568	311,169
Deferred Revenue	121,987	121,987	670,152
	<u> </u>	<u> </u>	<u> </u>
<i>Total Liabilities</i>	<u>253,686</u>	<u>277,555</u>	<u>995,401</u>
Fund Balances:			
Reserved for Encumbrances	0	0	36,628
Reserved for Prepaid Items	0	0	11,913
<i>Unreserved, Undesignated, Reported in:</i>			
Special Revenue Funds	(118,654)	(152,600)	737,121
	<u> </u>	<u> </u>	<u> </u>
<i>Total Fund Balances</i>	<u>(118,654)</u>	<u>(152,600)</u>	<u>785,662</u>
	<u> </u>	<u> </u>	<u> </u>
<i>Total Liabilities and Fund Balances</i>	<u>\$135,032</u>	<u>\$124,955</u>	<u>\$1,781,063</u>

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City of Chillicothe, Ohio

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds

For the Year Ended December 31, 2010

	State Highway	Parks & Recreation	HUD	Grants	Floodwall
Revenues:					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Income Taxes	0	497,545	0	0	0
Charges for Services	0	24,273	0	0	0
Fines, Licenses, and Permits	0	22,682	0	0	0
Intergovernmental	78,102	0	383,137	115,597	0
Interest	0	0	18	0	0
Other	1,040	9,434	0	0	151
<i>Total Revenues</i>	<u>79,142</u>	<u>553,934</u>	<u>383,155</u>	<u>115,597</u>	<u>151</u>
Expenditures:					
<i>Current:</i>					
General Government	0	0	0	0	0
<i>Security of Persons and Property:</i>					
Police	0	0	0	0	0
Fire	0	0	0	0	0
Transportation	71,141	0	0	0	0
Leisure Time Services	0	681,091	0	0	0
Community Environment	0	0	816,020	1,641	42,003
<i>Debt Service:</i>					
Principal Retirements	0	2,242	0	0	0
Interest and Fiscal Charges	0	303	0	0	0
<i>Total Expenditures</i>	<u>71,141</u>	<u>683,636</u>	<u>816,020</u>	<u>1,641</u>	<u>42,003</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>8,001</u>	<u>(129,702)</u>	<u>(432,865)</u>	<u>113,956</u>	<u>(41,852)</u>
Other Financing Sources and Uses					
Proceeds from Sale of Capital Assets	0	850	0	0	0
Transfers In	0	239,032	0	0	60,000
Transfers Out	0	(417)	0	(119,400)	(9,032)
<i>Total Other Financing Sources and Uses</i>	<u>0</u>	<u>239,465</u>	<u>0</u>	<u>(119,400)</u>	<u>50,968</u>
<i>Net Change in Fund Balance</i>	8,001	109,763	(432,865)	(5,444)	9,116
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>29,213</u>	<u>146,855</u>	<u>488,613</u>	<u>117,201</u>	<u>58,069</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$37,214</u>	<u>\$256,618</u>	<u>\$55,748</u>	<u>\$111,757</u>	<u>\$67,185</u>

Cablevision	Income Tax	Law Enforcement	Indigent Driver's Alcohol Treatment	OMVI Enforcement & Education	Mandatory Drug Fines	Parking
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
0	0	0	0	0	0	17,166
0	0	20,848	31,881	1,955	3,076	11,071
0	0	0	5,171	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	12,465
0	0	20,848	37,052	1,955	3,076	40,702
0	288,100	0	0	0	0	0
0	0	33,893	5,659	0	19,458	0
0	0	0	0	0	0	0
0	0	0	0	0	0	115,717
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	288,100	33,893	5,659	0	19,458	115,717
0	(288,100)	(13,045)	31,393	1,955	(16,382)	(75,015)
0	0	0	0	0	0	0
0	300,000	0	0	0	0	83,000
0	(400,000)	0	0	0	0	(272)
0	(100,000)	0	0	0	0	82,728
0	(388,100)	(13,045)	31,393	1,955	(16,382)	7,713
5,765	474,134	84,967	245,301	450	54,923	39,320
\$5,765	\$86,034	\$71,922	\$276,694	\$2,405	\$38,541	\$47,033

continued

City of Chillicothe, Ohio

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds

For the Year Ended December 31, 2010

	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
Revenues:			
Property Taxes	\$112,734	\$112,734	\$225,468
Income Taxes	0	0	497,545
Charges for Services	0	0	41,439
Fines, Licenses, and Permits	0	0	91,513
Intergovernmental	42,955	42,954	667,916
Interest	0	0	18
Other	0	0	23,090
<i>Total Revenues</i>	<u>155,689</u>	<u>155,688</u>	<u>1,546,989</u>
Expenditures:			
<i>Current:</i>			
General Government	0	0	288,100
<i>Security of Persons and Property:</i>			
Police	526,154	0	585,164
Fire	0	650,457	650,457
Transportation	0	0	186,858
Leisure Time Services	0	0	681,091
Community and Economic Development	0	0	859,664
<i>Debt Service:</i>			
Principal Retirements	4,000	16,000	22,242
Interest and Fiscal Charges	5,148	17,816	23,267
<i>Total Expenditures</i>	<u>535,302</u>	<u>684,273</u>	<u>3,296,843</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(379,613)</u>	<u>(528,585)</u>	<u>(1,749,854)</u>
Other Financing Sources and Uses			
Proceeds from Sale of Capital Assets	0	0	850
Transfers In	396,012	549,798	1,627,842
Transfers Out	0	0	(529,121)
<i>Total Other Financing Sources and Uses</i>	<u>396,012</u>	<u>549,798</u>	<u>1,099,571</u>
<i>Net Change in Fund Balance</i>	16,399	21,213	(650,283)
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>(135,053)</u>	<u>(173,813)</u>	<u>1,435,945</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>(\$118,654)</u>	<u>(\$152,600)</u>	<u>\$785,662</u>

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City of Chillicothe, Ohio

Combining Balance Sheet
Nonmajor Capital Projects Funds

December 31, 2010

	<u>Capital Improvement</u>	<u>Issue II</u>	<u>Safety Levy Capital</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$32,000	\$0	\$119,312
Income Taxes Receivable	0	0	77,613
Prepaid Items	<u>0</u>	<u>0</u>	<u>7,827</u>
<i>Total Assets</i>	<u><u>\$32,000</u></u>	<u><u>\$0</u></u>	<u><u>\$204,752</u></u>
Liabilities:			
Accounts Payable	\$0	\$0	\$940
Interfund Payable	<u>0</u>	<u>0</u>	<u>18,055</u>
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>18,995</u>
Fund Balances:			
Reserved for Encumbrances	0	0	8,344
Reserved for Prepaid Items	0	0	7,827
<i>Unreserved, Undesignated, Reported in:</i>			
Capital Projects Funds	<u>32,000</u>	<u>0</u>	<u>169,586</u>
<i>Total Fund Balances</i>	<u>32,000</u>	<u>0</u>	<u>185,757</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$32,000</u></u>	<u><u>\$0</u></u>	<u><u>\$204,752</u></u>

Landfill Closure	Parks & Recreation Capital	Streetscape	Total Nonmajor Capital Projects Funds
\$43,644	\$167,930	\$3,493	\$366,379
0	27,319	0	104,932
0	0	0	7,827
<u>\$43,644</u>	<u>\$195,249</u>	<u>\$3,493</u>	<u>\$479,138</u>
\$3,292	\$0	\$0	\$4,232
0	18,055	0	36,110
<u>3,292</u>	<u>18,055</u>	<u>0</u>	<u>40,342</u>
0	0	0	8,344
0	0	0	7,827
<u>40,352</u>	<u>177,194</u>	<u>3,493</u>	<u>422,625</u>
<u>40,352</u>	<u>177,194</u>	<u>3,493</u>	<u>438,796</u>
<u>\$43,644</u>	<u>\$195,249</u>	<u>\$3,493</u>	<u>\$479,138</u>

City of Chillicothe, Ohio

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Projects Funds

For the Year Ended December 31, 2010

	Capital Improvement	Issue II	Safety Levy Capital
Revenues:			
Income Taxes	\$0	\$0	\$662,542
Intergovernmental	0	330,000	292,500
Other	0	0	116,679
<i>Total Revenues</i>	<u>0</u>	<u>330,000</u>	<u>1,071,721</u>
Expenditures:			
Capital Outlay	0	330,000	742,491
<i>Debt Service:</i>			
Interest and Fiscal Charges	0	0	5,040
<i>Total Expenditures</i>	<u>0</u>	<u>330,000</u>	<u>747,531</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>0</u>	<u>324,190</u>
Other Financing Sources and Uses:			
Transfers In	0	0	0
Transfers Out	0	0	(153,500)
<i>Total Other Financing Sources and Uses</i>	<u>0</u>	<u>0</u>	<u>(153,500)</u>
<i>Net Change in Fund Balance</i>	0	0	170,690
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>32,000</u>	<u>0</u>	<u>15,067</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u><u>\$32,000</u></u>	<u><u>\$0</u></u>	<u><u>\$185,757</u></u>

Landfill Closure	Parks & Recreation Capital	Streetscape	Total Nonmajor Capital Projects Funds
\$0	\$164,799	\$0	\$827,341
0	136,400	0	758,900
0	11,243	0	127,922
0	312,442	0	1,714,163
50,872	138,157	15,000	1,276,520
0	0	0	5,040
50,872	138,157	15,000	1,281,560
(50,872)	174,285	(15,000)	432,603
50,000	0	15,000	65,000
0	(26,500)	0	(180,000)
50,000	(26,500)	15,000	(115,000)
(872)	147,785	0	317,603
41,224	29,409	3,493	121,193
<u>\$40,352</u>	<u>\$177,194</u>	<u>\$3,493</u>	<u>\$438,796</u>

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
General Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Local Taxes	\$9,576,599	\$9,862,982	\$9,782,029	(\$80,953)
Charges for Services	3,717,961	3,112,270	3,245,446	133,176
Fines, Licenses and Permits	1,517,700	1,525,959	1,536,624	10,665
Intergovernmental	1,455,458	1,769,377	1,741,201	(28,176)
Special Assessments	15,000	55,000	50,186	(4,814)
Investment Earnings	185,000	71,000	59,328	(11,672)
Miscellaneous	237,820	322,003	307,009	(14,994)
Total Revenue	16,705,538	16,718,591	16,721,823	3,232
Expenditures				
<i>Current:</i>				
General Government				
Mayor				
Personal Services	324,278	331,278	298,712	32,566
Fringe Benefits	214,000	207,000	174,112	32,888
Travel Transportation	600	1,225	709	516
Materials and Supplies	38,775	52,765	42,649	10,116
Contractual Services	2,300	4,143	4,086	57
Other	4,675	12,630	6,755	5,875
Total Mayor	584,628	609,041	527,023	82,018
City Council				
Personal Services	60,031	60,031	59,975	56
Fringe Benefits	194,500	144,500	115,731	28,769
Travel Transportation	50	0	0	0
Materials and Supplies	200	230	217	13
Other	50	0	0	0
Total City Council	254,831	204,761	175,923	28,838
Treasurer				
Personal Services	41,861	42,961	39,758	3,203
Fringe Benefits	59,500	58,400	53,234	5,166
Materials and Supplies	750	1,947	1,532	415
Contractual Services	100	1,445	1,425	20
Other	50	319	280	39
Total Treasurer	102,261	105,072	96,229	8,843
Income Tax Department				
Personal Services	134,150	131,912	124,700	7,212
Fringe Benefits	104,270	106,508	100,387	6,121
Materials and Supplies	1,000	4,076	4,039	37
Contractual Services	150	4,335	4,335	0
Other	50	10	10	0
Total Income Tax Department	239,620	246,841	233,471	13,370

continued

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
General Fund

For the Year Ended December 31, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Land and Buildings				
Materials and Supplies	95,525	150,801	147,397	3,404
Contractual Services	24,075	40,277	38,477	1,800
Capital Outlay	24,378	24,878	16,687	8,191
Other	400	422	422	0
Total Land and Buildings	144,378	216,378	202,983	13,395
Law Director				
Personal Services	404,385	413,373	407,749	5,624
Fringe Benefits	257,800	248,812	220,863	27,949
Travel Transportation	250	0	0	0
Materials and Supplies	37,200	44,735	31,207	13,528
Contractual Services	1,400	2,112	1,935	177
Other	6,100	22,806	17,636	5,170
Total Law Director	707,135	731,838	679,390	52,448
Auditor				
Personal Services	317,037	320,483	262,791	57,692
Fringe Benefits	215,100	179,654	151,882	27,772
Travel Transportation	100	860	610	250
Materials and Supplies	3,275	4,139	3,847	292
Contractual Services	25	125	85	40
Other	300	570	410	160
Total Auditor	535,837	505,831	419,625	86,206
Municipal Court				
Personal Services	1,082,354	1,053,317	1,038,581	14,736
Fringe Benefits	599,274	557,116	538,976	18,140
Travel Transportation	1,050	4,130	2,964	1,166
Materials and Supplies	53,557	73,863	66,494	7,369
Contractual Services	7,600	916,106	13,865	902,241
Capital Outlay	24,636	132,316	15,625	116,691
Other	9,425	56,278	44,641	11,637
Total Municipal Court	1,777,896	2,793,126	1,721,146	1,071,980
Civil Service				
Personal Services	46,456	53,963	53,421	542
Fringe Benefits	34,300	26,793	24,710	2,083
Materials and Supplies	9,975	13,950	9,814	4,136
Contractual Services	7,000	3,425	2,735	690
Capital Outlay	0	1,105	977	128
Other	875	475	145	330
Total Civil Service	98,606	99,711	91,802	7,909
Service Department				
Personal Services	94,406	97,006	91,016	5,990
Fringe Benefits	59,650	57,050	53,149	3,901
Materials and Supplies	1,100	2,679	2,447	232
Contractual Services	200	92	92	0
Other	75	2,005	49	1,956
Total Service Department	155,431	158,832	146,753	12,079

continued

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
General Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Engineering				
Personal Services	336,409	314,648	309,667	4,981
Fringe Benefits	183,900	155,661	153,725	1,936
Travel Transportation	14,050	14,607	6,857	7,750
Materials and Supplies	5,970	11,621	11,085	536
Contractual Services	8,020	12,660	10,698	1,962
Other	2,950	5,176	4,815	361
Total Engineering	<u>551,299</u>	<u>514,373</u>	<u>496,847</u>	<u>17,526</u>
Postage and Stores				
Materials and Supplies	90,000	90,000	61,000	29,000
Total Postage and Stores	<u>90,000</u>	<u>90,000</u>	<u>61,000</u>	<u>29,000</u>
Miscellaneous				
Fringe Benefits	26,300	26,300	16,468	9,832
Materials and Supplies	536,800	534,100	446,385	87,715
Contractual Services	243,200	254,774	233,315	21,459
Other	49,900	49,339	44,297	5,042
Total Miscellaneous	<u>856,200</u>	<u>864,513</u>	<u>740,465</u>	<u>124,048</u>
Total General Government	<u>6,098,122</u>	<u>7,140,317</u>	<u>5,592,657</u>	<u>1,547,660</u>
Security of Persons and Property				
Police Department				
Personal Services	2,857,809	2,980,053	2,974,552	5,501
Fringe Benefits	1,447,400	1,221,706	1,219,228	2,478
Travel Transportation	400	374	270	104
Materials and Supplies	115,690	174,358	169,195	5,163
Contractual Services	284,550	464,702	454,760	9,942
Other	21,205	34,770	32,742	2,028
Total Police Department	<u>4,727,054</u>	<u>4,875,963</u>	<u>4,850,747</u>	<u>25,216</u>
Fire Department				
Personal Services	2,774,990	2,896,952	2,896,952	0
Fringe Benefits	1,236,980	1,080,666	1,080,667	(1)
Travel Transportation	300	200	16	184
Materials and Supplies	142,425	231,150	204,851	26,299
Contractual Services	8,000	21,050	20,286	764
Capital Outlay	0	37,044	37,044	0
Other	18,300	46,486	40,219	6,267
Total Fire Department	<u>4,180,995</u>	<u>4,313,548</u>	<u>4,280,035</u>	<u>33,513</u>

continued

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
General Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Civil Defense				
Other	6,350	6,350	6,350	0
Total Civil Defense	6,350	6,350	6,350	0
Humane Officer				
Personal Services	4,600	0	0	0
Fringe Benefits	1,300	48	48	0
Contractual Services	4,000	4,000	4,000	0
Total Humane Officer	9,900	4,048	4,048	0
School Crossing Guards				
Personal Services	50,000	49,000	36,635	12,365
Fringe Benefits	11,900	12,477	9,459	3,018
Materials and Supplies	450	450	0	450
Total School Crossing Guards	62,350	61,927	46,094	15,833
Total Security of Persons and Property	8,986,649	9,261,836	9,187,274	74,562
Transportation				
Streets and Sidewalks				
Materials and Supplies	117,500	272,500	270,248	2,252
Other	0	17,315	0	17,315
Total Streets and Sidewalks	117,500	289,815	270,248	19,567
Total Transportation	117,500	289,815	270,248	19,567
Community Environment				
Planning Commission				
Materials and Supplies	100	100	50	50
Total Planning Commission	100	100	50	50
Design and Review				
Materials and Supplies	500	500	69	431
Contractual Services	500	345	0	345
Total Design and Review	1,000	845	69	776
Total Community Environment	1,100	945	119	826

continued

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
General Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Basic Utility Services				
Refuse Department				
Personal Services	363,800	363,800	312,819	50,981
Fringe Benefits	264,700	235,700	200,192	35,508
Materials and Supplies	27,375	42,282	35,446	6,836
Contractual Services	162,500	290,500	290,000	500
Other	14,500	31,513	15,802	15,711
Total Refuse Department	832,875	963,795	854,259	109,536
Total Basic Utility Services	832,875	963,795	854,259	109,536
Leisure Time Activities				
Swimming Pool				
Personal Services	70,000	49,013	49,013	0
Fringe Benefits	16,300	16,300	9,978	6,322
Materials and Supplies	30,253	44,192	36,034	8,158
Contractual Services	350	152	152	0
Capital Outlay	0	5,000	4,580	420
Other	125	634	634	0
Total Swimming Pool	117,028	115,291	100,391	14,900
Total Leisure Time Activities	117,028	115,291	100,391	14,900
Debt Service:				
Principal Retirements	0	2,200,000	2,200,000	0
Interest and Fiscal Charges	27,500	27,500	27,500	0
Total Debt Service	27,500	2,227,500	2,227,500	0
Total Expenditures	16,180,774	19,999,499	18,232,448	1,767,051
Excess of Revenues Over (Under) Expenditures	524,764	(3,280,908)	(1,510,625)	1,770,283
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	5,600	5,639	39
Issuance of Notes	0	2,100,000	2,100,000	0
Transfers-In	701,750	566,421	613,342	46,921
Transfers-Out	(2,570,400)	(2,165,210)	(2,165,204)	6
Total Other Sources (Uses)	(1,868,650)	506,811	553,777	46,966
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,343,886)	(2,774,097)	(956,848)	1,817,249
Fund Balances at Beginning of Year	3,502,831	3,502,831	3,502,831	0
Prior Year Encumbrances Appropriated	22,652	22,652	22,652	0
Fund Balances at End of Year	\$2,181,597	\$751,386	\$2,568,635	\$1,817,249

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Bus Transit Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Local Taxes	\$630,000	\$672,317	\$666,816	(\$5,501)
Charges for Services	97,000	97,000	82,878	(14,122)
Intergovernmental	3,881,921	3,781,921	3,133,611	(648,310)
Other	44,760	44,760	50,191	5,431
Total Revenue	4,653,681	4,595,998	3,933,496	(662,502)
Expenditures				
<i>Current:</i>				
Transportation				
Bus Transit System				
Personal Services	1,122,828	1,141,621	1,058,017	83,604
Fringe Benefits	565,700	546,907	476,812	70,095
Travel Transportation	500	113	113	0
Materials and Supplies	245,900	334,823	292,143	42,680
Contractual Services	654,765	672,993	669,990	3,003
Capital Outlay	1,800,929	2,025,090	1,601,141	423,949
Other	307,824	310,244	310,100	144
Debt Service	49,000	1,449,000	1,449,000	0
Total Transportation	4,747,446	6,480,791	5,857,316	623,475
Total Expenditures	4,747,446	6,480,791	5,857,316	623,475
Excess of Revenues (Under) Expenditures	(93,765)	(1,884,793)	(1,923,820)	(39,027)
Other Financing Sources (Uses)				
Issuance of Notes	0	1,400,000	1,400,000	0
Proceeds from Sale of Capital Assets	0	0	16,850	16,850
Transfers-Out	(29,500)	(26,701)	(26,682)	19
Total Other Sources (Uses)	(29,500)	1,373,299	1,390,168	16,869
Excess of Revenues and Other Sources (Under) Expenditures and Other Uses	(123,265)	(511,494)	(533,652)	(22,158)
Fund Balances at Beginning of Year	382,658	382,658	382,658	0
Prior Year Encumbrances Appropriated	211,336	211,336	211,336	0
Fund Balances at End of Year	\$470,729	\$82,500	\$60,342	(\$22,158)

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Street Construction Maintenance & Repair Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$938,000	\$958,000	\$963,832	\$5,832
Miscellaneous	8,800	8,800	11,682	2,882
Total Revenue	946,800	966,800	975,514	8,714
Expenditures				
<i>Current:</i>				
Transportation				
Street Maintenance & Repair				
Personal Services	666,200	621,700	609,721	11,979
Fringe Benefits	367,400	361,900	313,960	47,940
Materials and Supplies	221,550	261,123	207,273	53,850
Contractual Services	27,600	24,250	13,520	10,730
Capital Outlay	0	69,327	69,171	156
Other	5,550	5,535	3,181	2,354
Debt Service	142,613	1,042,613	1,042,613	0
Total Transportation	1,430,913	2,386,448	2,259,439	127,009
Total Expenditures	1,430,913	2,386,448	2,259,439	127,009
Excess of Revenues (Under) Expenditures	(484,113)	(1,419,648)	(1,283,925)	135,723
Other Financing Sources				
Issuance of Notes	0	900,000	900,000	0
Transfers-In	500,000	375,000	375,000	0
Total Other Sources	500,000	1,275,000	1,275,000	0
Excess of Revenues and Other Sources (Under) Expenditures	15,887	(144,648)	(8,925)	135,723
Fund Balances at Beginning of Year	114,464	114,464	114,464	0
Prior Year Encumbrances Appropriated	32,240	32,240	32,240	0
Fund Balances at End of Year	\$162,591	\$2,056	\$137,779	\$135,723

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
State Highway Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$76,000	\$76,000	\$78,149	\$2,149
Miscellaneous	1,020	1,020	1,040	20
Total Revenue	77,020	77,020	79,189	2,169
Expenditures				
<i>Current:</i>				
Transportation				
State Highway Maintenance & Repair				
Personal Services	47,700	41,738	41,738	0
Fringe Benefits	40,570	40,570	28,314	12,256
Materials and Supplies	0	5,649	5,649	0
Total Transportation	88,270	87,957	75,701	12,256
Total Expenditures	88,270	87,957	75,701	12,256
Excess of Revenues Over (Under) Expenditures	(11,250)	(10,937)	3,488	14,425
Fund Balances at Beginning of Year	21,095	21,095	21,095	0
Fund Balances at End of Year	\$9,845	\$10,158	\$24,583	\$14,425

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Parks and Recreation Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$506,600	\$509,125	\$500,379	(\$8,746)
Charges for Services	23,500	23,500	24,273	773
Fines, Licenses and Permits	25,000	25,000	22,682	(2,318)
Other	5,900	5,900	9,430	3,530
Total Revenue	561,000	563,525	556,764	(6,761)
Expenditures				
<i>Current:</i>				
Leisure Time Activities				
Parks and Recreation				
Personal Services	406,857	414,557	374,538	40,019
Fringe Benefits	357,740	350,040	218,310	131,730
Travel Transportation	800	8	8	0
Materials and Supplies	150,875	154,096	94,250	59,846
Contractual Services	5,363	5,700	4,817	883
Capital Outlay	965	965	575	390
Other	17,750	14,984	8,563	6,421
Total Leisure Time Activities	940,350	940,350	701,061	239,289
Total Expenditures	940,350	940,350	701,061	239,289
Excess of Revenues (Under) Expenditures	(379,350)	(376,825)	(144,297)	232,528
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	0	850	850
Transfers-In	240,500	240,500	239,032	(1,468)
Transfers-Out	(800)	(800)	(417)	383
Total Other Sources (Uses)	239,700	239,700	239,465	(235)
Excess of Revenues and Other Sources (Under) Expenditures and Other Uses	(139,650)	(137,125)	95,168	232,293
Fund Balances at Beginning of Year	142,894	142,894	142,894	0
Fund Balances at End of Year	\$3,244	\$5,769	\$238,062	\$232,293

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
HUD Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$903,991	\$973,991	\$689,691	(\$284,300)
Investment Earnings	0	0	10	10
Total Revenue	903,991	973,991	689,701	(284,290)
Expenditures				
<i>Current:</i>				
Community Environment				
Rehabilitation & Development				
Materials and Supplies	149,341	396,089	387,979	8,110
Contractual Services	418,653	536,268	462,718	73,550
Total Community Environment	567,994	932,357	850,697	81,660
Total Expenditures	567,994	932,357	850,697	81,660
Excess of Revenues (Under) Expenditures	335,997	41,634	(160,996)	(202,630)
Fund Balances at Beginning of Year	39,221	39,221	39,221	0
Prior Year Encumbrances Appropriated	138,819	138,819	138,819	0
Fund Balances at End of Year	\$514,037	\$219,674	\$17,044	(\$202,630)

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Grants Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$193,936	\$79,722	\$79,303	(419)
Total Revenue	193,936	79,722	79,303	(419)
Expenditures				
<i>Current:</i>				
Community Environment				
State Grants				
Materials and Supplies	0	1,403	1,366	37
Contractual Services	57,422	0	0	0
Capital Outlay	0	285	275	10
Total Community Environment	57,422	1,688	1,641	47
Total Expenditures	57,422	1,688	1,641	47
Excess of Revenues Over Expenditures	136,514	78,034	77,662	(372)
Other Financing (Uses)				
Transfers-Out	(136,514)	(135,954)	(119,400)	16,554
Total Other (Uses)	(136,514)	(135,954)	(119,400)	16,554
Excess of Revenues Over Expenditures and Other Uses	0	(57,920)	(41,738)	16,182
Fund Balances at Beginning of Year	117,201	117,201	117,201	0
Fund Balances at End of Year	\$117,201	\$59,281	\$75,463	\$16,182

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Floodwall Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other	0	0	151	151
Total Revenue	0	0	151	151
Expenditures				
<i>Current:</i>				
Community Environment				
Floodwall Maintenance				
Materials and Supplies	46,900	46,900	33,625	13,275
Capital Outlay	25,000	33,567	10,165	23,402
Other	400	400	180	220
Total Community Environment	72,300	80,867	43,970	36,897
Total Expenditures	72,300	80,867	43,970	36,897
Excess of Revenues (Under) Expenditures	(72,300)	(80,867)	(43,819)	37,048
Other Financing Sources				
Transfers-In	60,000	60,000	60,000	0
Transfers-Out	(11,400)	(11,400)	(9,032)	2,368
Total Other Sources	48,600	48,600	50,968	2,368
Excess of Revenues and Other Sources Over Expenditures	(23,700)	(32,267)	7,149	39,416
Fund Balances at Beginning of Year	39,960	39,960	39,960	0
Prior Year Encumbrances Appropriated	8,567	8,567	8,567	0
Fund Balances at End of Year	<u>\$24,827</u>	<u>\$16,260</u>	<u>\$55,676</u>	<u>\$39,416</u>

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Cablevision Fund

For the Year Ended December 31, 2010

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

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Income Tax Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Total Revenue	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Expenditures				
<i>Current:</i>				
General Government				
Unallocated & Refunded Income Tax				
Other	<u>250,000</u>	<u>365,000</u>	<u>288,100</u>	<u>76,900</u>
Total General Government	<u>250,000</u>	<u>365,000</u>	<u>288,100</u>	<u>76,900</u>
Total Expenditures	<u>250,000</u>	<u>365,000</u>	<u>288,100</u>	<u>76,900</u>
Excess of Revenues Over (Under) Expenditures	(250,000)	(365,000)	(288,100)	76,900
Other Financing Sources (Uses)				
Transfers-In	200,000	300,000	300,000	0
Advances-In	130,400	130,400	130,400	0
Transfers-Out	<u>(400,000)</u>	<u>(400,000)</u>	<u>(400,000)</u>	<u>0</u>
Total Other Sources (Uses)	<u>(69,600)</u>	<u>30,400</u>	<u>30,400</u>	<u>0</u>
Excess of Revenues and Other Sources (Under) Expenditures and Other Uses	(319,600)	(334,600)	(257,700)	76,900
Fund Balances at Beginning of Year	<u>343,734</u>	<u>343,734</u>	<u>343,734</u>	<u>0</u>
Fund Balances at End of Year	<u>\$24,134</u>	<u>\$9,134</u>	<u>\$86,034</u>	<u>\$76,900</u>

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Law Enforcement Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses and Permits	\$20,000	\$2,000	\$20,848	\$18,848
Total Revenue	20,000	2,000	20,848	18,848
Expenditures				
<i>Current:</i>				
Security of Persons and Property Enforcement & Education				
Materials and Supplies	8,093	16,506	15,716	790
Other	20,000	20,000	18,177	1,823
Total Security of Persons and Property	28,093	36,506	33,893	2,613
Total Expenditures	28,093	36,506	33,893	2,613
Excess of Revenues Over (Under) Expenditures	(8,093)	(34,506)	(13,045)	21,461
Fund Balances at Beginning of Year	78,071	78,071	78,071	0
Prior Year Encumbrances Appropriated	6,896	6,896	6,896	0
Fund Balances at End of Year	\$76,874	\$50,461	\$71,922	\$21,461

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Indigent Driver's Alcohol Treatment Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses and Permits	\$25,000	\$30,000	\$32,129	\$2,129
Total Revenue	25,000	30,000	32,129	2,129
Expenditures				
<i>Current:</i>				
Security of Persons and Property				
Alcohol Treatment				
Contractual Services	50,000	50,000	5,659	44,341
Total Security of Persons and Property	50,000	50,000	5,659	44,341
Total Expenditures	50,000	50,000	5,659	44,341
Excess of Revenues Over Expenditures	(25,000)	(20,000)	26,470	46,470
Fund Balances at Beginning of Year	243,980	243,980	243,980	0
Fund Balances at End of Year	\$218,980	\$223,980	\$270,450	\$46,470

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
OMVI Enforcement and Education Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses and Permits	\$500	\$2,000	\$1,851	(\$149)
Total Revenue	500	2,000	1,851	(149)
Expenditures				
Total Expenditures	0	0	0	0
Excess of Revenues (Under) Expenditures	500	2,000	1,851	(149)
Fund Balances at Beginning of Year	366	366	366	0
Fund Balances at End of Year	\$866	\$2,366	\$2,217	(\$149)

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Mandatory Drug Fines Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses and Permits	\$3,500	\$3,500	\$3,008	(\$492)
Total Revenue	3,500	3,500	3,008	(492)
Expenditures				
<i>Current:</i>				
Security of Persons and Property Enforcement & Education				
Other	20,000	20,000	19,458	542
Total Security of Persons and Property	20,000	20,000	19,458	542
Total Expenditures	20,000	20,000	19,458	542
Excess of Revenues Over (Under) Expenditures	(16,500)	(16,500)	(16,450)	50
Fund Balances at Beginning of Year	54,728	54,728	54,728	0
Fund Balances at End of Year	\$38,228	\$38,228	\$38,278	\$50

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Parking Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$20,126	\$20,126	\$17,166	(\$2,960)
Fines, Licenses and Permits	12,000	12,000	11,071	(929)
Miscellaneous	600	12,351	12,465	114
Total Revenue	32,726	44,477	40,702	(3,775)
Expenditures				
<i>Current:</i>				
Transportation				
Traffic Control & Parking Facility				
Personal Services	92,470	95,470	77,727	17,743
Fringe Benefits	37,140	34,140	29,496	4,644
Travel Transportation	200	200	0	200
Materials and Supplies	22,650	22,558	16,765	5,793
Contractual Services	300	392	278	114
Other	738	738	0	738
Total Transportation	153,498	153,498	124,266	29,232
Total Expenditures	153,498	153,498	124,266	29,232
Excess of Revenues (Under) Expenditures	(120,772)	(109,021)	(83,564)	25,457
Other Financing Sources (Uses)				
Transfers-In	113,000	113,000	83,000	(30,000)
Transfers-Out	(30,500)	(30,500)	(272)	30,228
Total Other Sources (Uses)	82,500	82,500	82,728	228
Excess of Revenues and Other Sources (Under) Expenditures and Other Uses	(38,272)	(26,521)	(836)	25,685
Fund Balances at Beginning of Year	51,758	51,758	51,758	0
Fund Balances at End of Year	\$13,486	\$25,237	\$50,922	\$25,685

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Police Pension Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$112,091	\$113,018	\$112,734	(\$284)
Intergovernmental	29,000	42,088	42,955	\$867
Total Revenue	141,091	155,106	155,689	583
Expenditures				
<i>Current:</i>				
Security of Persons and Property				
Police Pension & Disability				
Fringe Benefits	600,000	600,000	530,778	69,222
Other	3,300	3,300	2,645	655
Debt Service	9,200	9,200	9,148	52
Total Security of Persons & Property	612,500	612,500	542,571	69,929
Total Expenditures	612,500	612,500	542,571	69,929
Excess of Revenues (Under) Expenditures	(471,409)	(457,394)	(386,882)	70,512
Other Financing Sources				
Transfers-In	600,000	480,000	396,012	(83,988)
Total Other Sources	600,000	480,000	396,012	(83,988)
Excess of Revenues and Other Sources Over Expenditures	128,591	22,606	9,130	(13,476)
Fund Balances at Beginning of Year	3,915	3,915	3,915	0
Fund Balances at End of Year	\$132,506	\$26,521	\$13,045	(\$13,476)

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Fire Pension Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$112,091	\$113,018	\$112,734	(\$284)
Intergovernmental	28,000	42,088	42,954	\$866
Charges for Services	1,000	0	0	\$0
Total Revenue	141,091	155,106	155,688	582
Expenditures				
<i>Current:</i>				
Security of Persons and Property				
Fire Pension & Disability				
Fringe Benefits	726,000	726,000	669,257	56,743
Other	3,300	3,300	2,645	655
Debt Service	34,000	34,000	33,816	184
Total Security of Persons & Property	763,300	763,300	705,718	57,582
Total Expenditures	763,300	763,300	705,718	57,582
Excess of Revenues (Under) Expenditures	(622,209)	(608,194)	(550,030)	58,164
Other Financing Sources				
Transfers-In	726,000	681,000	549,798	(131,202)
Total Other Sources	726,000	681,000	549,798	(131,202)
Excess of Revenues and Other Sources Over (Under) Expenditures	103,791	72,806	(232)	(73,038)
Fund Balances at Beginning of Year	3,199	3,199	3,199	0
Fund Balances at End of Year	\$106,990	\$76,005	\$2,967	(\$73,038)

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Bond Retirement Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Total Revenue	\$0	\$0	\$0	\$0
Expenditures				
<i>Debt Service:</i>				
Principal Retirement	190,000	190,000	190,000	0
Interest and Fiscal Charges	13,500	13,500	13,345	155
Total Debt Service	203,500	203,500	203,345	155
Total Expenditures	203,500	203,500	203,345	155
Excess of Revenues (Under) Expenditures	(203,500)	(203,500)	(203,345)	155
Other Financing Sources				
Transfers-In	203,400	203,400	203,400	0
Total Other Sources	203,400	203,400	203,400	0
Excess of Revenues and Other Sources Over Expenditures	(100)	(100)	55	155
Fund Balances at Beginning of Year	16,592	16,592	16,592	0
Fund Balances at End of Year	\$16,492	\$16,492	\$16,647	\$155

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Capital Improvement Fund

For the Year Ended December 31, 2010

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

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Issue II Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$0	\$330,000	\$330,000	\$0
Total Revenue	0	330,000	330,000	0
Expenditures				
<i>Capital Outlay</i>				
Capital Outlay	0	330,000	330,000	0
Total Capital Outlay	0	330,000	330,000	0
Total Expenditures	0	330,000	330,000	0
Excess of Revenues Over Expenditures	0	0	0	0
Fund Balances at Beginning of Year	0	0	0	0
Fund Balances at End of Year	\$0	\$0	\$0	\$0

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Safety Levy Capital Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$632,000	\$672,317	\$666,915	(\$5,402)
Intergovernmental	0	292,500	292,500	0
Miscellaneous	0	103,807	116,679	12,872
Total Revenue	632,000	1,068,624	1,076,094	7,470
Expenditures				
Capital Outlay				
Materials & Supplies	963	102,840	101,801	1,039
Capital Outlay	321,451	682,171	670,282	11,889
Other	3,000	1,500	0	1,500
Debt Service	206,300	206,300	206,300	0
Total Capital Outlay	531,714	992,811	978,383	14,428
Total Expenditures	531,714	992,811	978,383	14,428
Excess of Revenues Over (Under) Expenditures	100,286	75,813	97,711	21,898
Other Financing Sources (Uses)				
Transfers-Out	(153,500)	(153,500)	(153,500)	0
Total Other Sources (Uses)	(153,500)	(153,500)	(153,500)	0
Excess of Revenues and Other Sources (Under) Expenditures and Other Uses	(53,214)	(77,687)	(55,789)	21,898
Fund Balances at Beginning of Year	138,177	138,177	138,177	0
Prior Year Encumbrances Appropriated	31,390	31,390	31,390	0
Fund Balances at End of Year	\$116,353	\$91,880	\$113,778	\$21,898

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Landfill Closure Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Total Revenue	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay				
Capital Outlay	53,000	53,000	48,393	4,607
Total Capital Outlay	53,000	53,000	48,393	4,607
Total Expenditures	53,000	53,000	48,393	4,607
Excess of Revenues (Under) Expenditures	(53,000)	(53,000)	(48,393)	4,607
Other Financing Sources				
Transfers-In	50,000	50,000	50,000	0
Total Other Sources	50,000	50,000	50,000	0
Excess of Revenues and Other Sources (Under) Expenditures	(3,000)	(3,000)	1,607	4,607
Fund Balances at Beginning of Year	42,037	42,037	42,037	0
Fund Balances at End of Year	\$39,037	\$39,037	\$43,644	\$4,607

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Parks and Recreation Capital Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Taxes	\$157,500	\$167,813	\$166,339	(\$1,474)
Intergovernmental	175,000	175,000	136,400	(38,600)
Miscellaneous	35,800	35,800	11,243	(24,557)
Total Revenue	368,300	378,613	313,982	(64,631)
Expenditures				
Capital Outlay				
Materials and Supplies	9,500	0	0	0
Capital Outlay	143,633	150,894	123,852	27,042
Total Capital Outlay	153,133	150,894	123,852	27,042
Total Expenditures	153,133	150,894	123,852	27,042
Excess of Revenues (Under) Expenditures	215,167	227,719	190,130	(37,589)
Other Financing Sources (Uses)				
Transfers-Out	(26,500)	(26,500)	(26,500)	0
Advances-Out	(130,400)	(130,400)	(130,400)	0
Total Other Sources (Uses)	(156,900)	(156,900)	(156,900)	0
Excess of Revenues and Other Sources (Under) Expenditures and Other Uses	58,267	70,819	33,230	(37,589)
Fund Balances at Beginning of Year	130,951	130,951	130,951	0
Fund Balances at End of Year	\$189,218	\$201,770	\$164,181	(\$37,589)

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Streetscape Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Total Revenue	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay				
Capital Outlay	15,000	15,000	15,000	0
Total Capital Outlay	15,000	15,000	15,000	0
Total Expenditures	15,000	15,000	15,000	0
Excess of Revenues (Under) Expenditures	(15,000)	(15,000)	(15,000)	0
Other Financing Sources				
Transfers-In	15,000	15,000	15,000	0
Total Other Sources	15,000	15,000	15,000	0
Excess of Revenues and Other Sources (Under) Expenditures	0	0	0	0
Fund Balances at Beginning of Year	3,494	3,494	3,494	0
Fund Balances at End of Year	\$3,494	\$3,494	\$3,494	\$0

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Carlisle Hill Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment Earnings	\$20	\$40	\$20	(\$20)
Total Revenue	20	40	20	(20)
Expenditures				
<i>Current:</i>				
Community Environment				
Other	1,200	1,200	0	1,200
Total Expenditures	1,200	1,200	0	1,200
Excess of Revenues Over (Under) Expenditures	(1,180)	(1,160)	20	1,180
Fund Balances at Beginning of Year	3,187	3,187	3,187	0
Fund Balances at End of Year	\$2,007	\$2,027	\$3,207	\$1,180

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CITY OF CHILLICOTHE, OHIO

ENTERPRISE FUNDS

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

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Equity - Budget and Actual (Budget Basis)
Water Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$4,570,000	\$4,537,000	\$4,505,439	(\$31,561)
Other Operating Revenue	26,820	396,058	376,058	(20,000)
Total Revenue	4,596,820	4,933,058	4,881,497	(51,561)
Expenses				
<i>Current:</i>				
Personal Services	1,222,250	1,264,303	1,168,958	95,345
Fringe Benefits	834,375	792,321	662,936	129,385
Travel Transportation	600	1,101	823	278
Contractual Services	170,351	161,470	137,377	24,093
Materials and Supplies	828,230	953,199	822,954	130,245
Other Operating Expenses	887,910	295,110	284,750	10,360
Capital Outlay	1,113,307	1,119,416	487,924	631,492
<i>Debt Service:</i>				
Principal Retirement	1,050,000	1,050,000	1,050,000	0
Interest and Fiscal Charges	226,500	226,500	226,417	83
Total Expenditures	6,333,523	5,863,420	4,842,139	1,021,281
Excess of Revenues (Under) Expenditures	(1,736,703)	(930,362)	39,358	969,720
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	0	3,170	3,170
Transfers-Out	(206,255)	(206,954)	(6,761)	200,193
Total Other Sources (Uses)	(206,255)	(206,954)	(3,591)	203,363
Excess of Revenues and Other Sources (Under) Expenditures and Other Uses	(1,942,958)	(1,137,316)	35,767	1,173,083
Fund Equity at Beginning of Year	4,558,779	4,558,779	4,558,779	0
Prior Year Encumbrances Appropriated	24,152	24,152	24,152	0
Fund Equity at End of Year	\$2,639,973	\$3,445,615	\$4,618,698	\$1,173,083

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Equity - Budget and Actual (Budget Basis)
Sewer Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$3,206,000	\$3,203,500	\$3,170,773	(\$32,727)
Other Operating Revenues	15,840	15,840	26,351	10,511
Total Revenue	3,221,840	3,219,340	3,197,124	(22,216)
Expenses				
<i>Current:</i>				
Personal Services	1,139,081	1,199,400	1,078,026	121,374
Fringe Benefits	750,020	726,442	589,343	137,099
Travel Transportation	300	75	75	
Contractual Services	102,000	108,317	105,963	2,354
Materials and Supplies	391,450	683,268	637,995	45,273
Other Operating Expenses	589,379	615,504	613,267	2,237
Capital Outlay	521,760	822,812	446,310	376,502
<i>Debt Service:</i>				
Principal Retirement	85,000	85,000	85,000	0
Interest and Fiscal Charges	58,190	58,190	58,190	0
Total Expenses	3,637,180	4,299,008	3,614,169	684,839
Excess of Revenues Over (Under) Expenditures	(415,340)	(1,079,668)	(417,045)	662,623
Other Financing Sources (Uses)				
Transfers-In	30,000	30,000	30,000	0
Transfers-Out	(5,300)	(6,999)	(6,816)	183
Total Other Sources (Uses)	24,700	23,001	23,184	183
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(390,640)	(1,056,667)	(393,861)	662,806
Fund Equity at Beginning of Year	3,728,206	3,728,206	3,728,206	0
Prior Year Encumbrances Appropriated	149,386	149,386	149,386	0
Fund Equity at End of Year	\$3,486,952	\$2,820,925	\$3,483,731	\$662,806

CITY OF CHILLICOTHE, OHIO

FIDUCIARY FUNDS

PRIVATE PURPOSE TRUST FUND

The private purpose fund is used to report escheat property and all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The following is a description of the City's private purpose trust fund:

Unclaimed Monies Fund

To account for assets held for owners of unclaimed intangible property. Unclaimed property is property for which the owner has not taken some action to indicate ownership interest over a certain period of time specified under Chapter 169, Ohio Revised Code. Since this is the only private purpose trust fund, no combining statements are presented for the private purpose trust fund.

AGENCY FUNDS

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

Court Agency Fund

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

Deposits Agency Fund

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

City of Chillicothe, Ohio

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Budget Basis)
Unclaimed Monies Fund

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$6,000	\$17,000	\$16,033	(\$967)
Total Revenue	6,000	17,000	16,033	(967)
Expenditures				
<i>Current:</i>				
General Government				
Unclaimed Monies				
Other	2,000	2,000	330	1,670
Total General Government	2,000	2,000	330	1,670
Total Expenditures	2,000	2,000	330	1,670
Excess of Revenues Over Expenditures	4,000	15,000	15,703	703
Other Financing (Uses)				
Transfers-Out	(5,200)	(5,200)	(5,186)	14
Total Other Financing (Uses)	(5,200)	(5,200)	(5,186)	14
Excess of Revenues (Under) Expenditures and Other Financing Uses	(1,200)	9,800	10,517	717
Fund Balances at Beginning of Year	38,374	38,374	38,374	0
Fund Balances at End of Year	\$37,174	\$48,174	\$48,891	\$717

City of Chillicothe, Ohio

Statement of Changes in Assets & Liabilities
Agency Funds

For the Year Ended December 31, 2010

	Balance 1/1/2010	Additions	Reductions	Balance 12/31/2010
Deposits Agency				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$30,533	\$2,030	\$2,150	\$30,413
<i>Total Assets</i>	<u>\$30,533</u>	<u>\$2,030</u>	<u>\$2,150</u>	<u>\$30,413</u>
Liabilities				
Deposits Held and Due to Others	\$30,533	\$2,030	\$2,150	\$30,413
<i>Total Liabilities</i>	<u>\$30,533</u>	<u>\$2,030</u>	<u>\$2,150</u>	<u>\$30,413</u>
Municipal Court Agency				
Assets				
Cash and Cash Equivalents in Segregated Accounts	\$269,570	\$1,861,464	\$1,933,452	\$197,582
<i>Total Assets</i>	<u>\$269,570</u>	<u>\$1,861,464</u>	<u>\$1,933,452</u>	<u>\$197,582</u>
Liabilities				
Intergovernmental Payable	\$60,084	\$710,714	\$716,751	\$54,047
Undistributed Monies	206,606	401,791	464,862	143,535
Deposits Held and Due to Others	2,880	748,959	751,839	0
<i>Total Liabilities</i>	<u>\$269,570</u>	<u>\$1,861,464</u>	<u>\$1,933,452</u>	<u>\$197,582</u>
Total Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$30,533	\$2,030	\$2,150	\$30,413
Cash and Cash Equivalents in Segregated Accounts	269,570	1,861,464	1,933,452	197,582
<i>Total Assets</i>	<u>\$300,103</u>	<u>\$1,863,494</u>	<u>\$1,935,602</u>	<u>\$227,995</u>
Liabilities				
Intergovernmental Payable	\$60,084	\$710,714	\$716,751	\$54,047
Undistributed Monies	206,606	401,791	464,862	143,535
Deposits Held and Due to Others	33,413	750,989	753,989	30,413
<i>Total Liabilities</i>	<u>\$300,103</u>	<u>\$1,863,494</u>	<u>\$1,935,602</u>	<u>\$227,995</u>

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Statistical Section

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial position has changed over time.	118-122
Revenue Capacity	
These schedules contain information to help the reader understand and access the factors affecting the City's ability to generate its most significant local revenue source, the property tax.	123-127
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	128-133
Economic and Demographic Information	
This schedule offers economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	134-135
Operating Information	
These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	136-140

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that fiscal year.

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CITY OF CHILLICOTHE, OHIO
NET ASSETS BY COMPONENT
LAST NINE YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities									
Invested in Capital Assets, Net of Related Debt	\$48,771,086	\$47,457,882	\$44,886,857	\$43,667,909	\$42,148,445	\$39,625,809	\$39,182,366	\$39,109,104	\$40,021,089
<i>Restricted:</i>									
Debt Service	104,236	62,044	0	0	0	0	0	13,507	14,099
Capital Projects	769,089	697,867	781,247	852,087	860,236	749,643	1,007,274	321,193	1,488,796
<i>Permanent Fund:</i>									
Expendable	1,927	1,967	1,987	2,027	2,067	2,107	2,147	2,187	2,207
Nonexpendable	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Street Construction, Maintenance and Repair	0	0	0	0	241,458	500,525	402,192	321,959	326,271
Bus Transit	0	0	0	398,195	537,217	210,363	319,668	2,465,846	398,327
Housing and Urban Development Program	0	0	0	353,292	564,022	355,957	602,453	1,234,949	418,947
Other Purposes	2,405,852	2,586,624	3,613,428	1,025,505	1,194,703	1,896,031	1,801,592	1,216,833	998,585
Unrestricted	163,231	(924,831)	241,677	1,001,156	1,666,778	1,050,438	1,105,720	686,586	(1,221,753)
Total Governmental Activities Net Assets	\$52,216,421	\$49,882,553	\$49,526,196	\$47,301,171	\$47,215,926	\$44,391,873	\$44,424,412	\$45,373,164	\$42,447,568
Business Type - Activities									
Invested in Capital Assets, Net of Related Debt	\$25,822,287	\$25,500,895	\$28,017,313	\$28,629,701	\$29,514,918	\$30,375,860	\$31,628,281	\$32,021,986	\$32,510,938
<i>Restricted:</i>									
Debt Service	1,818,776	1,655,677	1,949,546	2,008,181	1,784,142	1,902,831	1,652,563	1,694,714	1,627,337
Capital Projects	3,603,889	3,138,244	3,089,391	1,817,822	1,712,772	1,818,467	1,818,467	1,818,467	1,818,467
Unrestricted	5,490,947	6,026,541	4,775,818	5,867,063	5,964,273	6,045,463	5,481,570	5,094,530	4,830,440
Total Business-Type Activities Net Assets	\$36,735,899	\$36,321,357	\$37,832,068	\$38,322,767	\$38,976,105	\$40,142,621	\$40,580,881	\$40,629,697	\$40,787,182
Primary Government									
Invested in Capital Assets, Net of Related Debt	\$74,593,373	\$72,958,777	\$72,904,170	\$72,297,610	\$71,663,363	\$70,001,669	\$70,810,647	\$71,131,090	\$72,532,027
Restricted	8,704,769	8,143,423	9,436,599	6,458,109	6,897,617	7,436,924	7,607,356	9,090,655	7,094,036
Unrestricted	5,654,178	5,101,710	5,017,495	6,868,219	7,631,051	7,095,901	6,587,290	5,781,116	3,608,687
Total Primary Government Net Assets	\$88,952,320	\$86,203,910	\$87,358,264	\$85,623,938	\$86,192,031	\$84,534,494	\$85,005,293	\$86,002,861	\$83,234,750

CITY OF CHILLICOTHE, OHIO
 CHANGES IN NET ASSETS
 LAST NINE YEARS
 (ACCRUAL BASIS OF ACCOUNTING)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Program Revenues									
Governmental Activities									
<i>Charges for Services:</i>									
General Government	\$5,388,871	\$4,015,529	\$4,057,530	\$2,531,302	\$1,314,164	\$1,503,926	\$1,682,510	\$2,155,542	\$2,619,886
Security of Persons and Property:									
Police	43,522	48,889	78,159	46,768	59,875	54,079	356,516	96,135	57,760
Fire	1,947	476,130	694,253	702,281	923,551	936,958	960,872	1,112,873	1,138,072
Transportation	149,833	173,248	168,624	153,898	132,002	212,326	123,925	192,654	848,534
Basic Utility Services	991,314	1,028,969	977,912	984,951	1,002,555	1,135,399	989,259	1,004,003	989,639
Leisure Time Activities	92,938	71,030	64,266	65,876	75,608	100,105	136,601	103,915	90,134
Subtotal - Charges for Services	<u>6,668,425</u>	<u>5,813,795</u>	<u>6,040,744</u>	<u>4,485,076</u>	<u>3,507,755</u>	<u>3,942,793</u>	<u>4,249,683</u>	<u>4,665,122</u>	<u>5,744,025</u>
<i>Operating Grants and Contributions:</i>									
General Government	170,988	191,123	201,611	157,944	24,617	24,039	25,746	24,324	207,793
Security of Persons and Property:									
Police	13,252	13,327	2,195	0	0	0	0	0	151,421
Fire	13,252	13,327	2,195	0	0	0	0	0	146,250
Transportation	1,581,417	1,780,686	2,336,828	1,843,493	3,217,282	2,722,949	2,391,097	3,387,055	1,555,346
Community Environment	492,323	878,746	676,010	156,795	719,748	629,112	583,111	1,971,841	131,711
Basic Utility Services	0	0	6,507	0	0	0	0	0	0
Leisure Time Activities	3,570	3,600	0	93,209	45,214	4,657	5,633	5,973	6,407
Subtotal - Operating Grants and Contributions	<u>2,274,802</u>	<u>2,880,809</u>	<u>3,225,346</u>	<u>2,251,441</u>	<u>4,006,861</u>	<u>3,380,757</u>	<u>3,005,587</u>	<u>5,389,193</u>	<u>2,198,928</u>
<i>Capital Grants and Contributions:</i>									
Police	0	0	0	0	0	0	6,297	0	0
Transportation	0	0	203,095	0	390,873	200,230	0	3,691,384	794,490
Community Environment	0	7,052	6,617	0	0	0	0	0	0
Basic Utility Services	0	0	350,000	0	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0	0	104,747	87,321	136,400
Subtotal - Capital Grants and Contributions	<u>0</u>	<u>7,052</u>	<u>559,712</u>	<u>0</u>	<u>390,873</u>	<u>200,230</u>	<u>111,044</u>	<u>3,778,705</u>	<u>930,890</u>
Total Governmental Activities Program Revenues	<u>8,943,227</u>	<u>8,701,656</u>	<u>9,825,802</u>	<u>6,736,517</u>	<u>7,905,489</u>	<u>7,523,780</u>	<u>7,366,314</u>	<u>13,833,020</u>	<u>8,873,843</u>
Business-Type Activities									
<i>Charges for Services</i>									
Water	4,159,217	4,196,209	4,388,054	4,489,093	4,327,931	4,476,992	4,366,400	4,401,964	4,439,150
Sewer	2,878,379	2,869,864	3,015,484	3,072,422	3,133,368	3,467,668	3,227,754	3,155,672	3,086,853
<i>Capital Grants and Contributions:</i>									
Sewer	766,789	0	0	0	0	0	0	0	0
Total Business-Type Activities Program Revenues	<u>7,804,385</u>	<u>7,066,073</u>	<u>7,403,538</u>	<u>7,561,515</u>	<u>7,461,299</u>	<u>7,944,660</u>	<u>7,594,154</u>	<u>7,557,636</u>	<u>7,526,003</u>
Total Primary Government Program Revenues	<u>\$16,747,612</u>	<u>\$15,767,729</u>	<u>\$17,229,340</u>	<u>\$14,298,032</u>	<u>\$15,366,788</u>	<u>\$15,468,440</u>	<u>\$14,960,468</u>	<u>\$21,390,656</u>	<u>\$16,399,846</u>
Expenses									
Governmental Activities									
General Government	\$9,713,452	\$8,395,001	\$7,145,676	\$5,207,638	\$4,021,651	\$5,063,213	\$5,269,764	\$5,856,422	\$5,967,188
Security of Persons and Property:									
Police	4,729,681	5,373,841	5,229,724	4,576,143	4,895,745	5,693,551	5,406,935	5,616,398	5,921,752
Fire	4,284,912	3,847,891	3,679,628	4,233,574	4,751,817	4,567,222	5,206,800	5,370,049	5,427,992
Transportation	3,328,993	3,439,976	5,459,822	5,814,354	6,446,996	6,730,013	6,191,675	7,341,642	5,650,615
Community Environment	828,369	1,024,969	631,235	1,113,876	698,547	772,615	677,158	1,685,430	969,074
Basic Utility Services	880,834	936,233	939,088	792,471	1,006,902	1,064,347	934,806	874,302	1,172,801
Leisure Time Activities	1,020,679	1,039,855	1,008,825	1,070,174	1,040,184	1,089,656	927,550	520,058	856,056
Interest and Fiscal Charges	180,222	270,135	88,230	100,026	101,033	91,207	124,333	136,428	132,305
Total Governmental Activities Expenses	<u>24,967,142</u>	<u>24,327,901</u>	<u>24,182,228</u>	<u>22,908,256</u>	<u>22,962,875</u>	<u>25,071,824</u>	<u>24,739,021</u>	<u>27,400,729</u>	<u>26,097,783</u>

continued

CITY OF CHILLICOTHE, OHIO
CHANGES IN NET ASSETS
LAST NINE YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Business-Type Activities									
Water	3,890,453	4,464,827	3,523,388	3,952,924	3,722,375	4,134,872	4,169,380	4,400,088	3,900,284
Sewer	2,743,233	3,113,639	3,197,431	3,240,301	3,012,331	3,022,759	3,148,719	3,248,239	3,887,721
<i>Total Business-Type Activities Expenses</i>	<u>6,633,686</u>	<u>7,578,466</u>	<u>6,720,819</u>	<u>7,193,225</u>	<u>6,734,706</u>	<u>7,157,631</u>	<u>7,318,099</u>	<u>7,648,327</u>	<u>7,788,005</u>
<i>Total Primary Government Program Expenses</i>	<u>31,600,828</u>	<u>31,906,367</u>	<u>30,903,047</u>	<u>30,101,481</u>	<u>29,697,581</u>	<u>32,229,455</u>	<u>32,057,120</u>	<u>35,049,056</u>	<u>33,885,788</u>
Net (Expense)/Revenue									
Governmental Activities	(16,023,915)	(15,626,245)	(14,356,426)	(16,171,739)	(15,057,386)	(17,548,044)	(17,372,707)	(13,567,709)	(17,223,940)
Business-Type Activities	<u>1,170,699</u>	<u>(512,393)</u>	<u>682,719</u>	<u>368,290</u>	<u>726,593</u>	<u>787,029</u>	<u>276,055</u>	<u>(90,691)</u>	<u>(262,002)</u>
<i>Total Primary Government Net Expense</i>	<u>(14,853,216)</u>	<u>(16,138,638)</u>	<u>(13,673,707)</u>	<u>(15,803,449)</u>	<u>(14,330,793)</u>	<u>(16,761,015)</u>	<u>(17,096,652)</u>	<u>(13,658,400)</u>	<u>(17,485,942)</u>
General Revenues and Other Changes in Net Assets									
Governmental Activities									
<i>Taxes:</i>									
<i>Property and Other Local Taxes Levied for:</i>									
General Purposes	1,360,426	1,403,955	1,408,866	1,466,655	1,425,510	1,071,126	986,223	935,673	941,165
Police and Fire	0	0	0	0	0	255,262	236,293	221,814	226,362
<i>Municipal Income Taxes Levied for:</i>									
General Purposes	8,829,586	8,737,740	9,242,017	9,601,686	9,452,405	9,594,677	9,211,925	9,186,508	9,109,304
Transportation	0	0	0	0	0	0	669,926	668,288	662,443
Capital Outlay	731,201	677,601	778,748	687,951	691,474	810,292	836,963	836,331	827,341
Other Taxes	167,670	171,124	175,024	85,188	420,586	249,109	190,237	133,653	230,591
<i>Grants and Entitlements not Restricted to</i>									
Specific Programs	1,714,276	1,787,884	1,552,464	1,661,266	1,775,562	1,685,694	3,738,582	2,098,454	1,820,969
Investment Income	266,635	144,920	146,091	302,373	544,065	656,517	358,230	151,647	55,348
Miscellaneous	307,455	517,748	782,694	399,199	679,206	419,520	622,353	323,883	440,857
Gain on Sale of Capital Assets	0	0	0	0	0	0	0	0	387
Special Assessments	5,709	0	0	0	0	0	0	0	0
<i>Total Governmental Activities</i>	<u>13,382,958</u>	<u>13,440,972</u>	<u>14,085,904</u>	<u>14,204,318</u>	<u>14,988,808</u>	<u>14,742,197</u>	<u>16,850,732</u>	<u>14,556,251</u>	<u>14,314,767</u>
Business-Type Activities									
Investment Income	10,721	44,224	19,397	61,635	127,267	112,221	36,975	16	0
Miscellaneous	119,847	2,474	307,333	38,714	73,434	249,060	105,659	99,701	403,064
<i>Total Business-Type Activities</i>	<u>130,568</u>	<u>46,698</u>	<u>326,730</u>	<u>100,349</u>	<u>200,701</u>	<u>361,281</u>	<u>142,634</u>	<u>99,717</u>	<u>403,064</u>
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	<u>13,513,526</u>	<u>13,487,670</u>	<u>14,412,634</u>	<u>14,304,667</u>	<u>15,189,509</u>	<u>15,103,478</u>	<u>16,993,366</u>	<u>14,655,968</u>	<u>14,717,831</u>
Transfers									
Governmental Activities	(22,677)	(148,595)	(22,029)	(22,060)	(16,667)	(18,206)	(19,571)	(39,790)	(16,423)
Business-Type Activities	22,677	148,595	22,029	22,060	16,667	18,206	19,571	39,790	16,423
Change in Net Assets									
Governmental Activities	(2,663,634)	(2,333,868)	(292,551)	(1,989,481)	(85,245)	(2,824,053)	(541,546)	948,752	(2,925,596)
Business-Type Activities	<u>1,323,944</u>	<u>(317,100)</u>	<u>1,031,478</u>	<u>490,699</u>	<u>943,961</u>	<u>1,166,516</u>	<u>438,260</u>	<u>48,816</u>	<u>157,485</u>
<i>Total Primary Government Change in Net Assets</i>	<u>(\$1,339,690)</u>	<u>(\$2,650,968)</u>	<u>\$738,927</u>	<u>(\$1,498,782)</u>	<u>\$858,716</u>	<u>(\$1,657,537)</u>	<u>(\$103,286)</u>	<u>\$997,568</u>	<u>(\$2,768,111)</u>

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	\$79,720	\$55,586	\$11,247	\$20,601	\$234,274	\$200,693	\$217,361	\$112,003	\$141,640	\$142,987
Unreserved	4,475,366	3,471,774	2,816,514	3,056,578	3,460,144	3,801,025	3,274,545	4,463,107	2,232,978	1,194,568
Total General Fund	4,555,086	3,527,360	2,827,761	3,077,179	3,694,418	4,001,718	3,491,906	4,575,110	2,374,618	1,337,555
All Other Governmental Funds										
Reserved	340,879	190,008	401,296	499,208	696,053	768,321	243,570	1,595,859	443,926	192,326
<i>Unreserved, Undesignated, Reported In:</i>										
Special Revenue Funds	1,809,394	2,371,259	1,863,049	1,059,228	971,065	1,701,632	2,138,285	581,784	865,429	(1,025,702)
Debt Service Funds	99,783	104,236	66,044	12,150	12,669	13,085	15,950	16,325	16,591	16,646
Capital Projects Funds	716,408	751,585	466,840	752,059	484,927	810,503	528,189	572,514	97,329	422,625
Permanent Funds	2,887	2,927	1,967	1,987	2,027	2,067	2,107	2,147	2,187	2,207
Total All Other Governmental Funds	2,969,351	3,420,015	2,799,196	2,324,632	2,166,741	3,295,608	2,928,101	2,768,629	1,425,462	(391,898)
Total Governmental Funds	\$7,524,437	\$6,947,375	\$5,626,957	\$5,401,811	\$5,861,159	\$7,297,326	\$6,420,007	\$7,343,739	\$3,800,080	\$945,657

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Property Taxes	\$1,495,125	\$1,338,358	\$1,398,276	\$1,403,530	\$1,471,716	\$1,430,536	\$1,326,120	\$1,215,794	\$1,153,839	\$1,162,849
Municipal Income Taxes	9,555,524	9,560,787	9,415,341	10,020,765	10,209,835	10,075,395	10,473,453	10,718,814	10,691,127	10,599,088
Other Taxes	0	167,670	171,124	175,024	164,990	420,586	249,109	190,237	133,653	230,591
Charges for Services	1,715,365	2,211,337	2,732,346	2,878,583	2,928,451	2,135,699	2,386,542	2,212,147	2,415,065	4,081,250
Fees, Licenses and Permits	1,600,285	4,451,859	3,077,953	3,153,361	3,313,382	1,372,056	1,556,251	2,003,958	2,232,953	1,597,242
Intergovernmental	4,033,644	4,357,747	4,210,207	5,332,461	4,279,833	5,685,333	5,439,441	6,625,215	9,847,621	6,506,226
Special Assessments	12,628	3,689	3,430	5,222	7,871	5,017	19,934	21,631	17,104	50,186
Investment Earnings	690,107	266,635	144,920	146,091	302,373	544,065	656,517	358,230	151,647	55,348
Miscellaneous	407,108	308,983	564,002	837,783	526,713	733,004	431,371	653,732	354,180	486,015
Total Revenues	19,509,776	22,667,065	21,717,599	23,952,820	23,205,164	22,401,691	22,538,738	23,999,758	26,997,189	24,768,795
Expenditures										
<i>Current:</i>										
General Government	5,186,334	8,253,668	7,393,976	7,151,308	7,225,043	4,629,603	5,005,119	5,149,587	6,715,055	5,850,739
Security of Persons and Property:										
Police	7,863,743	4,466,763	4,521,095	4,702,257	4,159,841	4,535,032	5,013,183	5,198,129	5,724,315	5,617,250
Fire	0	4,009,416	4,190,877	4,291,686	4,134,698	4,182,352	4,563,369	4,687,957	4,880,108	5,051,759
Transportation	3,021,633	3,336,160	3,439,101	4,324,254	3,759,348	4,306,075	4,643,236	4,688,758	8,567,602	6,090,170
Community Environment	433,672	533,551	701,489	388,920	791,855	382,103	489,853	352,345	1,370,904	859,783
Basic Utilities Services	1,038,420	893,911	890,316	916,882	806,492	1,009,378	1,069,275	946,803	880,792	843,424
Leisure Time Activities	730,341	771,929	822,761	830,216	776,363	788,703	900,563	866,912	936,905	783,079
Capital Outlay	508,306	616,504	525,325	1,210,634	646,646	1,156,485	1,599,605	356,415	1,715,632	1,277,088
Debt Service:										
Principal Retirement	357,325	371,064	2,331,034	294,295	306,305	321,075	721,505	726,220	327,983	1,164,204
Interest and Fiscal Charges	202,167	181,762	270,936	96,666	102,493	103,578	93,755	126,952	139,122	134,923
Total Expenditures	19,341,941	23,434,728	25,087,330	24,207,118	22,709,084	21,414,384	24,099,463	23,100,078	31,258,418	27,672,419
<i>Excess of Revenues Over (Under) Expenditures</i>	167,835	(767,663)	(3,369,731)	(254,298)	496,080	987,307	(1,560,725)	899,680	(4,261,229)	(2,903,624)
Other Financing Sources (Uses)										
Sale of Capital Assets	1,505	2,260	40,038	0	0	4,492	29,727	0	11,101	23,339
General Obligation Bonds Issues	0	0	2,125,000	0	0	0	0	0	0	0
Premium on General Obligation Bonds	0	0	16,642	0	0	0	0	0	0	0
Issuance of Notes	0	0	0	0	0	400,000	600,000	200,000	900,000	0
Insurance Recoveries	0	0	0	0	0	0	0	17,892	0	0
Proceeds from Loan	0	0	0	0	126,126	0	0	0	0	0
Inception of Capital Lease	36,297	2,000	12,228	55,181	69,106	61,035	71,885	25,731	46,259	42,285
Payment for Refunded Note	0	0	0	0	0	0	0	0	(200,000)	0
Transfers In	2,845,423	2,776,849	2,702,138	2,144,023	2,459,970	2,750,793	2,239,304	2,820,011	3,420,697	2,884,584
Transfers Out	(2,868,985)	(2,782,255)	(2,850,733)	(2,166,052)	(2,482,030)	(2,767,460)	(2,257,510)	(2,839,582)	(3,460,487)	(2,901,007)
Total Other Financing Sources (Uses)	14,240	(1,146)	2,045,313	33,152	173,172	448,860	663,406	224,052	717,570	49,201
Net Change in Fund Balances	\$182,075	(\$768,809)	(\$1,324,418)	(\$221,146)	\$669,252	\$1,436,167	(\$877,319)	\$1,123,732	(\$3,543,659)	(\$2,854,423)
Debt Service as a Percentage of Noncapital Expenditures	3.0%	2.4%	10.6%	1.7%	1.9%	2.1%	3.6%	4.0%	1.9%	5.3%

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

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

Collection Year	Real Property		Tangible Personal Property		Tangible Personal Property		Total		Ratio	Direct Rate
	Assessed Value		Public Utility		General Business		Estimated			
	Residential/ Agricultural	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2001	\$281,716,700	\$804,904,857	\$26,229,520	\$29,806,273	\$134,758,760	\$539,035,040	\$442,704,980	\$1,373,746,170	32.23%	3.20
2002	317,916,300	908,332,286	22,138,160	25,157,000	126,066,490	504,265,960	466,120,950	1,437,755,246	32.42%	3.20
2003	320,113,840	914,610,971	25,010,810	28,421,375	136,569,160	546,276,640	481,693,810	1,489,308,986	32.34%	3.20
2004	325,706,610	930,590,314	21,397,510	24,315,352	99,150,970	396,603,880	446,255,090	1,351,509,547	33.02%	3.20
2005	356,696,600	1,019,133,143	21,343,390	24,253,852	88,563,590	354,254,360	466,603,580	1,397,641,355	33.39%	3.20
2006	359,476,340	1,027,075,257	19,197,300	21,815,114	60,785,720	324,190,507	439,459,360	1,373,080,878	32.01%	3.20
2007	361,865,550	1,033,901,571	18,246,050	20,734,148	38,150,840	305,206,720	418,262,440	1,359,842,439	30.76%	3.20
2008	398,492,350	1,138,549,571	14,169,310	16,101,489	15,581,790	249,308,640	428,243,450	1,403,959,700	30.50%	3.20
2009	396,324,680	1,132,256,229	15,266,240	17,348,000	2,605,380	20,843,040	414,196,300	1,170,447,269	35.39%	3.20
2010	397,696,220	1,136,274,914	17,742,500	20,161,932	1,250,990	20,015,840	416,689,710	1,176,452,686	35.42%	3.20

Source: Ross County Auditor

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

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

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

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
City of Chillicothe Millage										
Operating	<u>3.20</u>									
<i>Total City Millage</i>	<u>3.20</u>									
Ross County Millage										
Operating	<u>9.40</u>	<u>9.40</u>	<u>9.40</u>	<u>9.80</u>	<u>10.40</u>	<u>10.40</u>	<u>10.40</u>	<u>10.60</u>	<u>11.70</u>	<u>11.70</u>
<i>Total County Millage</i>	<u>9.40</u>	<u>9.40</u>	<u>9.40</u>	<u>9.80</u>	<u>10.40</u>	<u>10.40</u>	<u>10.40</u>	<u>10.60</u>	<u>11.70</u>	<u>11.70</u>
Chillicothe City School District Millage										
Operating	<u>37.70</u>	<u>37.70</u>	<u>37.70</u>	<u>37.70</u>	<u>40.20</u>	<u>46.20</u>	<u>46.20</u>	<u>46.20</u>	<u>46.20</u>	<u>46.20</u>
Debt Service	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>4.47</u>	<u>4.47</u>	<u>4.47</u>	<u>4.47</u>	<u>4.47</u>	<u>4.47</u>
<i>Total School Millage</i>	<u>37.70</u>	<u>37.70</u>	<u>37.70</u>	<u>37.70</u>	<u>44.67</u>	<u>50.67</u>	<u>50.67</u>	<u>50.67</u>	<u>50.67</u>	<u>50.67</u>
Other Millage										
Operating	<u>3.80</u>	<u>3.80</u>	<u>3.80</u>	<u>3.80</u>	<u>3.80</u>	<u>3.80</u>	<u>4.80</u>	<u>4.80</u>	<u>4.80</u>	<u>4.80</u>
<i>Total Other Millage</i>	<u>3.80</u>	<u>3.80</u>	<u>3.80</u>	<u>3.80</u>	<u>3.80</u>	<u>3.80</u>	<u>4.80</u>	<u>4.80</u>	<u>4.80</u>	<u>4.80</u>
Total Millage	<u>54.10</u>	<u>54.10</u>	<u>54.10</u>	<u>54.50</u>	<u>62.07</u>	<u>68.07</u>	<u>69.07</u>	<u>69.27</u>	<u>70.37</u>	<u>70.37</u>

Overlapping Rates by Taxing District

Source: Ross County Auditor

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

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

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

Year	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy	Total Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
2001	\$1,399,265	\$1,382,712	98.82%	\$26,722	\$1,409,434	100.73%	\$39,819	2.85%
2002	1,469,163	1,429,337	97.29%	27,771	1,457,108	99.18%	42,707	2.91%
2003	1,518,557	1,486,333	97.88%	32,415	1,518,748	100.01%	48,375	3.19%
2004	1,403,152	1,362,926	97.13%	36,425	1,399,351	99.73%	51,693	3.68%
2005	1,462,582	1,427,113	97.57%	35,811	1,462,924	100.02%	46,670	3.19%
2006	1,372,991	1,339,805	97.58%	38,675	1,378,483	100.40%	52,481	3.82%
2007	1,308,996	1,282,064	97.94%	40,662	1,326,388	101.33%	59,173	4.52%
2008	1,328,749	1,289,316	97.03%	56,208	1,345,524	101.26%	55,618	4.19%
2009	1,286,895	1,245,462	96.78%	41,434	1,286,896	100.00%	60,422	4.70%
2010	1,294,281	1,256,523	97.08%	37,818	1,294,341	100.00%	64,742	5.00%

Source: Ross County Auditor

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

City of Chillicothe, Ohio
Principal Taxpayers - Real Estate and PU-PP Tax
2010 and 2001

Taxpayer	2010	
	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
P.H. Glatfelter	\$18,160,380	4.37%
Columbus Southern Power	15,772,830	3.80%
Chillicothe Mall Inc.	4,220,620	1.02%
DDR Chillicothe LLC	4,053,210	0.98%
Central Center LLC	3,101,500	0.75%
Pittsburgh Glassworks LLC	2,911,100	0.70%
Sam's Real Estate Business	2,629,020	0.63%
Zane Plaza LLC	2,434,090	0.59%
Chillicothe Telephone	2,312,900	0.56%
K-Mart Corporation	2,311,240	0.56%
Total	\$57,906,890	13.94%
Total Assessed Valuation	\$415,438,720	
Taxpayer	2001	
	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Mead Corporation	\$26,116,620	8.48%
American Electric Power	11,900,500	3.86%
Horizon Telcom Inc	7,517,300	2.44%
Columbia Gas of Ohio	4,264,560	1.38%
DDR Ohio Opportunity LLC	2,982,840	0.97%
Chillicothe Mall Inc.	2,777,290	0.90%
Central Center LTD	2,342,530	0.76%
Real Estate Finance Trust	2,175,600	0.71%
PPG Industries Inc.	2,143,590	0.70%
Shawnee Group LTD Partnership	1,687,560	0.55%
Total	\$63,908,390	20.75%
Total Assessed Valuation	\$307,946,220	

Source: Ross County Auditor

(1) The amounts presented represent the assessed values upon which 2010 and 2001 collections were based.

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

<u>TAX YEAR</u>	<u>TAX RATE</u>	<u>TOTAL TAX COLLECTED</u>	<u>TAXES FROM WITHHOLDING</u>	<u>PERCENTAGE OF TAXES FROM WITHHOLDING</u>	<u>TAXES FROM NET PROFITS</u>	<u>PERCENTAGE OF TAXES FROM NET PROFITS</u>	<u>TAXES FROM INDIVIDUALS</u>	<u>PERCENTAGE OF TAXES FROM INDIVIDUALS</u>
2001	1.60%	\$9,542,629	\$8,428,535	88.33%	\$774,724	8.12%	\$339,370	3.56%
2002	1.60%	9,584,702	8,310,970	86.71%	906,618	9.46%	367,113	3.83%
2003	1.60%	9,372,330	8,159,960	87.06%	804,672	8.59%	407,698	4.35%
2004	1.60%	9,819,398	8,203,049	83.54%	859,852	8.76%	756,497	7.70%
2005	1.60%	10,172,778	8,521,259	83.77%	910,361	8.95%	741,158	7.29%
2006	1.60%	10,138,072	8,461,085	83.46%	968,369	9.55%	708,618	6.99%
2007	1.60%	10,404,969	8,682,707	83.45%	1,122,212	10.79%	789,989	7.59%
2008	1.60%	10,718,814	8,666,403	80.85%	1,252,889	11.69%	827,659	7.72%
2009	1.60%	10,498,943	8,433,031	80.32%	1,236,915	11.78%	828,997	7.90%
2010	1.60%	10,669,085	8,626,375	80.85%	1,301,488	12.20%	741,222	6.95%

Source: City Income Tax Department

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

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

YEAR	Governmental Activities			Business-Type Activities			TOTAL DEBT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	OPWC LOANS	CAPITAL LEASES	GENERAL OBLIGATION BONDS	MORTGAGE REVENUE BONDS	OWDA LOANS			
2001	\$2,895,000	\$0	\$171,685	\$0	\$14,410,000	\$129,313	\$17,605,998	6.38%	\$799
2002	2,570,000	0	127,621	0	13,490,000	44,242	16,231,863	3.73%	712
2003	2,405,000	0	98,815	2,095,000	12,560,000	0	17,158,815	4.12%	787
2004	2,160,000	0	137,758	2,020,000	11,490,000	0	15,807,758	3.80%	725
2005	1,915,000	113,513	154,650	1,935,000	10,330,000	0	14,448,163	2.87%	663
2006	1,660,000	100,900	162,223	1,855,000	9,145,000	0	12,923,123	2.56%	593
2007	1,405,000	88,287	141,498	1,770,000	7,925,000	0	11,329,785	2.72%	520
2008	1,140,000	75,675	117,598	1,685,000	6,675,000	0	9,693,273	2.33%	445
2009	870,000	63,063	114,276	1,595,000	5,665,000	0	8,307,339	1.68%	373
2010	660,000	50,450	107,864	1,510,000	4,615,000	0	6,943,314	1.48%	317

Source: City Auditor's Office

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

YEAR	POPULATION (1)	ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (2)	GROSS BONDED DEBT (3)	RATIO OF NET BONDED DEBT TO ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY	NET BONDED DEBT PER CAPITA
2001	22,041	\$1,373,746,170	\$17,305,000	1.26%	\$785
2002	21,796	1,458,766,328	16,060,000	1.10%	737
2003	21,796	1,536,811,302	17,060,000	1.11%	783
2004	21,796	1,385,996,840	15,670,000	1.13%	719
2005	21,796	1,428,446,081	14,180,000	0.99%	651
2006	21,796	1,373,080,878	12,660,000	0.92%	581
2007	21,796	1,359,842,439	11,100,000	0.82%	509
2008	21,796	1,403,959,700	9,500,000	0.68%	436
2009	22,296	1,170,447,269	8,130,000	0.69%	365
2010	21,901	1,176,452,686	6,785,000	0.58%	310

Sources:

(1) 2010 Census

(2) Ross County Auditor

(3) Includes all general obligation bonded debt with the exception
of Special Assessment debt.

CITY OF CHILLICOTHE, OHIO
 COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 DECEMBER 31, 2010

JURISDICTION	GOVERNMENTAL ACTIVITIES DEBT OUTSTANDING	PERCENTAGE APPLICABLE TO CITY (1)	AMOUNT APPLICABLE TO CITY
DIRECT - CITY OF CHILLICOTHE			
GENERAL OBLIGATION BONDS	\$265,000	100.00%	\$265,000
OPWC LOANS	50,450	100.00%	50,450
CAPITAL LEASES	107,864	100.00%	107,864
POLICE AND FIRE PENSION BONDS	395,000	100.00%	395,000
GENERAL OBLIGATION NOTES	4,400,000	100.00%	4,400,000
TOTAL DIRECT DEBT	5,218,314		5,218,314
OVERLAPPING			
ROSS COUNTY	\$9,673,847	36.70%	3,550,302
CHILLICOTHE CITY SCHOOLS	31,080,825	92.51%	28,752,871
UNION-SCIOTO LOCAL SCHOOLS	2,899,496	18.36%	532,347
SOUTHEASTERN LOCAL SCHOOLS	2,548,309	3.66%	93,268
ZANE TRACE LOCAL SCHOOLS	2,434,461	1.09%	26,536
SPRINGFIELD TOWNSHIP	57,100	3.81%	2,176
TOTAL OVERLAPPING DEBT	48,694,038		32,957,500
TOTAL	\$53,912,352		\$38,175,814

Sources: Chillicothe City Auditor and Ross County Auditor

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

CITY OF CHILLICOTHE, OHIO
LEGAL DEBT MARGIN
LAST TEN YEARS

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Assessed Property Value	\$442,704,980	\$466,120,950	\$481,693,810	\$446,255,090	\$466,603,580	\$439,459,360	\$418,262,440	\$428,243,450	\$414,196,300	\$416,689,710
Overall Legal Debt Limit (10 1/2% of Assessed Valuation)	46,484,023	48,942,700	50,577,850	46,856,784	48,993,376	46,143,233	43,917,556	44,965,562	43,490,612	43,752,420
Debt Outstanding:										
General Obligation Bonds	2,895,000	2,570,000	2,405,000	2,160,000	1,915,000	1,660,000	1,405,000	1,140,000	870,000	660,000
General Obligation Bonds - Enterprise	0	13,490,000	2,095,000	2,020,000	1,935,000	1,855,000	1,770,000	1,685,000	1,595,000	1,510,000
General Obligation Revenue Bonds	14,410,000	0	12,560,000	11,490,000	10,330,000	9,145,000	7,925,000	6,675,000	5,665,000	4,615,000
OWDA Loans	129,313	44,242	0	0	0	0	0	0	0	0
OPWC Loans	0	0	0	0	113,513	100,900	88,287	75,675	63,063	50,450
Special Assessment Bonds	0	0	0	0	0	0	0	0	0	0
Notes Payable	3,725,000	3,500,000	2,000,000	2,200,000	1,700,000	1,200,000	1,300,000	3,000,000	4,800,000	4,400,000
Total Gross Indebtedness	21,159,313	19,604,242	19,060,000	17,870,000	15,993,513	13,960,900	12,488,287	12,575,675	12,993,063	11,235,450
Less:										
Notes Payable from Governmental Fund Revenues	0	0	0	1,000,000	800,000	600,000	400,000	2,800,000	4,800,000	4,400,000
Revenue Bonds Payable from Enterprise Fund Revenues	14,410,000	13,490,000	12,560,000	11,490,000	10,330,000	9,145,000	7,925,000	6,675,000	5,665,000	4,615,000
G.O. Bonds Payable from Enterprise Fund Revenues	3,725,000	3,500,000	2,095,000	2,020,000	1,935,000	1,855,000	1,770,000	1,685,000	1,595,000	1,510,000
Notes Payable from Enterprise Fund Revenues	129,313	44,242	0	0	0	0	0	0	0	0
OPWC Loan Payable from Governmental Fund Revenues	0	0	0	0	113,513	100,900	88,287	75,675	63,063	50,450
Special Assessment Bonds	0	0	0	0	0	0	0	0	0	0
Bond Retirement Fund Balance	99,783	104,236	62,044	12,150	12,669	13,086	15,950	16,326	16,591	16,646
Total Net Debt Applicable to Debt Limit	2,795,217	2,465,764	2,342,956	2,147,850	1,902,331	1,646,914	1,989,050	1,323,674	853,409	643,354
Legal Debt Margin Within 10 1/2% Limitations	\$43,688,806	\$46,476,936	\$48,234,894	\$44,708,934	\$47,091,045	\$44,496,319	\$41,928,506	\$43,641,888	\$42,637,203	\$43,109,066
Legal Debt Margin as a Percentage of the Debt Limit	93.99%	94.96%	95.37%	95.42%	96.12%	96.43%	95.47%	97.06%	98.04%	98.53%
Unvoted Debt Limitation (5 1/2% of Assessed Valuation)	\$24,348,774	\$25,636,652	\$26,493,160	\$24,544,030	\$25,663,197	\$24,170,265	\$23,004,434	\$23,553,390	\$22,780,797	\$22,917,934
Total Gross Indebtedness	21,159,313	19,604,242	19,060,000	17,870,000	15,993,513	13,960,900	12,488,287	12,575,675	12,993,063	11,235,450
Less:										
Notes Payable from Governmental Fund Revenues	0	0	0	1,000,000	800,000	600,000	400,000	2,800,000	4,800,000	4,400,000
Revenue Bonds Payable from Enterprise Fund Revenues	14,410,000	13,490,000	12,560,000	11,490,000	10,330,000	9,145,000	7,925,000	6,675,000	5,665,000	4,615,000
G.O. Bonds Payable from Enterprise Fund Revenues	3,725,000	3,500,000	2,095,000	2,020,000	1,935,000	1,855,000	1,770,000	1,685,000	1,595,000	1,510,000
Notes Payable from Enterprise Fund Revenues	129,313	44,242	0	0	0	0	0	0	0	0
OPWC Loan Payable from Governmental Fund Revenues	0	0	0	0	113,513	100,900	88,287	75,675	63,063	50,450
Special Assessment Bonds	0	0	0	0	0	0	0	0	0	0
Bond Retirement Fund Balance	99,783	104,236	62,044	12,150	12,669	13,086	15,950	16,326	16,591	16,646
Net Debt Within 5 1/2% Limitations	2,795,217	2,465,764	2,342,956	2,147,850	1,902,331	1,646,914	1,989,050	1,323,674	853,409	643,354
Unvoted Legal Debt Margin Within 5 1/2% Limitations	\$21,553,557	\$23,170,888	\$24,150,204	\$22,396,180	\$23,750,866	\$22,523,351	\$21,015,384	\$22,229,716	\$21,927,388	\$22,274,580
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	88.52%	90.38%	91.16%	91.25%	92.59%	93.19%	91.35%	94.38%	96.12%	97.19%

Source: City Financial Records

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

YEAR	WATER SERVICE CHARGES AND INTEREST	DIRECT OPERATING EXPENSES (1)	NET AVAILABLE REVENUES	DEBT SERVICE		COVERAGE
				PRINCIPAL	INTEREST	
2001	\$4,019,211	\$2,511,184	\$1,508,027	\$685,000	\$708,715	1.08
2002	4,261,581	2,580,987	1,680,594	715,000	676,520	1.21
2003	4,237,212	3,003,396	1,233,816	750,000	642,200	0.89
2004	4,681,173	2,395,727	2,285,446	850,000	426,668	1.79
2005	4,569,734	2,806,797	1,762,937	930,000	348,715	1.38
2006	4,476,401	2,532,230	1,944,171	945,000	330,115	1.52
2007	4,736,631	3,085,979	1,650,652	965,000	301,505	1.30
2008	4,367,330	2,893,049	1,474,281	985,000	290,950	1.16
2009	4,401,980	3,310,974	1,091,006	1,010,000	266,817	0.85
2010	4,439,150	2,863,090	1,576,060	1,050,000	226,417	1.23

Source: City Auditor's Office

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

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

YEAR	SEWER SERVICE CHARGES AND INTEREST	DIRECT OPERATING EXPENSES (1)	NET AVAILABLE REVENUES	DEBT SERVICE		COVERAGE
				PRINCIPAL	INTEREST	
2001	\$2,678,013	\$1,992,229	\$685,784	\$195,000	\$85,415	2.45
2002	2,906,583	2,039,687	866,896	205,000	77,323	3.07
2003	2,875,559	2,406,215	469,344	210,000	68,405	1.69
2004	3,049,095	2,444,535	604,560	220,000	58,955	2.17
2005	3,092,130	2,551,986	540,144	230,000	48,835	1.94
2006	3,185,599	2,293,202	892,397	240,000	38,025	3.21
2007	3,569,310	2,304,866	1,264,444	255,000	26,265	4.50
2008	3,233,799	2,419,443	814,356	265,000	13,515	2.92
2009	3,155,672	2,522,863	632,809	0	0	0
2010	3,086,853	3,165,581	(78,728)	0	0	0

Source: City Auditor's Office

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

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

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Age (1)	School Enrollment (2)	Unemployment Rate (3)	Total Assessed Property Value (4)
2001	22,041	\$276,151,689	\$12,529	40.0	4,017	6.4%	\$442,704,980
2002	22,796	435,426,396	19,101	40.0	3,841	6.2%	466,120,950
2003	21,796	416,325,396	19,101	40.0	3,743	7.1%	481,693,810
2004	21,796	416,325,396	19,101	40.0	3,733	9.1%	446,255,090
2005	21,796	503,988,908	23,123	40.0	3,350	7.3%	466,603,580
2006	21,796	503,988,908	23,123	40.0	3,145	6.2%	439,459,360
2007	21,796	498,387,336	22,866	40.0	3,171	8.0%	418,262,440
2008	21,796	416,325,396	19,101	40.0	3,137	8.0%	428,243,450
2009	22,296	494,525,280	22,180	40.0	3,122	12.5%	414,196,300
2010	21,901	468,528,093	21,393	40.0	3,118	10.8%	416,689,710

Sources:

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

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

2010			
Employer	Nature of Business	Employees	Percentage of Total City Employment
Glatfelter Paper Company	Paper Industry	1,337	4.44%
Ross County	County Govt	529	1.76%
Chillicothe City Schools	Education	359	1.19%
City of Chillicothe	City Govt	279	0.93%
Lowe's	Retail	181	0.60%
Wal-Mart	Retail	360	1.20%
Horizon Family of Companies	Communications	210	0.70%
Ohio University-Chillicothe	College Campus	574	1.91%
Adelphia	Cable TV/Internet	99	0.33%
American Electric Power	Utility Center	19	0.06%
Total		<u>3,947</u>	<u>13.11%</u>
Total Employment Within the City		<u>30,100</u>	<u>100.00%</u>

2001			
Employer	Nature of Business	Employees	Percentage of Total City Employment
Glatfelter Paper Company	Paper Industry	2,580	n/a
Chillicothe City Schools	Education	837	n/a
Ross County	County Govt	827	n/a
Wal-Mart	Retail	441	n/a
Ohio University-Chillicothe	College Campus	390	n/a
City of Chillicothe	City Govt	522	n/a
Horizon Family of Companies	Communications	316	n/a
Lowe's	Retail	245	n/a
Adelphia	Cable TV/Internet	130	n/a
American Electric Power	Utility Center	17	n/a
Total		<u>6,305</u>	<u>n/a</u>
Total Employment Within the City		<u>n/a</u>	<u>n/a</u>

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

n/a = This information is not available.

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

Function/Program	2006	2007	2008	2009	2010
General Government					
Square Footage Occupied	39,577	39,577	39,577	39,577	39,577
Administrative Vehicles	0	0	0	0	0
Engineering Vehicles	3	10	10	9	9
Municipal Court Vehicles	1	2	2	2	2
Service Department Vehicles	26	33	34	34	34
Police					
Stations	1	1	1	1	1
Square Footage of Building	29,090	29,090	29,090	29,090	29,090
Vehicles	26	21	23	22	26
Fire					
Stations	3	3	3	3	3
Square Footage of Building	23,476	23,476	23,476	23,476	23,476
Vehicles	21	28	30	27	27
Recreation					
Number of Parks	12	12	12	12	13
Number of Pools	1	1	1	1	1
Number of Tennis Courts	4	4	4	4	4
Number of Baseball Diamonds	13	13	13	13	13
Number of Tot Lots	4	4	4	4	4
Number of Soccer Fields	8	8	8	8	8
Vehicles	9	22	22	21	21
Floodwall					
Miles	5.0	5.0	5.0	5.0	5.0
Transportation					
Square Footage of Building	26,157	26,157	26,157	26,157	28,000
Vehicles	17	20	21	24	21
Water Department					
Water Lines (miles)	100	133	133	133	133
Vehicles	14	17	20	20	21
Sewer Department					
Sewer Lines/Storm Sewer (miles)	101	103	103	103	103
Vehicles	14	25	26	26	28

Sources: Chillicothe City Auditor and Chillicothe City Engineer

(1) Information prior to 2006 is not available.

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

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government									
Council	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Auditor	7.5	7.5	6.5	6.5	6.5	6.5	6.5	6.5	5.5
Income Tax	4	4	3	3	3	3	3	3	3
Treasurer	1	1	1	1	1	1	1	1	1
Mayor	9	7	7	6	5.5	5.5	6.5	5.5	4.5
Law Director	5.5	5.5	5	5	5.5	6	7	7	6.5
Engineering	13	13	9	8	11	7	7	6	7
Civil Service	1	1	1	1	1	1	1	2.5	2.5
Municipal Court	26	26	24	24.5	24	25	24.5	23.5	23.5
Security of Persons and Property									
Police	56	55	49	49	50	52	53.5	54.5	50
Fire	49	48	41	43	45	45	47	47	42
School Crossing Guards	10.5	8.5	7.5	7	7.5	7.5	7.5	7.5	0
Traffic Control-Meters	1	1	1	1	1	1	1	1	0
Leisure Time Activities									
Parks	3	6	6	2	5	5	5	5	4
Recreation	9.5	5.5	5	7.5	4	6	5	4	3
Transportation									
Service	31	28	29	28.5	25.5	25.5	25.5	27	22
Transit	17.5	20	21	22	22	24	24	24	23
Basic Utility Services									
Water	26	17	26	19	26	28	28	29	25.5
Sewer	18.5	25.5	19	22.5	17.5	17.5	18.5	17.5	16.5
Totals:	<u>294.5</u>	<u>285</u>	<u>266.5</u>	<u>262</u>	<u>266.5</u>	<u>272</u>	<u>277</u>	<u>277</u>	<u>245</u>

Source: City Payroll Department W2 Audit Listing

Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee at year end.

(1) Information prior to 2002 is not available.

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

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

Source: Departments of the City of Chillicothe

(1) Information prior to 2006 is not available.

continued

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

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

Source: Departments of the City of Chillicothe

(1) Information prior to 2006 is not available.

(2) Due to the layoff of the City's parking enforcer, citation data is limited to the period from January 2010 through July 2010.

(3) Prisoner cost data is limited to the period from November 2009 through June 2010.

continued

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

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

Source: Departments of the City of Chillicothe

(1) Information prior to 2006 is not available.

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

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

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Dave Yost • Auditor of State

CITY OF CHILLICOTHE

ROSS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 5, 2011