

Chillicothe City School District  
Ross County  
Single Audit  
For the Fiscal Year Ended June 30, 2011



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





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's report* of the Chillicothe City School District, Ross County, prepared by Millhuff-Stang, CPA, Inc., for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

January 9, 2012

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**Chillicothe City School District**  
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*For the Fiscal Year Ended June 30, 2011*

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**Chillicothe City School District**  
*Schedule of Federal Awards Expenditures*  
*For the Fiscal Year Ended June 30, 2011*

| Federal Grantor/Pass Through Grantor/Program Title                          | Pass<br>Through<br>Entity<br>Number | Federal<br>CFDA<br>Number | Receipts           | Non-Cash<br>Receipts | Disbursements      | Non-Cash<br>Disbursements |
|---|-------------------------------------|---------------------------|--------------------|----------------------|--------------------|---------------------------|
| <b><u>United States Department of Agriculture</u></b>                       |                                     |                           |                    |                      |                    |                           |
| <i>Passed through the Ohio Department of Education</i>                      |                                     |                           |                    |                      |                    |                           |
| Child Nutrition Cluster:  |                                     |                           |                    |                      |                    |                           |
| School Breakfast Program  | 3L70                                | 10.553                    | \$214,882          | \$0                  | \$214,882          | \$0                       |
| National School Lunch Program   | 3L60                                | 10.555                    | 742,154            | 97,293               | 742,154            | 97,293                    |
| Total Child Nutrition Cluster   |                                     |                           | 957,036            | 97,293               | 957,036            | 97,293                    |
| Fresh Fruit and Vegetable Program   | 3L60                                | 10.582                    | 28,863             | 0                    | 28,863             | 0                         |
| <b>Total United States Department of Agriculture</b>                        |                                     |                           | <b>985,899</b>     | <b>97,293</b>        | <b>985,899</b>     | <b>97,293</b>             |
| <b><u>United States Department of Education</u></b>                         |                                     |                           |                    |                      |                    |                           |
| <i>Passed through the Ohio Department of Education</i>                      |                                     |                           |                    |                      |                    |                           |
| Special Education Cluster:  |                                     |                           |                    |                      |                    |                           |
| Special Education-Grants to States  | 3M20                                | 84.027                    | 700,961            | 0                    | 703,949            | 0                         |
| Special Education-Grants to States, Recovery Act                            | 3DJ0                                | 84.391                    | 233,956            | 0                    | 242,270            | 0                         |
| Total Special Education Cluster   |                                     |                           | 934,917            | 0                    | 946,219            | 0                         |
| Title I Cluster:  |                                     |                           |                    |                      |                    |                           |
| Title I Grants to Local Educational Agencies                                | 3M00                                | 84.010                    | 1,118,701          | 0                    | 1,104,772          | 0                         |
| Title I Grants to Local Educational Agencies, Recovery Act                  | 3DK0                                | 84.389                    | 162,800            | 0                    | 166,406            | 0                         |
| Total Title I Cluster   |                                     |                           | 1,281,501          | 0                    | 1,271,178          | 0                         |
| Education for Homeless Children and Youth Cluster:                          |                                     |                           |                    |                      |                    |                           |
| Education for Homeless Children and Youth                                   | 3090                                | 84.196                    | 25,771             | 0                    | 42,737             | 0                         |
| Education for Homeless Children and Youth, Recovery Act                     | 3DG0                                | 84.387                    | 28,669             | 0                    | 12,263             | 0                         |
| Total Education for Homeless Children and Youth Cluster:                    |                                     |                           | 54,440             | 0                    | 55,000             | 0                         |
| State Fiscal Stabilization Fund (SFSF)-Education State Grants, Recovery Act | GRF                                 | 84.394                    | 851,768            | 0                    | 902,107            | 0                         |
| Educational Technology State Grants   | 3S20                                | 84.318                    | 7,025              | 0                    | 3,316              | 0                         |
| Rural Education   | 3Y80                                | 84.358                    | 63,875             | 0                    | 64,173             | 0                         |
| Improving Teacher Quality State Grants                                      | 3Y60                                | 84.367                    | 251,639            | 0                    | 256,689            | 0                         |
| School Improvement Grants   | 3AN0                                | 84.377                    | 5,605              | 0                    | 0                  | 0                         |
| <b>Total United States Department of Education</b>                          |                                     |                           | <b>3,450,770</b>   | <b>0</b>             | <b>3,498,682</b>   | <b>0</b>                  |
| <b><u>Corporation for National and Community Service</u></b>                |                                     |                           |                    |                      |                    |                           |
| <i>Passed through the Ohio Department of Education</i>                      |                                     |                           |                    |                      |                    |                           |
| Learn and Serve America-School and Community Based Programs                 | 3780                                | 94.004                    | 16,946             | 0                    | 16,962             | 0                         |
| <b>Total Corporation for National and Community Service</b>                 |                                     |                           | <b>16,946</b>      | <b>0</b>             | <b>16,962</b>      | <b>0</b>                  |
| <b><u>United States Environmental Protection Agency</u></b>                 |                                     |                           |                    |                      |                    |                           |
| <i>Passed through Ohio Department of Development</i>                        |                                     |                           |                    |                      |                    |                           |
| Brownfields Assessment and Cleanup Cooperative Agreement                    | N/A                                 | 66.818                    | 153,473            | 0                    | 153,473            | 0                         |
| <b>Total United States Environmental Protection Agency</b>                  |                                     |                           | <b>153,473</b>     | <b>0</b>             | <b>153,473</b>     | <b>0</b>                  |
| <b>Total Federal Financial Assistance</b>                                   |                                     |                           | <b>\$4,607,088</b> | <b>\$97,293</b>      | <b>\$4,655,016</b> | <b>\$97,293</b>           |

N/A - pass through entity number not available.

The notes to the schedule of federal awards expenditures are an integral part of this schedule.

**Chillicothe City School District**  
*Notes to the Schedule of Federal Awards Expenditures*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 1 – Significant Accounting Policies**

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

**Note 2 – Child Nutrition Cluster**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed that federal monies are expended first. Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the schedule using the entitlement value of the commodities received. The School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

**Note 4 – Matching**

Certain Federal programs require that the School District contribute non-federal funds (matching funds) to support the federally-funded programs. The expenditures of non-federal matching funds are not included on the schedule.



**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Chillicothe City School District, Ross County (the School District) as of and for the year ended June 30, 2011, and have issued our report thereon dated December 9, 2011, wherein we noted the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of the School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District'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, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis.

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2011-1.

We noted certain matters that we reported to management of the School District in a separate letter dated December 9, 2011.

The School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the School District's response and, accordingly, we express no opinion on it.

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



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

December 9, 2011

**Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133**

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

**Compliance**

We have audited Chillicothe City School District's, Ross County (the School District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2011. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

**Internal Control Over Compliance**

Management of the School District 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 School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion 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 expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

### **Internal Control Over Compliance (Continued)**

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be 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 certain matter not requiring inclusion in this report that we reported to management of the School District in a separate letter dated December 9, 2011.

### **Schedule of Federal Awards Expenditures**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District as of and for the year ended June 30, 2011, and have issued our report thereon dated December 9, 2011, wherein we noted the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Budget and Management Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



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

December 9, 2011

**Chillicothe City School District**  
*Schedule of Findings and Questioned Costs*  
*OMB Circular A-133 Section .505*  
*For the Fiscal Year Ended June 30, 2011*

**Section I – Summary of Auditor’s Results**

|   |  |
|---|--|
| <i>Financial Statements</i>   |  |
| Type of financial statement opinion:  | Unqualified  |
| Internal control over financial reporting:  |  |
| Material weakness(es) identified?   | No   |
| Significant deficiency(ies) identified that are not considered to be material weaknesses?                                 | No   |
| Noncompliance material to financial statements noted?   | Yes  |
| <i>Federal Awards</i>   |  |
| Internal control over major program(s):   |  |
| Material weakness(es) identified?   | No   |
| Significant deficiency(ies) identified that are not considered to be material weaknesses?                                 | None reported  |
| Type of auditor’s report issued on compliance for major programs:   | Unqualified  |
| Any auditing findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? | No   |
| Identification of major program(s):   | Special Education Cluster (CFDA #84.027 and #84.391)<br><br>State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act (CFDA #84.394) |
| Dollar threshold used to distinguish between type A and type B programs:  | \$300,000  |
| Auditee qualified as low-risk auditee?  | Yes  |

**Section II – Financial Statement Findings**

**Finding 2011-1**

**Material Noncompliance – ORC 5705.41(B)**

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. The District had expenditures in excess of appropriations in Fund 532 State Fiscal Stabilization Fund during FY 2011. The District management should monitor appropriations and expenditures more closely and make amendments when deemed necessary.

**Client Response:**

Additional internal controls have been put in place to ensure expenditures do not exceed appropriations.

**Section III – Federal Award Findings and Questioned Costs**

None

**Chillicothe City School District**  
*Schedule of Prior Audit Findings*  
*OMB Circular A-133 Section .315(b)*  
*For the Fiscal Year Ended June 30, 2011*

| Finding Number | Finding Summary                              | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i> |
|----------------|--|------------------|--|
| Finding 2010-1 | Significant deficiency – financial reporting | Yes              |  |

**Independent Accountant's Report on Applying Agreed-Upon Procedures**

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

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on June 28, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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



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

December 9, 2011

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

For the fiscal year ended  
June 30, 2011

**Board of Education**

Steve Mullins..... President  
Matt Markley ..... Vice-President  
Jeff Benson ..... Member  
Randy Drewyor..... Member  
Jeff Hartmus ..... Member

**Superintendent of Schools**

Jon Saxton

**Issued by the Treasurer's Office**

Kellie A. Lester, Treasurer



**Chillicothe City School District**  
**Ross County, Ohio**  
*Comprehensive Annual Financial Report*  
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December 9, 2011

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

As the Superintendent and Treasurer of the Chillicothe City School District (the School District), we are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) issued by the School District. This CAFR, for the fiscal year ended June 30, 2011, is prepared in accordance with accounting principles (GAAP) generally accepted in the United States of America.

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

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

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

***THE SCHOOL DISTRICT AND ITS FACILITIES***

Chillicothe is the county seat of Ross County with a population of approximately 21,901 residents. The city was the capital city of the Northwest Territory in 1787, and then became Ohio's first capital in 1803. The name Chillicothe comes from the Shawnee Indians and means "hometown". Located 45 miles south of Columbus, Chillicothe is home for a branch campus of Ohio University and the Tecumseh outdoor drama production.

The Chillicothe City School District is one of seven school districts in Ross County. With 2,917 pupils, it has the largest enrollment in the county. It also is by far the smallest district in the county geographically, encompassing just 22 square miles. The School District operates seven school facilities, which include one high school for grades 9 through 12, one middle school and an annex in the central administration building for grades 6 through 8, four elementary schools for grades Kindergarten through 5, plus the central administration building which also houses a county-wide preschool program for approximately 103 pupils as well as young fives half-day kindergarten class. The School District also operates one maintenance building and one bus garage.

Approximately 61% of the School District's student body qualifies for free or reduced-priced lunches. Mt. Logan Elementary and Tiffin Elementary Schools provide free lunches to more than 86% of their students. The School District serves lunch to 80% of the student population daily. All seven school facilities offer breakfast programs. However, only 34% of the student population participates in the program. Approximately 59% of the students at Chillicothe are participants of the Food Assistance Program or Ohio Works First (OWF) program.

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

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

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

***ORGANIZATION OF THE SCHOOL DISTRICT***

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

The current Board members, their terms, and years on the Board as of June 30, 2011 are:

| <u>Board Member</u>   | <u>Term</u>       | <u>Years on Board</u> |
|-----------------------|-------------------|-----------------------|
| Mr. Jeff Hartmus      | 1/1/08 – 12/31/11 | 7 ½ Years             |
| Mr. J. Jeffrey Benson | 1/1/10 – 12/31/13 | 5 ½ Years             |
| Mr. Randy Drewyor     | 1/1/10 – 12/31/13 | 5 ½ Years             |
| Mr. Steve Mullins     | 1/1/10 – 12/31/13 | 5 ½ Years             |
| Mr. Matt Markley      | 1/1/08 – 12/31/11 | 3 ½ Years             |

The Superintendent is the chief executive officer of the School District and is responsible directly to the Board for all operations of the School District. During the 2010-2011 school year Mr. Roger Crago was the Superintendent of the Chillicothe City School District. Mr. Crago retired on July 31, 2011. Due to Mr. Crago's retirement the board announced Jon Saxton as Superintendent beginning August 1, 2011.

The Treasurer is the chief financial officer of the School District and is directly responsible to the Board for all financial operations, investments, custody of all School District funds and assets, and serves as Secretary to the Board. On June 7, 2010 the board awarded a contract to Ms. Kellie A. Lester. Ms. Lester's contract began July 1, 2010 and runs through July 31, 2014.

***ECONOMIC CONDITION AND OUTLOOK***

The city's largest employer is the Glatfelter Company. Glatfelter purchased the former New Page/MeadWestvaco plant in 2006 which employs approximately 1,300 area residents. Glatfelter remains the School District's largest taxpayer and provides a foundation of stability for the School District. In addition, a strong mix of commercial and residential property also provides further stability to the School District's tax base. In 1996, Lowe's, Wal-Mart and Kmart all built stores within the School District's boundaries. The Horizon Family of Companies, the Ohio University-Chillicothe Campus and Time Warner/Adelphia are also large taxpayers that employ at or over 100.

The tax base of the School District is changing dramatically. In 2005, state legislators approved elimination of the tangible personal property tax. This tax has been completely phased out. The only tangible property tax that remains is public utility tangible personal property tax. A portion of the loss will be made up through increased funding through the state formula funding system as a result of lower property valuations. The remaining losses will be reimbursed fully through fiscal year 2013. However, that reimbursement will be phased out beginning in 2014. This is a critical issue for the School District in the future.

The School District, along with many other public school systems in the state, continues to face a number of challenges in the future, since the primary source of its funds is property tax revenue. Ohio law limits the growth in real estate tax revenues by reducing millage as assessed values increase following re-appraisals. Consequently, revenues generated from each levy remain relatively constant. As a result, the School District must periodically seek additional funding from its taxpaying constituents. Statewide, voters have proven reluctant to increase their property taxes. The School District's management is aware of this fact and is constantly looking for alternate sources of income, as well as searching for ways to provide a more efficient means of doing business while at the same time continuing to provide excellent educational services. Evidence of this is supported by the fact that the School District receives approximately eleven Federal grants generating over \$4.5 million in funding annually. These grants have provided funds to implement entry-year teacher programs, family literacy efforts, service learning, and prevention programs for drugs, alcohol and violence, as well as professional development grants, which have increased the competency of staff and provided research based models for instructional change. Federal remedial grants also support increased individualized instruction to meet the needs of our students.

### ***EMPLOYEE RELATIONS***

The School District has 357 employees of which 203 are certificated, 141 are non-certificated, and 13 are administrators. There are two labor organizations representing School District employees. Certificated employees, including teachers and educational specialists, are represented for collective bargaining purposes by the Chillicothe Education Association (CEA), an affiliate of the Ohio Education Association (OEA). Non-certificated employees, including bus drivers, cooks, and clerical staff, are represented for collective bargaining purposes by the Ohio Association of Public School Employees (OAPSE) Local #14, an affiliate of the American Federation of State, County, and Municipal Employees (AFSCME).

During the spring of 2011, the Board and CEA reached agreement on a two-year contract effective June 30, 2011 through July 31, 2013. The agreement included a 0% base wage increase and a medical health benefit change for all certified staff to contribute 15% of the medical insurance cost.

Also during the summer of 2010, the Board and OAPSE agreed to a three-year contract beginning August 1, 2010 through July 31, 2013. The agreement included a 1% base wage increase for members with a re-opener for the 2<sup>nd</sup> and 3<sup>rd</sup> year. The re-opener in the summer of 2011 included a 0% base wage increase and an increase in medical health benefit employee contributions to 13% for family and 6% for single medical insurance cost beginning November 1, 2011. On July 1, 2012 the medical health benefit employee contribution will increase to 15% for family and 10% for single medical health benefit.

### ***SERVICES PROVIDED***

The Chillicothe City Schools exist to provide all of our children with an excellent academic opportunity through a diversified, compassionate, student-focused curriculum. Students attain competency in core subjects, develop self-esteem, have an appreciation of the arts, and develop positive social relationships. The School District strives for excellence in all areas by preparing students to be productive lifelong learners and citizens in a global economy.

Stakeholders will view the School District as successful and operating with the highest levels of commitment, integrity, and trust.

The School District is a member of Advanced Ed, formally known as the North Central Association, which sets high standards of excellence for its members. Chillicothe Middle School, Tiffin Elementary, Mt. Logan Elementary and Chillicothe High School were rated Effective on the State Report Card for 2011; Worthington Elementary and Allen Elementary were designated Excellent. Overall, the School District received an Effective designation for the eighth consecutive year.

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

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

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

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

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

The Chillicothe City School District has recently become the first district in the state of Ohio to adopt "The Leader in Me" throughout all of its Elementary and Middle School buildings. The Leader in Me is a program developed by Franklin Covey Inc. based on Stephen Covey's *7 Habits of Highly Effective People*. "The Leader in Me" seeks to help build students' character and problem-solving skills by using the 7 Habits. This program is characterized by significant amounts of professional development, visible cultural changes in the buildings, and on 21<sup>st</sup> century skills with an emphasis on leadership.

Chillicothe High School is a unique four-year comprehensive high school accredited by Advanced Ed, formally known as the North Central Association of Secondary Schools and Colleges and the Ohio Department of Education. Chillicothe is the only NCA accredited high school in Ross County. Chillicothe High School requires 21 units of credit to graduate. The school offers an impressive list of curricular and co-curricular programs. Over 200 courses are available, including 15 advanced placement courses. Students are eligible to take courses at the local Ohio University branch campus and receive both high school credit and college credit for said courses. Additionally, High School Senior Students who qualify may enroll in Senior to Sophomores Program through a partnership between

Chillicothe High School and Southern State Community College in which students are dual enrolled in courses awarding high school and post-secondary classes while attending Chillicothe High School at no cost to the student. Articulation agreements with Ohio University-Chillicothe and Lancaster branch campuses, as well as the Columbus State Community College, allow students in the Tech Prep Program for Allied Health to enter these institutions with a stronger academic background and earn an enhanced associate degree or continue in baccalaureate programs. Students who want to enter the work force directly from high school may attend Pickaway-Ross Career and Technology Center or stay at Chillicothe High School and attend vocational classes taught by Pickaway-Ross Career and Technology Center instructors on site.

The District has participated in the Ohio Improvement Process since the 2008-2009 school year. As part of the OIP the District has created District and Building Leadership teams to compile, analyze, and discuss District and statewide test results. District and Building Leadership teams work with the District's quarterly assessment system and the professional development planning process to create a better understanding and implementation of both formative and summative assessments. Results are evaluated at the end of each quarter and plans are made in each building and the District as a whole to improve the results and to provide enrichment and instructional support for those students most in need of help. Progress is measured against targeted areas for improvement and when needed professional development is prescribed to help teachers improve instruction.

The CHS drama productions, choirs, instrumental music groups, marching band, flag corps, and competition cheerleaders have received many state and national awards. The Language Arts' Broadcasting classes produce a local news show for the school and regularly broadcast over the community's Horizonview station. The students, under the supervision of the language arts teacher, write the script and then deliver the show. Special events are covered as well as newsworthy stories. One local radio station and the local newspaper, the Chillicothe Gazette, are in partnership with the school and provide news services to the students producers.

The School District's special education programs are broad and comprehensive. Approximately 10.3% of the student population has Individualized Education Plans. Special programs for the multi-handicapped, developmentally handicapped, learning disabled, and speech and hearing impaired are provided for students who meet the requirements.

## ***MAJOR INITIATIVES AND EVENTS-FISCAL YEAR 2012***

### ***Operating Income***

The Federal Stimulus funds concluded at the end of fiscal year 2011. The District received \$851,768 in Stabilization Funds in fiscal year 2011. Stabilization Funds were used to help balance Ohio's General Revenue Fund for education and will be eliminated by fiscal year 2012. The School District will receive EdJob Funds in fiscal year 2012 in the amount of \$477,101. These funds are to be expended only for wages and benefits of personnel with direct contact to students.

HB153, which became effective July 1, 2011, dramatically changed the state reimbursement Chillicothe City Schools will receive from the phase out of Tangible Personal Property created by HB66. The District qualifies as a highly reliant district on TPP funds. As a result the District will see a reduction in fiscal year 2012 and fiscal year 2013.

The School District initiated a \$524 thousand House Bill 264 energy conservation project during the summer of 2009. The project will produce energy efficiencies at the high school/middle school. The annual savings from this project are estimated to more than offset the cost.

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

### ***Financial Planning***

Although the School District has engaged in long-range financial forecasting for quite some time, legislation has since mandated this for all schools in the State. The requirement specified the format of the forecast, which has helped develop a consistency in reporting between districts. Each district must submit its five-year forecast twice a year to the Ohio Department of Education for monitoring purposes. The School District's forecast indicates the potential for a negative balance by June 30, 2013. The five-year forecast provides a roadmap for the School District's leadership to enact reduction measures to balance the budget and meet the state's requirement to end the year without borrowing. Since the District is making reductions in advance of any major financial difficulties, the School District is hoping to preserve the fabric and content of its curricular and co-curricular programs. In addition, the forecast serves as the basis for determining whether a district has the financial capacity to enter into significant contracts having multi-year implications. Chillicothe has been pro-active in this area by taking the approach of reviewing and updating (if warranted) its five-year forecast monthly. This process ensures that the School District's leadership is well-informed of its financial status before making any critical decisions.

### ***Curriculum Development***

Curriculum development is an ongoing activity in the School District. On a rotating five-year cycle, each curricular area is reviewed and revisions are made to ensure that state-of-the-art practices and programs are available for students. The School District closely follows the Ohio Department of Education's model curriculums. Additionally, the curriculum development process model contains a Three-Year Professional Development plan, an integration of technology and multiculturalism, and student assessment practices. During the 2009-2010 school year, the Curriculum Director and staff reviewed and revised the School District's elementary and secondary math textbooks for the five-year cycle (2010-2015).

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

The College Board has approved a guest teacher from China to be in the Chillicothe City Schools from 2007-2011 to implement a Chinese Program in the Middle School and High School. The program has been expanded to include gifted elementary students.

### ***Alternative Schooling Options***

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

## ***MAJOR INITIATIVES FOR THE FUTURE***

### ***Facilities Master Plan***

The School District enjoyed its fourth full year in the newly completed High School/Middle School facility. The construction project was completed in August 2007. Ground breaking on the new facility took place in June 2005 and the high school portion of the project opened on September 5, 2006. As part of this process, the Board approved the program of requirements which determined the space required to deliver the instructional services. Students in seventh and eighth grade moved into the facility at the opening of the 2007-2008 school year. Smith Middle School was closed following the completion of the 2007 school year.



In the fall of 2010, the Board approved a resolution to select SHP as the design firm to review and update Phase II of the District's Master Plan.

### **Technology Initiatives**

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

### **Chillicothe CSD Website**

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

## ***FINANCIAL INFORMATION***

### ***Internal Control Structure***

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

### ***Grants***

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

### ***Budgetary Controls***

The School District maintains its accounts, appropriations, and other financial records in accordance with the procedures established and prescribed by the Auditor of State. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriation resolution approved by the Board of Education. Activities of all funds, except agency funds, are included in the annual appropriation resolution. Budget

deadlines may be established to allow for budget amendments prior to year-end. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level of expenditures. The School District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts at year-end are carried forward to succeeding years and are not re-appropriated. As demonstrated by the statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management.

### ***Financial Condition***

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

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

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

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

As part of this reporting model, management is responsible for preparing a management's discussion and analysis for the School District. This discussion is located in the financial section of this report following the audit opinion and provides an assessment of the School District finances for the fiscal year 2011 and the outlook for the future.

### ***OTHER INFORMATION***

#### ***Awards***

##### ***GFOA Certificate of Achievement***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Chillicothe City School District for its comprehensive annual financial report for the fiscal year ended June 30, 2010. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

##### ***ASBO Certificate of Excellence***

The School District also received the Association of School Business Officials International (ASBO) Certificate of Excellence on Financial Reporting award for the fiscal year ended June 30, 2010. This award certifies that the Comprehensive Annual Financial Report conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. This award is granted only after an intensive review of the financial report by an expert panel of certified public

accountants and practicing school business officials. Receiving this award is recognition that a school system has met the highest standards of excellence in school financial reporting.

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

***Independent Audit***

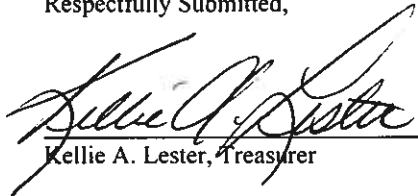
The Independent Accounting firm of Millhuff-Stang, CPA conducted the School District's 2011 fiscal year audit. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditor's report on the basic financial statements is included in the financial section of this report.

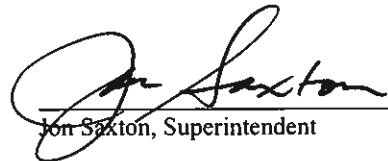
***Acknowledgements***

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

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

Respectfully Submitted,

  
Kellie A. Lester, Treasurer

  
Jon Saxton, Superintendent

# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
Chillicothe City School District  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

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.



*Linda C. Davison*

President

*Jeffrey R. Emer*

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

**CHILLICOTHE CITY SCHOOL DISTRICT**

**For its Comprehensive Annual Financial Report (CAFR)**

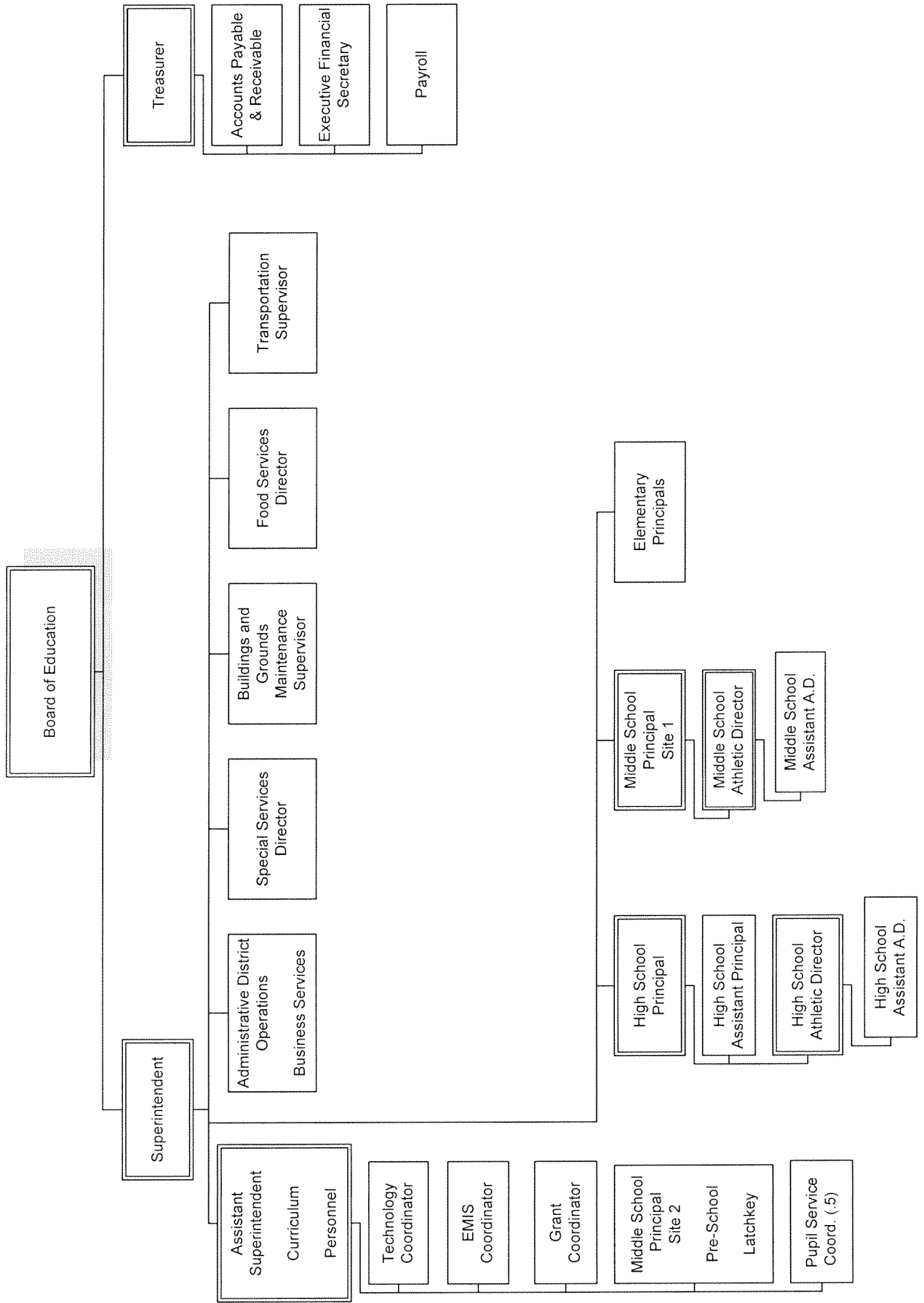
For the Fiscal Year Ended June 30, 2010

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

President

Executive Director

Chillicothe City Schools  
Organizational Chart



**Independent Auditor's Report**

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Chillicothe City School District, Ross County (the School District) as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Chillicothe City School District, Ross County as of June 30, 2011, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2011 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

As described in Note 19, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.



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

December 9, 2011



**Chillicothe City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*(Unaudited)*

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Chillicothe City School District's (School District) discussion and analysis of the annual financial report provides a review of the financial performance for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, basic financial statements, and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**FINANCIAL HIGHLIGHTS**

- The School District's assets exceeded its liabilities at June 30, 2011 by \$8,606,943.
- The School District's net assets of governmental activities decreased \$92,222.
- General revenues accounted for \$28,895,239 in revenue or 79.51 percent of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions accounted for \$7,446,701 or 20.49 percent of total revenues of \$36,341,940.
- The School District had \$36,343,162 in expenses related to governmental activities; only \$7,446,701 of these expenses was offset by program specific charges for services and sales, operating grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$28,895,239 were not adequate to provide for these programs.

**USING THIS ANNUAL FINANCIAL REPORT**

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

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

**REPORTING THE SCHOOL DISTRICT AS A WHOLE**

*Statement of Net Assets and Statement of Activities*

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

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

**Chillicothe City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*(Unaudited)*

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

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

## **REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS**

### ***Fund Financial Statements***

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

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

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

**Notes to the Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 20 through 47 of this report.

**Chillicothe City School District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2011  
(Unaudited)

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**THE SCHOOL DISTRICT AS A WHOLE**

As stated previously, the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2011 compared to 2010.

Table 1  
Net Assets

|   | Governmental Activities |              |
|---|-------------------------|--------------|
|   | 2011                    | 2010*        |
| Assets:   |                         |              |
| Current and Other Assets                        | \$20,835,761            | \$21,638,871 |
| Capital Assets, Net                             | 36,099,858              | 37,254,488   |
| Total Assets                                    | 56,935,619              | 58,893,359   |
| Liabilities:                                    |                         |              |
| Current and Other Liabilities                   | 12,631,155              | 13,583,607   |
| Long-Term Liabilities                           | 35,697,521              | 36,610,587   |
| Total Liabilities                               | 48,328,676              | 50,194,194   |
| Net Assets:                                     |                         |              |
| Invested in Capital Assets, Net of Related Debt | 4,060,746               | 4,033,907    |
| Restricted                                      | 4,179,525               | 3,562,437    |
| Unrestricted                                    | 366,672                 | 1,102,821    |
| Total Net Assets                                | \$8,606,943             | \$8,699,165  |

\*As restated. See Note 19 to the basic financial statements.

The decrease of \$803,110 in Current and Other Assets is primarily due to a decrease of in cash on hand at year end, due primarily to an increase in expenses that was only partially offset by a small increase in revenues.

The decrease of \$1,154,630 in Capital Assets, Net is primarily due to current year depreciation expense and deletions exceeding current year additions.

The decrease of \$952,452 in Current and Other Liabilities is primarily due to the reduction in Unearned Revenue because of an increase in the amount available as an advance for taxes receivable at year end.

The decrease of \$913,066 in Long-Term Liabilities is due primarily to the current year reduction of debt, which was partially offset by an increase in accretion on capital appreciation bonds.

**Chillicothe City School District**  
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(Unaudited)

Table 2 shows the changes in net assets for the fiscal years ended June 30, 2011 and June 30, 2010.

Table 2  
Change in Net Assets

|   | Governmental Activities |                    |
|---|-------------------------|--------------------|
|   | 2011                    | 2010*              |
| Revenues  |                         |                    |
| Program Revenues:   |                         |                    |
| Charges for Services and Sales                              | \$2,270,214             | \$2,079,809        |
| Operating Grants and Contributions                          | 5,176,487               | 5,596,887          |
| Total Program Revenues                                      | <u>7,446,701</u>        | <u>7,676,696</u>   |
| General Revenues  |                         |                    |
| Property Taxes  | 13,112,187              | 13,066,025         |
| Grants and Entitlements not Restricted to Specific Programs | 15,579,509              | 15,719,934         |
| Gifts and Donations not Restricted to Specific Programs     | 5,087                   | 4,350              |
| Investment Earnings   | 44,018                  | 57,474             |
| Payments in Lieu of Taxes                                   | 0                       | 95,687             |
| Insurance Recoveries  | 4,138                   | 0                  |
| Miscellaneous   | 150,300                 | 94,575             |
| Total General Revenues                                      | <u>28,895,239</u>       | <u>29,038,045</u>  |
| Total Revenues  | 36,341,940              | 36,714,741         |
| Program Expenses  |                         |                    |
| Instruction   |                         |                    |
| Regular   | 17,812,357              | 17,658,298         |
| Special   | 3,347,177               | 3,917,627          |
| Vocational  | 7,226                   | 10,473             |
| Other   | 474,818                 | 729,800            |
| Support Services  |                         |                    |
| Pupils  | 2,062,975               | 1,960,404          |
| Instructional Staff   | 1,553,883               | 1,792,793          |
| Board of Education  | 60,106                  | 87,083             |
| Administration  | 2,555,177               | 2,235,962          |
| Fiscal & Business   | 948,007                 | 824,141            |
| Operation and Maintenance of Plant                          | 2,565,162               | 3,218,848          |
| Pupil Transportation  | 1,021,264               | 983,674            |
| Central   | 220,892                 | 229,106            |
| Operation of Non-Instructional Services                     | 1,693,976               | 1,650,945          |
| Extracurricular Activities                                  | 529,324                 | 561,017            |
| Interest & Fiscal Charges                                   | 1,581,818               | 1,590,820          |
| Total Expenses  | <u>36,434,162</u>       | <u>37,450,991</u>  |
| Change in Net Assets  | (92,222)                | (736,250)          |
| Net Assets at Beginning of Year                             | 8,699,165               | 9,435,415          |
| Net Assets at End of Year                                   | <u>\$8,606,943</u>      | <u>\$8,699,165</u> |

\*As restated. See Note 19 to the basic financial statements.

Charges for services and sales increased due to an increase in open enrollment funds. Operating grants and contributions decreased due primarily to a decrease in Title VI-B and Title I funding.

**Chillicothe City School District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2011  
(Unaudited)

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Special instruction decreased as a result of the reduction of Title VI-B funding. Other instruction decreased as a result of the loss of Poverty Based Aid program funding. Instructional staff expenses decreased as a result of the reduction in Title I funding. Operation and maintenance of plant expenses decreased due to the changes in use of State Fiscal Stabilization funding.

**Governmental Activities**

Property taxes comprised 36.08 percent of revenue for governmental activities of the Chillicothe City School District for fiscal year 2011 and represents one of the largest sources of revenue. Property tax growth has been limited in the past by H.B. 920 reduction factors, which restrict inflationary growth on existing property resulting from re-appraisal activity. Ross County completed a re-appraisal in calendar year 2007. However, due to H.B. 920 the School District received only a modest increase in tax revenue due to new construction and inside millage which is not subject to H.B. 920. Property tax growth has been negatively impacted by H.B. 66 which eliminates the Tangible Personal Property Tax. While, the School District will be fully reimbursed by the State through fiscal year 2013, the reimbursement will be phased out beginning in fiscal year 2014. Tangible Personal Property tax revenue totaled \$1.1 million in 2011 compared to \$4.55 million in 2005.

Grants and entitlements not restricted comprised 42.87 percent of revenue for governmental activities during 2011. Since 2000, grant and entitlement revenue has increased. This increase includes the state reimbursement for the loss of Tangible Personal Property Tax of \$4.0 million in 2011. This increase in grants and entitlements is negated by the loss of Tangible Personal Property Tax due to H.B. 66.

As indicated by governmental program expenses, instruction is emphasized. Total instruction comprised 59.40 percent of governmental program expenses with support services comprising 30.16 percent of governmental expenses.

The Statement of Activities shows the cost of program services and the charges for services and sales, grants and contributions offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2011 as compared to 2010. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3  
Total and Net Cost of Program Services  
Governmental Activities

|  | 2011                      |                         | 2010                      |                         |
|--|---------------------------|-------------------------|---------------------------|-------------------------|
|  | Total Cost<br>of Services | Net Cost<br>of Services | Total Cost<br>of Services | Net Cost<br>of Services |
| Instruction                                | \$21,641,578              | \$17,814,249            | \$22,316,198              | \$19,104,568            |
| Support Services                           | 10,987,466                | 9,447,767               | 11,332,011                | 8,915,726               |
| Operation of Non-Instructional<br>Services | 1,693,976                 | (112,167)               | 1,650,945                 | (132,478)               |
| Extracurricular Activities                 | 529,324                   | 255,794                 | 561,017                   | 289,836                 |
| Interest and Fiscal Charges                | 1,581,818                 | 1,581,818               | 1,590,820                 | 1,590,820               |
| <b>Total Expenses</b>                      | <b>\$36,434,162</b>       | <b>\$28,987,461</b>     | <b>\$37,450,991</b>       | <b>\$29,768,472</b>     |

**Chillicothe City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*(Unaudited)*

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**THE SCHOOL DISTRICT'S FUNDS**

Information about the School District's major governmental funds begins on page 14. All of the School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$36,096,011 and expenditures of \$36,099,125. The net change in fund balance for the year was most significant in the General Fund.

The fund balance of the General Fund decreased in the amount of \$131,068. The decrease in fund balance is primarily due to a decrease of intergovernmental revenues and an increase in expenditures, which was partially offset by an increase in tuition and fees.

The fund balance of the Debt Service Fund increased in the amount of \$85,452. The increase is due to an increase in tax revenues.

The fund balance of the Permanent Improvement Fund increased in the amount of \$122,339. This increase was due to a decrease in expenditures.

**General Fund Budgeting Highlights**

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

During 2011, there were revisions to the General Fund budget. The School District's actual revenues and other financing sources were \$139,879 above budgeted amounts, due mainly to higher than expected property and other local tax revenue and tuition and fees. Actual expenditures were \$2,710,551 lower than the final budget. The difference consisted primarily of lower than expected regular and special instruction, instructional staff and operation and maintenance of plant expenditures which were partially offset by higher than expected administration.

The School District's ending unobligated fund balance was \$2,954,891.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

Table 4 shows the fiscal year 2011 balances compared to 2010.

Table 4  
 Capital Assets  
 (Net of Accumulated Depreciation)

|                            | Governmental Activities |              |
|----------------------------|-------------------------|--------------|
|                            | 2011                    | 2010         |
| Construction in Progress   | \$199,964               | \$0          |
| Land and Improvements      | 767,237                 | 766,331      |
| Buildings and Improvements | 32,976,279              | 34,104,255   |
| Furniture and Equipment    | 1,690,661               | 1,891,860    |
| Vehicles                   | 465,717                 | 492,042      |
| Totals                     | \$36,099,858            | \$37,254,488 |

**Chillicothe City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
*(Unaudited)*

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

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

**Debt**

At June 30, 2011, the School District had \$33,258,654 in notes and bonds outstanding with \$1,126,000 due within one year. Table 5 summarizes the bonds and notes outstanding:

Table 5  
 Outstanding Debt at Year End

| Governmental Activities                 |              |              |
|---|--------------|--------------|
|   | 2011         | 2010         |
| 1999 General Obligation Notes           | \$420,000    | \$615,000    |
| 2005 Construction Bond                  | 4,687,010    | 5,174,954    |
| 2007 General Obligation Refunding Bonds | 27,709,644   | 27,906,785   |
| 2009 General Obligation Bond            | 442,000      | 483,000      |
| Totals                                  | \$33,258,654 | \$34,179,739 |

At June 30, 2011, the School District's overall legal debt margin was \$6,960,903 with an unvoted debt margin of \$405,515.

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

**Current Financial Related Activities**

The School District is forecasting a deficit balance at the conclusion of fiscal year 2013. In 2004 the School District was collecting \$4.6 million from Tangible Personal Property Taxes. A phase out of Tangible Personal Property Tax began in fiscal year 2006 but HB66 had a provision for the State to "hold districts harmless" through 2010. This was extended through 2013 by HB1.

HB153, the new state budget, dramatically changes the TPP revenue as Chillicothe City Schools qualifies as highly reliant district on TPP funds. As a result we will see a reduction in fiscal year 2012 and fiscal year 2013 but instead of TPP phased out by fiscal year 2018, HB153 keeps funding at the fiscal year 2013 levels through fiscal year 2026. This would be good news for Chillicothe City Schools but all budget items from the State are subject to change every two years.

The enrollment of the School District decreased in 2011 by 263 students.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

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

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## **Basic Financial Statements**

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**Chillicothe City School District**  
*Statement of Net Assets*  
*As of June 30, 2011*

|   | Governmental<br>Activities |
|---|----------------------------|
| <b>Assets:</b>                                  |                            |
| Equity in Pooled Cash and Investments           | \$6,263,638                |
| Accrued Interest Receivable                     | 20,096                     |
| Accounts Receivable                             | 10,281                     |
| Intergovernmental Receivable                    | 1,256,632                  |
| Taxes Receivable                                | 12,867,338                 |
| Restricted Assets:                              |                            |
| Equity in Pooled Cash and Investments           | 492                        |
| Unamortized Bond Issuance Costs                 | 417,284                    |
| Non-Depreciable Capital Assets                  | 744,974                    |
| Depreciable Capital Assets, net                 | 35,354,884                 |
| <i>Total Assets</i>                             | 56,935,619                 |
| <b>Liabilities:</b>                             |                            |
| Accounts Payable                                | 42,804                     |
| Accrued Wages and Benefits                      | 2,332,132                  |
| Contracts Payable                               | 61,215                     |
| Intergovernmental Payable                       | 806,873                    |
| Accrued Interest Payable                        | 98,870                     |
| Matured Compensated Absences Payable            | 67,885                     |
| Unearned Revenue                                | 9,183,615                  |
| Early Retirement Incentive Payable              | 37,761                     |
| Long-Term Liabilities:                          |                            |
| Due Within One Year                             | 1,246,459                  |
| Due in More Than One Year                       | 34,451,062                 |
| <i>Total Liabilities</i>                        | 48,328,676                 |
| <b>Net Assets:</b>                              |                            |
| Invested in Capital Assets, Net of Related Debt | 4,060,746                  |
| Restricted for Debt Service                     | 1,016,245                  |
| Restricted for Capital Projects                 | 1,792,605                  |
| Restricted for Other Purposes                   | 863,492                    |
| Restricted for Permanent Fund:                  |                            |
| Non-Expendable                                  | 450,000                    |
| Expendable                                      | 57,183                     |
| Unrestricted                                    | 366,672                    |
| <i>Total Net Assets</i>                         | \$8,606,943                |

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

**Chillicothe City School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2011

|   | Expenses            | Program Revenues                  |                                       | Net (Expense)<br>Revenue and<br>Changes in<br>Net Assets |
|---|---------------------|-----------------------------------|---------------------------------------|--|
|   |                     | Charges for<br>Services and Sales | Operating Grants<br>and Contributions |  |
| <b>Governmental Activities</b>          |                     |                                   |                                       |  |
| Instruction:                            |                     |                                   |                                       |  |
| Regular                                 | \$17,812,357        | \$873,294                         | \$1,447,839                           | (\$15,491,224)   |
| Special                                 | 3,347,177           | 170,766                           | 1,306,436                             | (1,869,975)  |
| Vocational                              | 7,226               | 392                               | 0                                     | (6,834)  |
| Other                                   | 474,818             | 26,320                            | 2,282                                 | (446,216)  |
| Support Services:                       |                     |                                   |                                       |  |
| Pupils                                  | 2,062,975           | 107,832                           | 483,960                               | (1,471,183)  |
| Instructional Staff                     | 1,553,883           | 77,100                            | 320,224                               | (1,156,559)  |
| Board of Education                      | 60,106              | 3,259                             | 0                                     | (56,847)   |
| Administration                          | 2,555,177           | 136,850                           | 159,833                               | (2,258,494)  |
| Fiscal                                  | 848,132             | 42,389                            | 22,083                                | (783,660)  |
| Business                                | 99,875              | 5,354                             | 0                                     | (94,521)   |
| Operation and Maintenance of Plant      | 2,565,162           | 116,498                           | 394                                   | (2,448,270)  |
| Pupil Transportation                    | 1,021,264           | 47,247                            | 4,177                                 | (969,840)  |
| Central                                 | 220,892             | 7,973                             | 4,526                                 | (208,393)  |
| Operation of Non-Instructional Services | 1,693,976           | 474,856                           | 1,331,287                             | 112,167  |
| Extracurricular Activities              | 529,324             | 180,084                           | 93,446                                | (255,794)  |
| Interest and Fiscal Charges             | 1,581,818           | 0                                 | 0                                     | (1,581,818)  |
| <i>Total Governmental Activities</i>    | <u>\$36,434,162</u> | <u>\$2,270,214</u>                | <u>\$5,176,487</u>                    | <u>(28,987,461)</u>                                      |

**General Revenues:**

|  |                           |
|--|---------------------------|
| Property Taxes Levied for:                     |                           |
| General Purposes                               | 10,418,467                |
| Debt Service                                   | 1,837,450                 |
| Capital Projects                               | 856,270                   |
| Grants and Entitlements not                    |                           |
| Restricted for Specific Programs               | 15,579,509                |
| Gifts and Donations not Restricted to          |                           |
| Specific Programs                              | 5,087                     |
| Investment Earnings                            | 44,018                    |
| Insurance Recoveries                           | 4,138                     |
| Miscellaneous                                  | 150,300                   |
| <i>Total General Revenues</i>                  | <u>28,895,239</u>         |
| Change in Net Assets                           | (92,222)                  |
| <i>Net Assets Beginning of Year - Restated</i> | <u>8,699,165</u>          |
| <i>Net Assets End of Year</i>                  | <u><u>\$8,606,943</u></u> |

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

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**Chillicothe City School District**  
*Balance Sheet*  
*Governmental Funds*  
*As of June 30, 2011*

|  | General<br>Fund     | Debt Service<br>Fund | Permanent<br>Improvement<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|----------------------|----------------------------------|--------------------------------|--------------------------------|
| <b>Assets:</b>                             |                     |                      |                                  |                                |                                |
| Equity in Pooled Cash and Investments      | \$3,157,496         | \$519,570            | \$1,646,343                      | \$940,229                      | \$6,263,638                    |
| Accrued Interest Receivable                | 20,096              | 0                    | 0                                | 0                              | 20,096                         |
| Accounts Receivable                        | 8,561               | 0                    | 0                                | 1,720                          | 10,281                         |
| Interfund Receivable                       | 59,651              | 0                    | 0                                | 0                              | 59,651                         |
| Intergovernmental Receivable               | 3,512               | 0                    | 0                                | 1,253,120                      | 1,256,632                      |
| Taxes Receivable                           | 10,259,728          | 1,840,244            | 767,366                          | 0                              | 12,867,338                     |
| Restricted Assets:                         |                     |                      |                                  |                                |                                |
| Equity in Pooled Cash and Investments      | 492                 | 0                    | 0                                | 0                              | 492                            |
| <i>Total Assets</i>                        | <u>\$13,509,536</u> | <u>\$2,359,814</u>   | <u>\$2,413,709</u>               | <u>\$2,195,069</u>             | <u>\$20,478,128</u>            |
| <b>Liabilities:</b>                        |                     |                      |                                  |                                |                                |
| Accounts Payable                           | \$18,706            | \$0                  | \$150                            | \$23,948                       | \$42,804                       |
| Accrued Wages and Benefits                 | 1,874,556           | 0                    | 15,335                           | 442,241                        | 2,332,132                      |
| Contracts Payable                          | 0                   | 0                    | 14,724                           | 46,491                         | 61,215                         |
| Interfund Payable                          | 0                   | 0                    | 0                                | 59,651                         | 59,651                         |
| Intergovernmental Payable                  | 663,625             | 0                    | 15,634                           | 127,614                        | 806,873                        |
| Matured Compensated Absences Payable       | 67,527              | 0                    | 0                                | 358                            | 67,885                         |
| Deferred Revenue                           | 7,882,408           | 1,429,799            | 573,149                          | 826,262                        | 10,711,618                     |
| Early Retirement Incentive Payable         | 37,761              | 0                    | 0                                | 0                              | 37,761                         |
| <i>Total Liabilities</i>                   | <u>10,544,583</u>   | <u>1,429,799</u>     | <u>618,992</u>                   | <u>1,526,565</u>               | <u>14,119,939</u>              |
| <b>Fund Balances:</b>                      |                     |                      |                                  |                                |                                |
| Nonspendable                               |                     |                      |                                  |                                |                                |
| Library Purposes                           | 0                   | 0                    | 0                                | 450,000                        | 450,000                        |
| Restricted for:                            |                     |                      |                                  |                                |                                |
| Capital Projects                           | 0                   | 0                    | 1,794,717                        | 0                              | 1,794,717                      |
| Food Service                               | 0                   | 0                    | 0                                | 108,978                        | 108,978                        |
| Other Purposes                             | 0                   | 0                    | 0                                | 15,701                         | 15,701                         |
| Nonpublic Schools                          | 0                   | 0                    | 0                                | 23,215                         | 23,215                         |
| Special Education                          | 0                   | 0                    | 0                                | 11,823                         | 11,823                         |
| Bus Purchases                              | 492                 | 0                    | 0                                | 0                              | 492                            |
| Debt Service                               | 0                   | 930,015              | 0                                | 0                              | 930,015                        |
| Library Purposes                           | 0                   | 0                    | 0                                | 57,183                         | 57,183                         |
| Public School Preschool                    | 0                   | 0                    | 0                                | 2,381                          | 2,381                          |
| Extracurricular Activities                 | 0                   | 0                    | 0                                | 32,588                         | 32,588                         |
| Committed to:                              |                     |                      |                                  |                                |                                |
| Student and Staff Support                  | 0                   | 0                    | 0                                | 81,415                         | 81,415                         |
| Other Purposes                             | 60,079              | 0                    | 0                                | 0                              | 60,079                         |
| Personal Property Tax Refunds              | 221,652             | 0                    | 0                                | 0                              | 221,652                        |
| Assigned to:                               |                     |                      |                                  |                                |                                |
| Student and Staff Support                  | 31,889              | 0                    | 0                                | 0                              | 31,889                         |
| Other Purposes                             | 93,570              | 0                    | 0                                | 0                              | 93,570                         |
| Unassigned                                 | 2,557,271           | 0                    | 0                                | (114,780)                      | 2,442,491                      |
| <i>Total Fund Balances</i>                 | <u>2,964,953</u>    | <u>930,015</u>       | <u>1,794,717</u>                 | <u>668,504</u>                 | <u>6,358,189</u>               |
| <i>Total Liabilities and Fund Balances</i> | <u>\$13,509,536</u> | <u>\$2,359,814</u>   | <u>\$2,413,709</u>               | <u>\$2,195,069</u>             | <u>\$20,478,128</u>            |

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

**Chillicothe City School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 As of June 30, 2011*

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|   |             |
|---|-------------|
| <b>Total Governmental Fund Balances</b> | \$6,358,189 |
|---|-------------|

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 | 36,099,858 |
|--|------------|

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

|                   |  |                |
|-------------------|--|----------------|
| Taxes             |  | 701,741        |
| Intergovernmental |  | <u>826,262</u> |
| <br>Total         |  | <br>1,528,003  |

|   |         |
|---|---------|
| Unamortized issuance costs represent deferred charges which do not provide current financial resources and therefore are not reported in the funds. | 417,284 |
|---|---------|

Long-term liabilities, including bonds and related liabilities, notes, and the long-term portion of compensated absences, are not due and payable in the current period and therefore are not reported in the funds.

|  |  |                         |
|--|--|-------------------------|
| Accrued Interest Payable                 |  | (98,870)                |
| Compensated Absences                     |  | (2,438,867)             |
| Refunding Bonds                          |  | (26,345,000)            |
| General Obligation Bonds                 |  | (3,037,000)             |
| Capital Appreciation Bonds               |  | (2,334,542)             |
| Unamortized Deferred Amount on Refunding |  | 353,648                 |
| Premium on Bonds                         |  | (1,475,760)             |
| General Obligation Notes                 |  | <u>(420,000)</u>        |
| <br>Total                                |  | <br><u>(35,796,391)</u> |

|  |                           |
|--|---------------------------|
| <b>Net Assets of Governmental Activities</b> | <u><u>\$8,606,943</u></u> |
|--|---------------------------|

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

**Chillicothe City School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2011*

|  | General<br>Fund    | Debt Service<br>Fund | Permanent<br>Improvement<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|--------------------|----------------------|----------------------------------|--------------------------------|--------------------------------|
| <b>Revenues:</b>                                     |                    |                      |                                  |                                |                                |
| Property and Other Local Taxes                       | \$10,386,542       | \$1,827,249          | \$814,702                        | \$0                            | \$13,028,493                   |
| Intergovernmental                                    | 14,800,005         | 482,351              | 343,041                          | 4,956,809                      | 20,582,206                     |
| Interest   | 41,963             | 0                    | 0                                | 2,055                          | 44,018                         |
| Tuition and Fees                                     | 1,415,665          | 0                    | 0                                | 186,831                        | 1,602,496                      |
| Rent   | 7,306              | 0                    | 0                                | 0                              | 7,306                          |
| Extracurricular Activities                           | 73,709             | 0                    | 0                                | 78,629                         | 152,338                        |
| Gifts and Donations                                  | 9,630              | 0                    | 0                                | 7,012                          | 16,642                         |
| Customer Sales and Services                          | 104,754            | 0                    | 0                                | 403,320                        | 508,074                        |
| Miscellaneous  | 63,467             | 0                    | 319                              | 86,514                         | 150,300                        |
| <i>Total Revenues</i>                                | <u>26,903,041</u>  | <u>2,309,600</u>     | <u>1,158,062</u>                 | <u>5,721,170</u>               | <u>36,091,873</u>              |
| <b>Expenditures:</b>                                 |                    |                      |                                  |                                |                                |
| Current:   |                    |                      |                                  |                                |                                |
| Instruction:   |                    |                      |                                  |                                |                                |
| Regular  | 15,014,122         | 0                    | 279,866                          | 1,436,910                      | 16,730,898                     |
| Special  | 1,907,377          | 0                    | 0                                | 1,406,823                      | 3,314,200                      |
| Vocational   | 7,226              | 0                    | 0                                | 0                              | 7,226                          |
| Other  | 489,394            | 0                    | 0                                | 2,600                          | 491,994                        |
| Support Services:                                    |                    |                      |                                  |                                |                                |
| Pupils   | 1,503,107          | 0                    | 0                                | 534,527                        | 2,037,634                      |
| Instructional Staff                                  | 1,071,524          | 0                    | 71,501                           | 387,218                        | 1,530,243                      |
| Board of Education                                   | 60,106             | 0                    | 0                                | 0                              | 60,106                         |
| Administration                                       | 2,338,871          | 0                    | 6,020                            | 177,547                        | 2,522,438                      |
| Fiscal   | 731,895            | 40,468               | 22,588                           | 25,160                         | 820,111                        |
| Business   | 95,354             | 0                    | 0                                | 0                              | 95,354                         |
| Operation and Maintenance of Plant                   | 2,144,275          | 0                    | 374,955                          | 449                            | 2,519,679                      |
| Pupil Transportation                                 | 866,564            | 0                    | 50,184                           | 4,759                          | 921,507                        |
| Central  | 142,728            | 0                    | 64,231                           | 5,000                          | 211,959                        |
| Operation of Non-Instructional Services              | 8,624              | 0                    | 21,452                           | 1,513,581                      | 1,543,657                      |
| Extracurricular Activities                           | 421,930            | 0                    | 0                                | 106,469                        | 528,399                        |
| Capital Outlay                                       | 8,304              | 0                    | 146,022                          | 199,964                        | 354,290                        |
| Debt Service:  |                    |                      |                                  |                                |                                |
| Principal  | 195,000            | 961,000              | 0                                | 0                              | 1,156,000                      |
| Interest and Fiscal Charges                          | 30,750             | 1,222,680            | 0                                | 0                              | 1,253,430                      |
| <i>Total Expenditures</i>                            | <u>27,037,151</u>  | <u>2,224,148</u>     | <u>1,036,819</u>                 | <u>5,801,007</u>               | <u>36,099,125</u>              |
| <i>Excess of Revenues Over (Under) Expenditures</i>  | <u>(134,110)</u>   | <u>85,452</u>        | <u>121,243</u>                   | <u>(79,837)</u>                | <u>(7,252)</u>                 |
| <b>Other Financing Sources:</b>                      |                    |                      |                                  |                                |                                |
| Insurance Recoveries                                 | 3,042              | 0                    | 1,096                            | 0                              | 4,138                          |
| <i>Total Other Financing Sources</i>                 | <u>3,042</u>       | <u>0</u>             | <u>1,096</u>                     | <u>0</u>                       | <u>4,138</u>                   |
| <i>Net Change in Fund Balances</i>                   | (131,068)          | 85,452               | 122,339                          | (79,837)                       | (3,114)                        |
| <i>Fund Balances at Beginning of Year - Restated</i> | <u>3,096,021</u>   | <u>844,563</u>       | <u>1,672,378</u>                 | <u>748,341</u>                 | <u>6,361,303</u>               |
| <i>Fund Balances at End of Year</i>                  | <u>\$2,964,953</u> | <u>\$930,015</u>     | <u>\$1,794,717</u>               | <u>\$668,504</u>               | <u>\$6,358,189</u>             |

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



**Chillicothe City School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2011*

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**Net Change in Fund Balances - Total Governmental Funds** (\$3,114)

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

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

|                           |             |             |
|---------------------------|-------------|-------------|
| Capital Asset Additions   | 354,290     |             |
| Current Year Depreciation | (1,496,433) |             |
|                           |             |             |
| Total                     |             | (1,142,143) |

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

|                                    |  |          |
|------------------------------------|--|----------|
| Loss on Disposal of Capital Assets |  | (12,487) |
|------------------------------------|--|----------|

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

|                   |         |         |
|-------------------|---------|---------|
| Taxes             | 83,694  |         |
| Intergovernmental | 162,235 |         |
|                   |         |         |
| Total             |         | 245,929 |

|   |  |           |
|---|--|-----------|
| Repayment of bond and note principal are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net assets and does not result in an expense in the statement of activities. |  | 1,156,000 |
|---|--|-----------|

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of net assets.

|  |           |           |
|--|-----------|-----------|
| Premium  | 202,294   |           |
| Issuance Costs                                 | (96,933)  |           |
| Annual Accretion of Capital Appreciation Bonds | (260,384) |           |
|  |           |           |
| Total  |           | (155,023) |

|   |  |           |
|---|--|-----------|
| Deferred amounts on refunding bonds are included as expenditures in the funds, but are deferred and amortized over the life of the bonds in the government-wide financial statements. |  | (176,825) |
|---|--|-----------|

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

|                                  |         |         |
|----------------------------------|---------|---------|
| Increase in Compensated Absences | (8,019) |         |
| Decrease in Interest Payable     | 3,460   |         |
|                                  |         |         |
| Total                            |         | (4,559) |

|  |  |                          |
|--|--|--------------------------|
| <b>Net Change in Net Assets of Governmental Activities</b> |  | <b><u>(\$92,222)</u></b> |
|--|--|--------------------------|

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

**Chillicothe City School District**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget and Actual*  
*(Non-GAAP Budgetary Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2011*

|  | Budgeted Amounts   |                    | Actual             | Variance with<br>Final Budget:<br>Positive<br>(Negative) |
|--|--------------------|--------------------|--------------------|--|
|  | Original           | Final              |                    |  |
| <b>Revenues:</b>                                       |                    |                    |                    |  |
| Property and Other Local Taxes                         | \$9,337,637        | \$9,604,387        | \$9,692,622        | \$88,235   |
| Intergovernmental                                      | 15,120,380         | 14,853,630         | 14,796,493         | (57,137)   |
| Interest   | 100,500            | 100,500            | 53,362             | (47,138)   |
| Tuition and Fees                                       | 1,157,024          | 1,157,024          | 1,328,484          | 171,460  |
| Rent   | 15,000             | 15,000             | 7,306              | (7,694)  |
| Extracurricular Activities                             | 16,000             | 16,000             | 13,913             | (2,087)  |
| Gifts and Donations                                    | 5,000              | 5,000              | 5,087              | 87   |
| Customer Sales and Services                            | 65,000             | 65,000             | 104,754            | 39,754   |
| Payments in Lieu of Taxes                              | 54,000             | 54,000             | 0                  | (54,000)   |
| Miscellaneous  | 27,250             | 27,250             | 35,649             | 8,399  |
| <i>Total Revenues</i>                                  | <u>25,897,791</u>  | <u>25,897,791</u>  | <u>26,037,670</u>  | <u>139,879</u>   |
| <b>Expenditures:</b>                                   |                    |                    |                    |  |
| Current:   |                    |                    |                    |  |
| Instruction:   |                    |                    |                    |  |
| Regular  | 17,136,382         | 16,868,856         | 15,068,182         | 1,800,674  |
| Special  | 1,938,443          | 2,162,088          | 1,954,755          | 207,333  |
| Vocational   | 8,760              | 8,760              | 8,003              | 757  |
| Other  | 589,472            | 594,472            | 520,619            | 73,853   |
| Support Services:                                      |                    |                    |                    |  |
| Pupils   | 1,423,396          | 1,428,651          | 1,466,785          | (38,134)   |
| Instructional Staff                                    | 1,601,448          | 1,601,582          | 1,085,634          | 515,948  |
| Board of Education                                     | 67,613             | 67,613             | 73,999             | (6,386)  |
| Administration   | 2,060,781          | 2,070,835          | 2,343,726          | (272,891)  |
| Fiscal   | 734,462            | 735,462            | 729,349            | 6,113  |
| Business   | 111,733            | 111,372            | 95,156             | 16,216   |
| Operation and Maintenance of Plant                     | 2,654,641          | 2,651,438          | 2,246,501          | 404,937  |
| Pupil Transportation                                   | 792,901            | 793,903            | 863,672            | (69,769)   |
| Central  | 152,300            | 177,300            | 155,001            | 22,299   |
| Operation of Non-Instructional Services                | 7,463              | 7,463              | 7,313              | 150  |
| Extracurricular Activities                             | 431,425            | 431,425            | 422,974            | 8,451  |
| Debt Service:  |                    |                    |                    |  |
| Principal  | 236,000            | 236,000            | 195,000            | 41,000   |
| Interest   | 30,750             | 30,750             | 30,750             | 0  |
| <i>Total Expenditures</i>                              | <u>29,977,970</u>  | <u>29,977,970</u>  | <u>27,267,419</u>  | <u>2,710,551</u>   |
| <i>Excess of Revenues Over (Under) Expenditures</i>    | <u>(4,080,179)</u> | <u>(4,080,179)</u> | <u>(1,229,749)</u> | <u>2,850,430</u>   |
| <b>Other Financing Sources and Uses:</b>               |                    |                    |                    |  |
| Advances In  | 50,000             | 50,000             | 216,135            | 166,135  |
| Insurance Recoveries                                   | 5,000              | 5,000              | 3,042              | (1,958)  |
| Transfers Out  | 0                  | 0                  | (100,065)          | (100,065)  |
| Advances Out   | (100,000)          | (100,000)          | (59,651)           | 40,349   |
| <i>Total Other Financing Sources and Uses</i>          | <u>(45,000)</u>    | <u>(45,000)</u>    | <u>59,461</u>      | <u>104,461</u>   |
| <i>Net Change in Fund Balances</i>                     | (4,125,179)        | (4,125,179)        | (1,170,288)        | 2,954,891  |
| <i>Fund Balance at Beginning of Year - Restated</i>    | 3,994,440          | 3,994,440          | 3,994,440          | 0  |
| <i>Prior Year Encumbrances Appropriated - Restated</i> | <u>130,740</u>     | <u>130,740</u>     | <u>130,740</u>     | <u>0</u>   |
| <i>Fund Balance at End of Year</i>                     | <u>\$1</u>         | <u>\$1</u>         | <u>\$2,954,892</u> | <u>\$2,954,891</u>                                       |

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

**Chillicothe City School District**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*As of June 30, 2011*

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|                                       | <u>Agency</u>           |
|---------------------------------------|-------------------------|
| <b>Assets:</b>                        |                         |
| Current Assets:                       |                         |
| Equity in Pooled Cash and Investments | <u>\$104,646</u>        |
| <i>Total Assets</i>                   | <u><u>\$104,646</u></u> |
| <b>Liabilities:</b>                   |                         |
| Current Liabilities:                  |                         |
| Due to Students                       | \$94,916                |
| Undistributed Monies                  | <u>9,730</u>            |
| <i>Total Liabilities</i>              | <u><u>\$104,646</u></u> |

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

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 1-DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

The School District was established in 1849 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 22 square miles. It is located in Ross County, and includes all of the Village of Massieville, the City of Chillicothe and a portion of Scioto Township. It is staffed by 141 non-certified employees, 203 certificated full-time teaching personnel and 13 administrative employees who provide services to 2,917 students and other community members. The School District currently operates six instructional buildings, one administrative building, one maintenance building and one bus garage.

*Reporting Entity*

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

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

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

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

The following activities are included within the reporting entity:

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

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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

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

**NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation-Fund Accounting**

*Fund Accounting*

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

*Governmental Funds*

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

***General Fund***

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

***Debt Service Fund***

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

***Permanent Improvement Fund***

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

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

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Fiduciary Funds*

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

**B. Basis of Presentation and Measurement Focus**

*Basis of Presentation*

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

*Government-wide Financial Statements*

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

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

*Fund Financial Statements*

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

*Measurement Focus*

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

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*Basis of Accounting*

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

*Revenues – Exchange and Non-exchange Transactions*

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

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

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

*Deferred/Unearned Revenue*

Deferred/unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred/unearned revenue.

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Expenses/Expenditures*

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

**C. Budgets**

*Budgetary Process*

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

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

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

*Encumbrances*

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

**D. Cash and Cash Equivalents**

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



**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

During fiscal year 2011, investments were limited to STAROhio, Certificates of Deposit, and U.S. Government Agency Instrumentalities. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2011. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2011.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2011 amounted to \$41,963. The Other Governmental Funds earned interest revenue of \$2,055.

**E. Capital Assets and Depreciation**

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

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

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

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

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

**F. Interfund Assets/Liabilities**

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

**NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Compensated Absences**

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

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

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

**H. Accrued Liabilities and Long-Term Obligations**

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

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

**I. Interfund Transactions**

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

**J. Restricted Assets**

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

**K. Net Assets**

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

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The government-wide statement of net assets reports \$4,179,525 in restricted net assets, none of which is restricted by enabling legislation.

**L. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

*Restricted* – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

*Committed* – This fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District’s Board of Education. Those committed amounts cannot be used for any other purpose unless the School District’s Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts would represent intended uses established by the School District’s Board of Education.

*Unassigned* – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In the other governmental funds, the unassigned classification is used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M. Estimates**

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

**N. Unamortized Bond Issuance Costs/Bond Premium and Discount**

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

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

On the governmental fund financial statements, bond issuance costs and premiums are recognized in the year paid or received.

**O. Deferred Loss on Refunding**

The difference between the reacquisition price (funds required to refund the old debt) of the refunding notes and the bonds and the net carrying amount of the old debt, the deferred amount (loss) on refunding, is being amortized as a component of interest expense. This accounting loss is amortized over the remaining life of the old debt or the life of the new debt whichever is shorter and is presented net of the bonds payable on the statement of net assets.

**NOTE 3-ACCOUNTABILITY AND COMPLIANCE**

**Accountability**

At June 30, 2011, the State Fiscal Stabilization, School Improvement Grant, Title I, and the Title VI-B Nonmajor Special Revenue Funds had deficit fund balances of \$96,448, \$27, \$10,103, and \$8,202, respectively, which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**Compliance**

The School District had expenditures in excess of appropriations in the State Fiscal Stabilization Fund, which is contrary to Ohio Revised Code Section 5705.41(B).

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 4-BUDGETARY BASIS OF ACCOUNTING**

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

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

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

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary bases for the General Fund.

| Net Change in Fund Balance   |                      |
|--|----------------------|
| GAAP Basis   | (\$131,068)          |
| Revenue and Other  |                      |
| Financing Sources Accruals   | (469,116)            |
| Expenditures and Other   |                      |
| Financing Uses Accruals  | (302,090)            |
| Encumbrances   | (169,191)            |
| (Excess) Deficit of Funds Combined with<br>General Fund for Reporting Purposes | <u>(98,823)</u>      |
| Budget Basis   | <u>(\$1,170,288)</u> |

As part of Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”, certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a GAAP basis. This includes the entire Uniform School Supplies and Rotary Funds and a portion of the Public School Support Fund.

**NOTE 5-DEPOSITS AND INVESTMENTS**

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

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

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 5-DEPOSITS AND INVESTMENTS (Continued)**

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

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

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

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

1. United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. Interim deposits in the eligible institutions applying for interim money as provided in section 135.08 of the Revised Code;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio);
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time;
9. Linked deposits as authorized by ordinance adopted pursuant to section 135.80 of the Revised Code;

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2011

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**NOTE 5-DEPOSITS AND INVESTMENTS (Continued)**

10. Commercial paper notes issued by any entity that is defined in division (D) of section 1705.01 of the Revised Code and has assets exceeding five hundred million dollars, and to which notes are rated at the time of purchase in the highest classification established by at least two standard rating services; the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; the notes mature no later than one hundred eighty days after purchase; and
11. Bankers' acceptances of banks that are members of the federal deposit insurance corporation to which obligations both the following apply: obligations are eligible for purchase by the federal reserve system and the obligations mature no later than one hundred eighty days after purchase.

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

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

Deposits

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

As of June 30, 2011, the School District's bank balance of \$5,562,435 was either covered by FDIC or collateralized by the financial institutions' public entity deposit pools in the manner described above.

Investments

As of June 30, 2011, the School District had the following investments and maturities.

| Investment Type | Fair Value         | Less than<br>1 Year | 1-2 Years  | 3-5 Years        |
|-----------------|--------------------|---------------------|------------|------------------|
| STAROhio        | \$320,983          | \$320,983           | \$0        | \$0              |
| FHLB            | 1,174,398          | 999,900             | 0          | 174,498          |
| Total           | <u>\$1,495,381</u> | <u>\$1,320,883</u>  | <u>\$0</u> | <u>\$174,498</u> |

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

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 5-DEPOSITS AND INVESTMENTS (Continued)**

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

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

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of total of each investment type held by the School District at June 30, 2011:

| <u>Investment Type</u> | <u>Fair Value</u>  | <u>% of Total</u> |
|------------------------|--------------------|-------------------|
| STAR Ohio              | \$320,983          | 21.46%            |
| FHLB                   | 1,174,398          | 78.54%            |
| Total                  | <u>\$1,495,381</u> | <u>100.00%</u>    |

**NOTE 6-PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, and are collected in 2011 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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



**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 6-PROPERTY TAXES (Continued)**

Tangible personal property tax revenue received during calendar year 2011 (other than public utility property tax) represents the collection of 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after April 1, 2010, on the value as of December 31, 2010. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The assessed values upon which fiscal year 2011 taxes were collected are:

|                            | 2010 Second-Half Collections |         | 2011 First-Half Collections |         |
|----------------------------|------------------------------|---------|-----------------------------|---------|
|                            | Amount                       | Percent | Amount                      | Percent |
| Agricultural/Residential   |                              |         |                             |         |
| And other Real Estate      | \$389,109,380                | 94.58%  | \$383,358,430               | 94.54%  |
| Public Utility             | 19,370,600                   | 4.71%   | 20,758,830                  | 5.12%   |
| Tangible Personal Property | 2,906,950                    | 0.71%   | 1,397,550                   | 0.34%   |
| Total Assessed Value       | \$411,386,930                | 100.00% | \$405,514,810               | 100.00% |

Tax Rate per \$1,000 of  
Assessed Valuation

\$50.67

\$51.00

The School District receives property taxes from Ross County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2011. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2011, was \$2,377,320 in the General Fund, \$410,445 in the Debt Service Fund and \$194,217 in the Permanent Improvement Fund.

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

**NOTE 7-RECEIVABLES**

Receivables at June 30, 2011, consisted of property taxes, accounts (rent, tuition and student fees), interfund, accrued interest and intergovernmental grants. All receivables are considered collectible in full due the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2011

**NOTE 7-RECEIVABLES (Continued)**

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

|  |             |
|--|-------------|
| <i>Major Fund:</i>                     |             |
| General                                | \$3,512     |
| <i>Nonmajor Special Revenue Funds:</i> |             |
| Public School Preschool                | 26,631      |
| Miscellaneous State Grants             | 5,288       |
| Education Jobs                         | 477,101     |
| Title VI-B                             | 215,830     |
| Title I                                | 427,430     |
| Improving Teacher Quality              | 44,831      |
| Miscellaneous Federal Grants           | 56,009      |
| <i>Total Nonmajor Funds</i>            | 1,253,120   |
| <i>Total All Funds</i>                 | \$1,256,632 |

**NOTE 8-CAPITAL ASSETS**

Capital assets activity of the fiscal year ended June 30, 2011, was as follows:

|  | Ending*<br>Balance<br>6/30/10 | Additions     | Deletions  | Ending<br>Balance<br>6/30/11 |
|--|-------------------------------|---------------|------------|------------------------------|
| Governmental Activities:                       |                               |               |            |                              |
| Capital Assets, Not Being Depreciated          |                               |               |            |                              |
| Land   | \$545,010                     | \$0           | \$0        | \$545,010                    |
| Construction in Progress                       | 0                             | 199,964       | 0          | 199,964                      |
| Total Capital Assets, Not Being Depreciated    | 545,010                       | 199,964       | 0          | 744,974                      |
| Capital Assets Being Depreciated               |                               |               |            |                              |
| Land Improvements                              | 939,626                       | 21,505        | 0          | 961,131                      |
| Buildings and Improvements                     | 49,386,757                    | 24,252        | 0          | 49,411,009                   |
| Furniture and Equipment                        | 3,349,963                     | 17,804        | (39,829)   | 3,327,938                    |
| Vehicles                                       | 1,593,551                     | 90,765        | (5,700)    | 1,678,616                    |
| Total Capital Assets, Being Depreciated        | 55,269,897                    | 154,326       | (45,529)   | 55,378,694                   |
| Less Accumulated Depreciation                  |                               |               |            |                              |
| Land Improvements                              | (718,305)                     | (20,599)      | 0          | (738,904)                    |
| Buildings and Improvements                     | (15,282,502)                  | (1,152,228)   | 0          | (16,434,730)                 |
| Furniture and Equipment                        | (1,458,103)                   | (209,366)     | 30,192     | (1,637,277)                  |
| Vehicles                                       | (1,101,509)                   | (114,240)     | 2,850      | (1,212,899)                  |
| Total Accumulated Depreciation                 | (18,560,419)                  | (1,496,433)   | 33,042     | (20,023,810)                 |
| Total Capital Assets Being Depreciated,<br>Net | 36,709,478                    | (1,342,107)   | (12,487)   | 35,354,884                   |
| Governmental Activities Capital Assets,<br>Net | \$37,254,488                  | (\$1,142,143) | (\$12,487) | \$36,099,858                 |

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 8-CAPITAL ASSETS**

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

Depreciation expense was charged to the governmental functions as follows:

|  |             |
|--|-------------|
| Instruction:                           |             |
| Regular                                | \$1,202,854 |
| Special                                | 4,106       |
| Support Services:                      |             |
| Administration                         | 973         |
| Business                               | 1,148       |
| Operation and Maintenance of Plant     | 27,518      |
| Pupil Transportation                   | 99,207      |
| Central                                | 8,933       |
| Operation of Non-Instrumental Services | 148,402     |
| Extracurricular Activities             | 3,292       |
| Total Depreciation Expense             | \$1,496,433 |

**NOTE 9-RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the School District contracted with Ohio School Plan Insurance for liability, property, fleet, inland marine, and boiler and machinery insurance. Coverages provided are as follows:

|   |             |
|---|-------------|
| <i>General Liability:</i>                                   |             |
| General Aggregate Limit                                     | \$4,000,000 |
| Each Occurrence Combined Single Limit                       | 2,000,000   |
| Medical Expense Limit (Any One Person)                      | 10,000      |
| <br><i>Employee Benefit Liability (\$2,500 Deductible):</i> |             |
| Annual Policy Aggregate Limit                               | 4,000,000   |
| Each Wrongful Account Limit                                 | 2,000,000   |
| <br><i>Auto Liability:</i>                                  |             |
| Per Accident Liability                                      | 2,000,000   |
| <br><i>Stop Gap:</i>  |             |
| Each Accident   | 2,000,000   |
| Disease Each Employee                                       | 2,000,000   |
| Disease Policy Limit  | 2,000,000   |
| <br><i>Property Insurance:</i>                              |             |
| Building/Contents (\$2,500 Deductible)                      |             |
| Including EDP, Inland Marine – Musical Instr.               | 72,559,899  |

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 9-RISK MANAGEMENT**

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

*Fleet Insurance:*

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

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from the previous year.

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

The School District provides medical insurance through a private carrier, United Health Care. The School District also provides dental insurance through a private carrier, CoreSource.

**NOTE 10-DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained on SERS' website, [www.ohsers.org](http://www.ohsers.org), under *Employers/Audit Resources*.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2011, the allocation to pension and death benefits is 11.81 percent. The remaining 2.19 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District's contributions to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 were \$522,994, \$597,364, and \$378,738, respectively; 47.85 percent of the required contribution has been made for fiscal year 2011 and 100 percent of the required contribution has been made for fiscal years 2010 and 2009. \$272,727 represents the unpaid contribution for fiscal year 2011 and is recorded as a liability within the respective funds.

**NOTE 10-DEFINED BENEFIT PENSION PLANS (Continued)**

**B. State Teachers Retirement System**

State Teachers Retirement System of Ohio (STRS Ohio) is a cost-sharing, multiple-employer public employee retirement system.

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

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

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

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

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

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 10-DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

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

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

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

For the fiscal years ended June 30, 2011, 2010, and 2009, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$1,744,207, \$1,850,881, and \$1,642,896, respectively; 83.22 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. \$292,623 represents the unpaid contribution for fiscal year 2011 and is recorded as a liability within the respective funds.

STRS Ohio issues a stand-alone financial report. Additional information or copies of STRS Ohio's Comprehensive Annual Financial Report can be requested by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771 or by calling 1-888-227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2011, no members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NOTE 11-POSTEMPLOYMENT BENEFITS**

STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan; a self-directed Defined Contribution Plan; and a Combined Plan which is a hybrid of the Defined Benefit Plan and the Defined Contribution Plan.

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 11-POSTEMPLOYMENT BENEFITS (Continued)**

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

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

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to postemployment health care for the years ended June 30, 2011, 2010 and 2009. The 14 percent employer contribution rate is the maximum rate established under Ohio law. For the School District, these amounts equaled \$134,170, \$131,537, and \$136,096 for fiscal years 2011, 2010, and 2009, respectively, which equaled the required allocations for those years.

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

**Medicare Part B Plan**

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal years 2011, 2010, and 2009, the actuarially required allocations were 0.76 percent, 0.76 percent, and 0.75 percent. For the School District, contributions for the years ended June 30, 2011, 2010, and 2009, were \$31,101, \$28,211, and \$30,958, which equaled the required contributions for those years.

**Health Care Plan**

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

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

**NOTE 11-POSTEMPLOYMENT BENEFITS (Continued)**

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code Section 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. At June 30, 2011, 2010, and 2009, the health care allocations were 1.43 percent, 0.46 percent, and 4.16 percent, respectively. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. State law provides that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contributions assigned to the Health Care Fund for the years ended June 30, 2011, 2010, and 2009 were \$120,917, \$74,956 and \$225,754, respectively.

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

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under *Employers/Audit Resources*.

**NOTE 12-EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

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

**B. Life and Accident Insurance**

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

**C. Deferred Compensation**

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



**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 12-EMPLOYEE BENEFITS (Continued)**

**D. Retirement Incentive**

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

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

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

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

**E. Attendance Bonus for Classified Employees**

Absences from work are counted from July 1 through June 30 each year. Classified employees may be eligible for an "Attendance Bonus" for not using days for sick or personal leave or leave without pay. This is payable the following July of the fiscal year. For fiscal year 2011, no employees were eligible to take advantage of this benefit.

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2011

**NOTE 13-LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2011 were as follows:

|   | Outstanding<br>6/30/10 | Additions   | Deductions  | Outstanding<br>6/30/11 | Amounts<br>Due within<br>One Year |
|---|------------------------|-------------|-------------|------------------------|-----------------------------------|
| Governmental Activities:  |                        |             |             |                        |                                   |
| General Obligation Notes:   |                        |             |             |                        |                                   |
| 1999 Energy Conservation Improvement<br>Notes 5%  | \$615,000              | \$0         | \$195,000   | \$420,000              | \$205,000                         |
| General Obligation Bonds:   |                        |             |             |                        |                                   |
| 2005 Construction General Obligation<br>Obligation Bonds – Serial and<br>Term 2 – 5.25% | 3,205,000              | 0           | 610,000     | 2,595,000              | 750,000                           |
| Premium   | 12,969                 | 0           | 5,322       | 7,647                  | 0                                 |
| 2005 Construction Capital<br>Appreciation Bonds 12.274-12.306%                          | 795,000                | 0           | 0           | 795,000                | 0                                 |
| Accretion of Capital Appreciation Bonds<br>Premium                                      | 814,718                | 204,548     | 0           | 1,019,266              | 0                                 |
|   | 347,267                | 0           | 77,170      | 270,097                | 0                                 |
| 2007 Refunding Obligation Bonds – Serial<br>and Term 3.5-4.5%                           | 26,655,000             | 0           | 310,000     | 26,345,000             | 130,000                           |
| Premium   | 1,317,818              | 0           | 119,802     | 1,198,016              | 0                                 |
| Accounting Loss   | (530,473)              | 0           | (176,825)   | (353,648)              | 0                                 |
| 2007 Construction Capital Appreciation<br>Bonds 17.7712-17.8754%                        | 320,000                | 0           | 0           | 320,000                | 0                                 |
| Accretion of Capital Appreciation Bonds   | 144,440                | 55,836      | 0           | 200,276                | 0                                 |
| 2009 School Energy Conservation<br>Improvement Term Bonds 0%                            | 483,000                | 0           | 41,000      | 442,000                | 41,000                            |
| Total General Obligation Bonds  | 33,564,739             | 260,384     | 986,469     | 32,838,654             | 921,000                           |
| Compensated Absences  | 2,430,848              | 2,059,935   | 2,051,916   | 2,438,867              | 120,459                           |
| Total Governmental Activities Long-Term<br>Obligations                                  | \$36,610,587           | \$2,320,319 | \$3,233,385 | \$35,697,521           | \$1,246,459                       |

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

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 13-LONG-TERM OBLIGATIONS (Continued)**

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

The capital appreciation bonds will mature in the years 2012 through 2014. The maturity of the bonds is \$2,450,000. For 2011, \$204,548 was accreted for a total bond value of \$1,814,266, which includes accretion of \$1,019,266.

2007 Refunding Obligation Bonds – On December 13, 2006, the School District issued \$29,717,026 in general obligation refunding bonds with interest rates from 4-4.125 percent, to refund \$27,920,000 of the 2005 Construction General Obligation Bonds. The bond issue included serial and term bonds and capital appreciation bonds in the amounts of \$6,905,000, \$20,695,000 and \$320,000, respectively. For 2011, \$55,836 was accreted for a total bond value of \$520,276, which includes accretion of \$200,276. The capital appreciation bonds will mature in the years 2022 through 2024. The maturity of the bonds is \$5,715,000. The bonds will be paid from the Debt Service Fund from tax revenue.

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

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

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

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

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

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

The School District’s overall legal debt margin was \$6,960,903 and the unvoted debt margin was \$405,515 at June 30, 2011.

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2011

**NOTE 13-LONG-TERM OBLIGATIONS (Continued)**

Principal and interest requirements to retire general obligation debt at June 30, 2011 are as follows:

| Governmental Activities |                                  |                  |                          |                 |                                  |                     |
|-------------------------|----------------------------------|------------------|--------------------------|-----------------|----------------------------------|---------------------|
| Fiscal Year<br>Ending   | 2005 General Obligation<br>Bonds |                  | General Obligation Notes |                 | 2007 General Obligation<br>Bonds |                     |
|                         | Principal                        | Interest         | Principal                | Interest        | Principal                        | Interest            |
| 2012                    | \$750,000                        | \$101,438        | \$205,000                | \$21,000        | \$130,000                        | \$1,088,080         |
| 2013                    | 0                                | 87,750           | 215,000                  | 10,750          | 145,000                          | 1,082,580           |
| 2014                    | 0                                | 87,750           | 0                        | 0               | 160,000                          | 1,076,480           |
| 2015                    | 0                                | 87,750           | 0                        | 0               | 180,000                          | 1,069,680           |
| 2016                    | 900,000                          | 67,500           | 0                        | 0               | 200,000                          | 1,062,080           |
| 2017-2021               | 945,000                          | 23,625           | 0                        | 0               | 6,255,000                        | 4,785,850           |
| 2122-2026               | 0                                | 0                | 0                        | 0               | 3,725,000                        | 3,635,825           |
| 2027-2031               | 0                                | 0                | 0                        | 0               | 10,630,000                       | 2,300,000           |
| 2032-2033               | 0                                | 0                | 0                        | 0               | 4,920,000                        | 223,875             |
| Totals                  | <u>\$2,595,000</u>               | <u>\$455,813</u> | <u>\$420,000</u>         | <u>\$31,750</u> | <u>\$26,345,000</u>              | <u>\$16,324,450</u> |

| General Obligation Bonds |                           |                    |                           |                    |                                 |
|--------------------------|---------------------------|--------------------|---------------------------|--------------------|---------------------------------|
| Fiscal Year<br>Ending    | 2005 Capital Appreciation |                    | 2007 Capital Appreciation |                    | 2009 General<br>Obligation Bond |
|                          | Principal                 | Interest           | Principal                 | Interest           | Principal                       |
| 2012                     | \$0                       | \$0                | \$0                       | \$0                | \$41,000                        |
| 2013                     | 285,000                   | 490,000            | 0                         | 0                  | 41,000                          |
| 2014                     | 250,000                   | 525,000            | 0                         | 0                  | 40,000                          |
| 2015                     | 260,000                   | 640,000            | 0                         | 0                  | 40,000                          |
| 2016                     | 0                         | 0                  | 0                         | 0                  | 40,000                          |
| 2017-2021                | 0                         | 0                  | 0                         | 0                  | 200,000                         |
| 2122-2025                | 0                         | 0                  | 320,000                   | 5,395,000          | 40,000                          |
| Totals                   | <u>\$795,000</u>          | <u>\$1,655,000</u> | <u>\$320,000</u>          | <u>\$5,395,000</u> | <u>\$442,000</u>                |

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 14-INTERFUND ACTIVITY**

As of June 30, 2011, receivables and payables that resulted from various interfund transactions were as follows:

| Fund Type/Fund                      | Interfund<br>Receivable | Interfund<br>Payables  |
|-------------------------------------|-------------------------|------------------------|
| General Fund                        | \$59,651                | \$0                    |
| <i>Nonmajor Governmental Funds:</i> |                         |                        |
| Public School Preschool             | 0                       | 1,249                  |
| Miscellaneous State Grants          | 0                       | 1,375                  |
| Title VI-B                          | 0                       | 11,302                 |
| Title I                             | 0                       | 37,414                 |
| Improving Teacher Quality           | 0                       | 6,839                  |
| Miscellaneous Federal Grants        | 0                       | 1,472                  |
| <i>Total Nonmajor Funds</i>         | <u>0</u>                | <u>59,651</u>          |
| <b>Total All Funds</b>              | <u><b>\$59,651</b></u>  | <u><b>\$59,651</b></u> |

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

**NOTE 15-JOINTLY GOVERNED ORGANIZATIONS**

*South Central Ohio Computer Association*-The School District is a participant in the South Central Ohio Computer Association (SCOCA), which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Pickaway, Gallia, Highland, Adams, Pike, Scioto, Brown, Ross, Jackson, Vinton and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each of the participating counties, two school treasurers, and one representative from the fiscal agent. The School District paid SCOCA \$214,651 for services provided during the year. Financial information can be obtained from their fiscal agent, the Pike County Joint Vocational School District, Tonya Cooper, who serves as Treasurer, 175 Beaver Creek Rd., Piketon, Ohio 45661.

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

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

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2011

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**NOTE 16-SET-ASIDE CALCULATIONS/FUND BALANCE RESTRICTIONS**

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

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

|  | Textbooks   | Capital<br>Acquisition | Bus<br>Purchase |
|--|-------------|------------------------|-----------------|
| Set Aside Balance as of June 30, 2010          | \$0         | \$0                    | \$492           |
| Current Year Set Aside Requirement             | 433,632     | 433,632                | 0               |
| Excess Qualified Expenditures from Prior Years | (1,027,349) | 0                      | 0               |
| Current Year Qualifying Expenditures           | (388,568)   | (559,193)              | 0               |
| Total  | (\$982,285) | (\$125,561)            | \$492           |
| Balance Carried Forward to Fiscal Year 2012    | (\$982,285) | \$0                    | \$492           |
| Set-Aside Balance June 30, 2011                | \$0         | \$0                    | \$492           |

The School District had offsets and qualifying disbursements during the year that reduced the set-aside amount below zero in the Textbooks Set-Aside. The excess amount in the Textbooks Set-Aside may be carried forward and used to reduce the set-aside requirements of future fiscal years. The carryover amount in the Capital Acquisition Set-Aside is limited to the balance of the offsets attributed to bond or tax levy proceeds. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$18,248,370 as of June 30, 2011.

**NOTE 17-CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2011.

**B. Litigation**

The School District is currently party to legal proceedings. However, the School District is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

**NOTE 18-SUBSEQUENT EVENT**

In a prior year, the School District established a fund balance commitment for the purpose of committing funds to be used for the possible refund of tangible personal property taxes based on a local taxpayer's complaint regarding personal property valuations. These complaints have been settled and one refund amount was withheld from the School District's August 2011 tax settlement and the others are to be refunded on March 15, 2012 and August 15, 2012.

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**NOTE 19 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF BEGINNING FUND BALANCES**

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", which the School District has implemented for the fiscal year ended June 30, 2011. This pronouncement does not affect the calculation of the School District's fund balances but does shift the focus of fund balance reporting from the availability of fund resources for budgeting to the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in funds can be spent (See Note 2L).

As a result of the implementation of GASB Statement No. 54, certain funds previously reported as Special Revenue Funds were reclassified to the General Fund. There were also accruals reported in the Poverty Based Aid and School Improvement Funds at June 30, 2010 that would not subsequently be received or that could not subsequently be paid due to loss of funding. The receivable within the Poverty Based Aid Fund was offset by a deferred revenue in the fund financial statements and therefore did not require a restatement of fund balances. However, this receivable was recorded as a current revenue within the governmental activities and required a restatement of beginning net assets to reflect the loss of funding. For the School Improvement Fund, the School District reclassified these payables and related expenditures into the General Fund. These reclassifications and the correction had the following effect on beginning fund balances:

|                                     | Governmental<br>Activities | General<br>Fund    | Other<br>Governmental<br>Funds |
|-------------------------------------|----------------------------|--------------------|--------------------------------|
| Fund Balance, June 30, 2010         | \$8,704,988                | \$3,200,422        | \$643,940                      |
| Fund Reclassifications              |                            |                    |                                |
| Uniform School Supplies Fund        | 0                          | (105,741)          | 105,741                        |
| Rotary Fund                         | 0                          | 1,180              | (1,180)                        |
| Public School Support               | 0                          | 38,806             | (38,806)                       |
| Corrections                         | (5,823)                    | (38,646)           | 38,646                         |
| Restated Fund Balance, July 1, 2010 | <u>\$8,699,165</u>         | <u>\$3,096,021</u> | <u>\$748,341</u>               |

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# Combining and Individual Fund Financial Statements and Schedules

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**Chillicothe City School District**  
*Fund Descriptions*

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**Special Revenue Funds**

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

*Nonmajor Special Revenue Funds*

*Uniform School Supplies*

A fund to account for the purchase and sale of school supplies as adopted by the Board of Education for use in the School District. Revenues derived from sales are used for school purposes or activities in connection with the school. This fund is legally budgeted separately but is included in the General Fund on a GAAP basis.

*Rotary*

A fund to account for multi-district handicap programs. This fund is legally budgeted separately but is included in the General Fund on a GAAP basis.

*Food Service*

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

*Public School Support*

A fund provided to account for specific local revenue sources, other than taxes (i.e., profits from vending machines, sales of pictures, etc.), that are restricted to expenditures for specific purposes approved by the Board. Such expenditures may include curricular and extracurricular related purchases. This fund is legally budgeted separately but a portion of this fund is included in the General Fund on a GAAP basis.

*Other Local Grants*

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

*District Managed Activities*

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

*Auxiliary Services*

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

*Education Management Information*

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

*Public School Preschool*

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

*OneNet Network*

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

*Ohio Reads*

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

**Chillicothe City School District**  
*Fund Descriptions*

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*Nonmajor Special Revenue Funds (Continued)*

Poverty Based Aid

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

Miscellaneous State Grants

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

Education Jobs

A fund used to account for restricted Federal grant monies to assist schools in providing educational and related services for early childhood, elementary and secondary education. Budgetary information has not been presented for this fund because the School District did not budget to use and did not receive or expend monies for this program during the fiscal year.

Title VI-B

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

State Fiscal Stabilization

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

Title II-D

A fund to provide eligible undergraduate post-secondary students who have demonstrated financial need with grant assistance to help meet educational expenses.

School Improvement Grant

A fund to help schools improve the teaching and learning of children failing, or most at risk of failing to meet challenging State academic achievement standards.

Stimulus School Improvement

A fund to raise the achievement of students in the lowest-performing schools. The only activity in this fund for the fiscal year is the cash receipt of intergovernmental monies that were recorded as a receivable in the prior fiscal year and the return of an advance that was reported as an interfund payable the prior fiscal year. As such, only budgetary information is presented.

Title I

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

Drug-Free School

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

Improving Teacher Quality

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

**Chillicothe City School District**  
*Fund Descriptions*

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*Nonmajor Special Revenue Funds (Continued)*

Miscellaneous Federal Grants

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

**Permanent Fund**

Permanent funds is used to account for resources that that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

*Nonmajor Permanent Fund*

Alumni Library

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

**Chillicothe City School District**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*As of June 30, 2011*

|  | Nonmajor<br>Special<br>Revenue<br>Funds | Nonmajor<br>Permanent<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|---|-------------------------------|--|
| <b>Assets:</b>                             |   |                               |  |
| Equity in Pooled Cash and Investments      | \$433,046                               | \$507,183                     | \$940,229                                  |
| Accounts Receivable                        | 1,720                                   | 0                             | 1,720                                      |
| Intergovernmental Receivable               | 1,253,120                               | 0                             | 1,253,120                                  |
| <i>Total Assets</i>                        | <u>\$1,687,886</u>                      | <u>\$507,183</u>              | <u>\$2,195,069</u>                         |
| <b>Liabilities:</b>                        |   |                               |  |
| Accounts Payable                           | \$23,948                                | \$0                           | \$23,948                                   |
| Accrued Wages and Benefits                 | 442,241                                 | 0                             | 442,241                                    |
| Contracts Payable                          | 46,491                                  | 0                             | 46,491                                     |
| Interfund Payable                          | 59,651                                  | 0                             | 59,651                                     |
| Intergovernmental Payable                  | 127,614                                 | 0                             | 127,614                                    |
| Matured Compensated Absences Payable       | 358                                     | 0                             | 358  |
| Deferred Revenue                           | 826,262                                 | 0                             | 826,262                                    |
| <i>Total Liabilities</i>                   | <u>1,526,565</u>                        | <u>0</u>                      | <u>1,526,565</u>                           |
| <b>Fund Balances:</b>                      |   |                               |  |
| Nonspendable:                              |   |                               |  |
| Library Purposes                           | 0                                       | 450,000                       | 450,000                                    |
| Restricted for:                            |   |                               |  |
| Food Service                               | 108,978                                 | 0                             | 108,978                                    |
| Other Purposes                             | 15,701                                  | 0                             | 15,701                                     |
| Nonpublic Schools                          | 23,215                                  | 0                             | 23,215                                     |
| Special Education                          | 11,823                                  | 0                             | 11,823                                     |
| Library Purposes                           | 0                                       | 57,183                        | 57,183                                     |
| Public School Preschool                    | 2,381                                   | 0                             | 2,381                                      |
| Extracurricular Activities                 | 32,588                                  | 0                             | 32,588                                     |
| Committed to:                              |   |                               |  |
| Student and Staff Support                  | 81,415                                  | 0                             | 81,415                                     |
| Unassigned                                 | (114,780)                               | 0                             | (114,780)                                  |
| <i>Total Fund Balances</i>                 | <u>161,321</u>                          | <u>507,183</u>                | <u>668,504</u>                             |
| <i>Total Liabilities and Fund Balances</i> | <u>\$1,687,886</u>                      | <u>\$507,183</u>              | <u>\$2,195,069</u>                         |

**Chillicothe City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Fiscal Year Ended June 30, 2011*

|  | Nonmajor<br>Special<br>Revenue<br>Funds | Nonmajor<br>Permanent<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|---|-------------------------------|--|
| <b>Revenues:</b>                                     |   |                               |  |
| Intergovernmental                                    | \$4,956,809                             | \$0                           | \$4,956,809                                |
| Interest   | 143                                     | 1,912                         | 2,055                                      |
| Tuition and Fees                                     | 186,831                                 | 0                             | 186,831                                    |
| Extracurricular Activities                           | 78,629                                  | 0                             | 78,629                                     |
| Gifts and Donations                                  | 7,012                                   | 0                             | 7,012                                      |
| Customer Sales and Services                          | 403,320                                 | 0                             | 403,320                                    |
| Miscellaneous  | 86,514                                  | 0                             | 86,514                                     |
| <i>Total Revenues</i>                                | <u>5,719,258</u>                        | <u>1,912</u>                  | <u>5,721,170</u>                           |
| <b>Expenditures:</b>                                 |   |                               |  |
| Current:   |   |                               |  |
| Instruction:   |   |                               |  |
| Regular  | 1,436,910                               | 0                             | 1,436,910                                  |
| Special  | 1,406,823                               | 0                             | 1,406,823                                  |
| Other  | 2,600                                   | 0                             | 2,600                                      |
| Support Services:                                    |   |                               |  |
| Pupils   | 534,527                                 | 0                             | 534,527                                    |
| Instructional Staff                                  | 377,183                                 | 10,035                        | 387,218                                    |
| Administration                                       | 177,547                                 | 0                             | 177,547                                    |
| Fiscal   | 25,160                                  | 0                             | 25,160                                     |
| Operation and Maintenance of Plant                   | 449                                     | 0                             | 449  |
| Pupil Transportation                                 | 4,759                                   | 0                             | 4,759                                      |
| Central  | 5,000                                   | 0                             | 5,000                                      |
| Operation of Non-Instrumental Services               | 1,513,581                               | 0                             | 1,513,581                                  |
| Extracurricular Activities                           | 106,469                                 | 0                             | 106,469                                    |
| Capital Outlay                                       | 199,964                                 | 0                             | 199,964                                    |
| <i>Total Expenditures</i>                            | <u>5,790,972</u>                        | <u>10,035</u>                 | <u>5,801,007</u>                           |
| <i>Net Change in Fund Balances</i>                   | (71,714)                                | (8,123)                       | (79,837)                                   |
| <i>Fund Balances at Beginning of Year - Restated</i> | <u>233,035</u>                          | <u>515,306</u>                | <u>748,341</u>                             |
| <i>Fund Balances at End of Year</i>                  | <u>\$161,321</u>                        | <u>\$507,183</u>              | <u>\$668,504</u>                           |

**Chillicothe City School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*As of June 30, 2011*

|  | Food<br>Service  | Public<br>School<br>Support | Other<br>Local<br>Grants | District<br>Managed<br>Activities |
|--|------------------|-----------------------------|--------------------------|-----------------------------------|
| <b>Assets:</b>                             |                  |                             |                          |                                   |
| Equity in Pooled Cash and Investments      | \$238,531        | \$99,077                    | \$3,016                  | \$33,687                          |
| Accounts Receivable                        | 1,720            | 0                           | 0                        | 0                                 |
| Intergovernmental Receivable               | 0                | 0                           | 0                        | 0                                 |
| <i>Total Assets</i>                        | <u>\$240,251</u> | <u>\$99,077</u>             | <u>\$3,016</u>           | <u>\$33,687</u>                   |
| <b>Liabilities:</b>                        |                  |                             |                          |                                   |
| Accounts Payable                           | \$2,303          | \$510                       | \$0                      | \$525                             |
| Accrued Wages and Benefits                 | 78,347           | 7,296                       | 0                        | 5                                 |
| Contracts Payable                          | 0                | 0                           | 0                        | 0                                 |
| Interfund Payable                          | 0                | 0                           | 0                        | 0                                 |
| Intergovernmental Payable                  | 50,265           | 9,856                       | 0                        | 569                               |
| Matured Compensated Absences Payable       | 358              | 0                           | 0                        | 0                                 |
| Deferred Revenue                           | 0                | 0                           | 0                        | 0                                 |
| <i>Total Liabilities</i>                   | <u>131,273</u>   | <u>17,662</u>               | <u>0</u>                 | <u>1,099</u>                      |
| <b>Fund Balances:</b>                      |                  |                             |                          |                                   |
| Restricted for:                            |                  |                             |                          |                                   |
| Food Service                               | 108,978          | 0                           | 0                        | 0                                 |
| Other Purposes                             | 0                | 0                           | 3,016                    | 0                                 |
| Nonpublic Schools                          | 0                | 0                           | 0                        | 0                                 |
| Special Education                          | 0                | 0                           | 0                        | 0                                 |
| Public School Preschool                    | 0                | 0                           | 0                        | 0                                 |
| Extracurricular Activities                 | 0                | 0                           | 0                        | 32,588                            |
| Committed to:                              |                  |                             |                          |                                   |
| Student and Staff Support                  | 0                | 81,415                      | 0                        | 0                                 |
| Unassigned                                 | 0                | 0                           | 0                        | 0                                 |
| <i>Total Fund Balances</i>                 | <u>108,978</u>   | <u>81,415</u>               | <u>3,016</u>             | <u>32,588</u>                     |
| <i>Total Liabilities and Fund Balances</i> | <u>\$240,251</u> | <u>\$99,077</u>             | <u>\$3,016</u>           | <u>\$33,687</u>                   |



| Auxiliary Services | Education Management Information | Public School Preschool | OneNet Network | Ohio Reads | Poverty Based Aid | Miscellaneous State Grants |
|--------------------|----------------------------------|-------------------------|----------------|------------|-------------------|----------------------------|
| \$34,996           | \$0                              | \$0                     | \$0            | \$0        | \$6,982           | \$0                        |
| 0                  | 0                                | 0                       | 0              | 0          | 0                 | 0                          |
| 0                  | 0                                | 26,631                  | 0              | 0          | 0                 | 5,288                      |
| <b>\$34,996</b>    | <b>\$0</b>                       | <b>\$26,631</b>         | <b>\$0</b>     | <b>\$0</b> | <b>\$6,982</b>    | <b>\$5,288</b>             |
| \$9,296            | \$0                              | \$0                     | \$0            | \$0        | \$0               | \$311                      |
| 1,827              | 0                                | 16,490                  | 0              | 0          | 0                 | 0                          |
| 0                  | 0                                | 0                       | 0              | 0          | 0                 | 0                          |
| 0                  | 0                                | 1,249                   | 0              | 0          | 0                 | 1,375                      |
| 658                | 0                                | 3,274                   | 0              | 0          | 0                 | 1,466                      |
| 0                  | 0                                | 0                       | 0              | 0          | 0                 | 0                          |
| 0                  | 0                                | 3,237                   | 0              | 0          | 0                 | 0                          |
| <b>11,781</b>      | <b>0</b>                         | <b>24,250</b>           | <b>0</b>       | <b>0</b>   | <b>0</b>          | <b>3,152</b>               |
| 0                  | 0                                | 0                       | 0              | 0          | 0                 | 0                          |
| 0                  | 0                                | 0                       | 0              | 0          | 6,982             | 2,136                      |
| 23,215             | 0                                | 0                       | 0              | 0          | 0                 | 0                          |
| 0                  | 0                                | 0                       | 0              | 0          | 0                 | 0                          |
| 0                  | 0                                | 2,381                   | 0              | 0          | 0                 | 0                          |
| 0                  | 0                                | 0                       | 0              | 0          | 0                 | 0                          |
| 0                  | 0                                | 0                       | 0              | 0          | 0                 | 0                          |
| 0                  | 0                                | 0                       | 0              | 0          | 0                 | 0                          |
| <b>23,215</b>      | <b>0</b>                         | <b>2,381</b>            | <b>0</b>       | <b>0</b>   | <b>6,982</b>      | <b>2,136</b>               |
| <b>\$34,996</b>    | <b>\$0</b>                       | <b>\$26,631</b>         | <b>\$0</b>     | <b>\$0</b> | <b>\$6,982</b>    | <b>\$5,288</b>             |

**Chillicothe City School District**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*As of June 30, 2011*

|  | Education<br>Jobs | Title<br>VI-B    | State Fiscal<br>Stabilization | Title<br>II-D |
|--|-------------------|------------------|-------------------------------|---------------|
| <b>Assets:</b>                             |                   |                  |                               |               |
| Equity in Pooled Cash and Investments      | \$0               | \$0              | \$16,195                      | \$562         |
| Accounts Receivable                        | 0                 | 0                | 0                             | 0             |
| Intergovernmental Receivable               | 477,101           | 215,830          | 0                             | 0             |
| <i>Total Assets</i>                        | <u>\$477,101</u>  | <u>\$215,830</u> | <u>\$16,195</u>               | <u>\$562</u>  |
| <b>Liabilities:</b>                        |                   |                  |                               |               |
| Accounts Payable                           | \$0               | \$916            | \$0                           | \$0           |
| Accrued Wages and Benefits                 | 0                 | 92,687           | 106,810                       | 0             |
| Contracts Payable                          | 0                 | 0                | 0                             | 0             |
| Interfund Payable                          | 0                 | 11,302           | 0                             | 0             |
| Intergovernmental Payable                  | 0                 | 26,770           | 5,833                         | 11            |
| Matured Compensated Absences Payable       | 0                 | 0                | 0                             | 0             |
| Deferred Revenue                           | 477,101           | 72,332           | 0                             | 0             |
| <i>Total Liabilities</i>                   | <u>477,101</u>    | <u>204,007</u>   | <u>112,643</u>                | <u>11</u>     |
| <b>Fund Balances:</b>                      |                   |                  |                               |               |
| Restricted for:                            |                   |                  |                               |               |
| Food Service                               | 0                 | 0                | 0                             | 0             |
| Other Purposes                             | 0                 | 0                | 0                             | 551           |
| Nonpublic Schools                          | 0                 | 0                | 0                             | 0             |
| Special Education                          | 0                 | 11,823           | 0                             | 0             |
| Public School Preschool                    | 0                 | 0                | 0                             | 0             |
| Extracurricular Activities                 | 0                 | 0                | 0                             | 0             |
| Committed to:                              |                   |                  |                               |               |
| Student and Staff Support                  | 0                 | 0                | 0                             | 0             |
| Unassigned                                 | 0                 | 0                | (96,448)                      | 0             |
| <i>Total Fund Balances</i>                 | <u>0</u>          | <u>11,823</u>    | <u>(96,448)</u>               | <u>551</u>    |
| <i>Total Liabilities and Fund Balances</i> | <u>\$477,101</u>  | <u>\$215,830</u> | <u>\$16,195</u>               | <u>\$562</u>  |

| School Improvement Grant | Title I          | Drug Free School | Improving Teacher Quality | Miscellaneous Federal Grants | Total Nonmajor Special Revenue Funds |
|--------------------------|------------------|------------------|---------------------------|------------------------------|--------------------------------------|
| \$0                      | \$0              | \$0              | \$0                       | \$0                          | \$433,046                            |
| 0                        | 0                | 0                | 0                         | 0                            | 1,720                                |
| 0                        | 427,430          | 0                | 44,831                    | 56,009                       | 1,253,120                            |
| <b>\$0</b>               | <b>\$427,430</b> | <b>\$0</b>       | <b>\$44,831</b>           | <b>\$56,009</b>              | <b>\$1,687,886</b>                   |
| \$0                      | \$10,087         | \$0              | \$0                       | \$0                          | \$23,948                             |
| 0                        | 111,415          | 0                | 27,364                    | 0                            | 442,241                              |
| 0                        | 0                | 0                | 0                         | 46,491                       | 46,491                               |
| 0                        | 37,414           | 0                | 6,839                     | 1,472                        | 59,651                               |
| 27                       | 24,112           | 0                | 4,594                     | 179                          | 127,614                              |
| 0                        | 0                | 0                | 0                         | 0                            | 358                                  |
| 0                        | 254,505          | 0                | 14,236                    | 4,851                        | 826,262                              |
| 27                       | 437,533          | 0                | 53,033                    | 52,993                       | 1,526,565                            |
| 0                        | 0                | 0                | 0                         | 0                            | 108,978                              |
| 0                        | 0                | 0                | 0                         | 3,016                        | 15,701                               |
| 0                        | 0                | 0                | 0                         | 0                            | 23,215                               |
| 0                        | 0                | 0                | 0                         | 0                            | 11,823                               |
| 0                        | 0                | 0                | 0                         | 0                            | 2,381                                |
| 0                        | 0                | 0                | 0                         | 0                            | 32,588                               |
| 0                        | 0                | 0                | 0                         | 0                            | 81,415                               |
| (27)                     | (10,103)         | 0                | (8,202)                   | 0                            | (114,780)                            |
| (27)                     | (10,103)         | 0                | (8,202)                   | 3,016                        | 161,321                              |
| <b>\$0</b>               | <b>\$427,430</b> | <b>\$0</b>       | <b>\$44,831</b>           | <b>\$56,009</b>              | <b>\$1,687,886</b>                   |

**Chillicothe City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Fiscal Year Ended June 30, 2011*

|  | Food<br>Service | Public<br>School<br>Support | Other<br>Local<br>Grants | District<br>Managed<br>Activities |
|--|-----------------|-----------------------------|--------------------------|-----------------------------------|
| <b>Revenues:</b>   |                 |                             |                          |                                   |
| Intergovernmental  | \$1,008,980     | \$0                         | \$12,900                 | \$0                               |
| Interest   | 143             | 0                           | 0                        | 0                                 |
| Tuition and Fees   | 0               | 185,736                     | 0                        | 1,095                             |
| Extracurricular Activities                                     | 0               | 0                           | 0                        | 78,629                            |
| Gifts and Donations  | 0               | 0                           | 2,650                    | 4,362                             |
| Customer Sales and Services                                    | 397,414         | 0                           | 0                        | 0                                 |
| Miscellaneous  | 3,275           | 60,372                      | 0                        | 22,309                            |
| <i>Total Revenues</i>  | 1,409,812       | 246,108                     | 15,550                   | 106,395                           |
| <b>Expenditures:</b>   |                 |                             |                          |                                   |
| Current:   |                 |                             |                          |                                   |
| Instruction:   |                 |                             |                          |                                   |
| Regular  | 0               | 80,977                      | 12,903                   | 0                                 |
| Special  | 0               | 0                           | 0                        | 0                                 |
| Other  | 0               | 0                           | 0                        | 0                                 |
| Support Services:  |                 |                             |                          |                                   |
| Pupils   | 0               | 22,118                      | 0                        | 0                                 |
| Instructional Staff  | 0               | 154,410                     | 730                      | 0                                 |
| Administration   | 0               | 31,520                      | 0                        | 0                                 |
| Fiscal   | 0               | 0                           | 0                        | 0                                 |
| Operation and Maintenance of Plant                             | 0               | 449                         | 0                        | 0                                 |
| Pupil Transportation   | 0               | 21                          | 0                        | 0                                 |
| Central  | 0               | 0                           | 0                        | 0                                 |
| Operation of Non-Instructional Services                        | 1,389,436       | 24,815                      | 0                        | 0                                 |
| Extracurricular Activities                                     | 0               | 0                           | 0                        | 106,469                           |
| Capital Outlay   | 0               | 0                           | 0                        | 0                                 |
| <i>Total Expenditures</i>                                      | 1,389,436       | 314,310                     | 13,633                   | 106,469                           |
| <i>Net Change in Fund Balances</i>                             | 20,376          | (68,202)                    | 1,917                    | (74)                              |
| <i>Fund Balances (Deficit) at Beginning of Year - Restated</i> | 88,602          | 149,617                     | 1,099                    | 32,662                            |
| <i>Fund Balances at End of Year</i>                            | \$108,978       | \$81,415                    | \$3,016                  | \$32,588                          |

| Auxiliary Services | Education Management Information | Public School Preschool | OneNet Network | Ohio Reads | Poverty Based Aid | Miscellaneous State Grants |
|--------------------|----------------------------------|-------------------------|----------------|------------|-------------------|----------------------------|
| \$114,817          | \$5,000                          | \$146,399               | \$13,650       | \$0        | \$0               | \$26,543                   |
| 0                  | 0                                | 0                       | 0              | 0          | 0                 | 0                          |
| 0                  | 0                                | 0                       | 0              | 0          | 0                 | 0                          |
| 0                  | 0                                | 0                       | 0              | 0          | 0                 | 0                          |
| 0                  | 0                                | 0                       | 0              | 0          | 0                 | 0                          |
| 5,906              | 0                                | 0                       | 0              | 0          | 0                 | 0                          |
| 0                  | 0                                | 0                       | 0              | 558        | 0                 | 0                          |
| 120,723            | 5,000                            | 146,399                 | 13,650         | 558        | 0                 | 26,543                     |
| 0                  | 0                                | 123,189                 | 0              | 0          | 0                 | 0                          |
| 0                  | 0                                | 0                       | 0              | 0          | 0                 | 0                          |
| 0                  | 0                                | 0                       | 0              | 0          | 2,600             | 0                          |
| 0                  | 0                                | 0                       | 0              | 0          | 0                 | 0                          |
| 0                  | 0                                | 9,773                   | 0              | 0          | 0                 | 21,510                     |
| 0                  | 0                                | 821                     | 0              | 0          | 0                 | 0                          |
| 0                  | 0                                | 1,405                   | 0              | 0          | 0                 | 0                          |
| 0                  | 0                                | 0                       | 0              | 0          | 0                 | 0                          |
| 0                  | 0                                | 0                       | 0              | 0          | 0                 | 0                          |
| 0                  | 5,000                            | 0                       | 0              | 0          | 0                 | 0                          |
| 85,646             | 0                                | 0                       | 13,650         | 0          | 0                 | 0                          |
| 0                  | 0                                | 0                       | 0              | 0          | 0                 | 0                          |
| 0                  | 0                                | 0                       | 0              | 0          | 0                 | 0                          |
| 85,646             | 5,000                            | 135,188                 | 13,650         | 0          | 2,600             | 21,510                     |
| 35,077             | 0                                | 11,211                  | 0              | 558        | (2,600)           | 5,033                      |
| (11,862)           | 0                                | (8,830)                 | 0              | (558)      | 9,582             | (2,897)                    |
| \$23,215           | \$0                              | \$2,381                 | \$0            | \$0        | \$6,982           | \$2,136                    |

**Chillicothe City School District**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Fiscal Year Ended June 30, 2011*

|  | Education<br>Jobs | Title<br>VI-B | State Fiscal<br>Stabilization | Title<br>II-D |
|--|-------------------|---------------|-------------------------------|---------------|
| <b>Revenues:</b>   |                   |               |                               |               |
| Intergovernmental  | \$0               | \$909,672     | \$851,542                     | \$3,878       |
| Interest   | 0                 | 0             | 0                             | 0             |
| Tuition and Fees   | 0                 | 0             | 0                             | 0             |
| Extracurricular Activities                                     | 0                 | 0             | 0                             | 0             |
| Gifts and Donations  | 0                 | 0             | 0                             | 0             |
| Customer Sales and Services                                    | 0                 | 0             | 0                             | 0             |
| Miscellaneous  | 0                 | 0             | 0                             | 0             |
| <i>Total Revenues</i>  | 0                 | 909,672       | 851,542                       | 3,878         |
| <b>Expenditures:</b>   |                   |               |                               |               |
| Current:   |                   |               |                               |               |
| Instruction:   |                   |               |                               |               |
| Regular  | 0                 | 0             | 1,002,619                     | 11            |
| Special  | 0                 | 384,542       | 0                             | 0             |
| Other  | 0                 | 0             | 0                             | 0             |
| Support Services:  |                   |               |                               |               |
| Pupils   | 0                 | 444,340       | 0                             | 0             |
| Instructional Staff  | 0                 | 68            | 2,322                         | 3,282         |
| Administration   | 0                 | 55,987        | 0                             | 0             |
| Fiscal   | 0                 | 8,742         | 0                             | 0             |
| Operation and Maintenance of Plant                             | 0                 | 0             | 0                             | 0             |
| Pupil Transportation   | 0                 | 0             | 0                             | 0             |
| Central  | 0                 | 0             | 0                             | 0             |
| Operation of Non-Instructional Services                        | 0                 | 0             | 0                             | 34            |
| Extracurricular Activities                                     | 0                 | 0             | 0                             | 0             |
| Capital Outlay   | 0                 | 0             | 0                             | 0             |
| <i>Total Expenditures</i>                                      | 0                 | 893,679       | 1,004,941                     | 3,327         |
| <i>Net Change in Fund Balances</i>                             | 0                 | 15,993        | (153,399)                     | 551           |
| <i>Fund Balances (Deficit) at Beginning of Year - Restated</i> | 0                 | (4,170)       | 56,951                        | 0             |
| <i>Fund Balances at End of Year</i>                            | \$0               | \$11,823      | (\$96,448)                    | \$551         |

| School Improvement Grant | Title I     | Drug Free School | Improving Teacher Quality | Miscellaneous Federal Grants | Total Nonmajor Special Revenue Funds |
|--------------------------|-------------|------------------|---------------------------|------------------------------|--------------------------------------|
| \$35,409                 | \$1,272,121 | \$0              | \$270,445                 | \$285,453                    | \$4,956,809                          |
| 0                        | 0           | 0                | 0                         | 0                            | 143                                  |
| 0                        | 0           | 0                | 0                         | 0                            | 186,831                              |
| 0                        | 0           | 0                | 0                         | 0                            | 78,629                               |
| 0                        | 0           | 0                | 0                         | 0                            | 7,012                                |
| 0                        | 0           | 0                | 0                         | 0                            | 403,320                              |
| 0                        | 0           | 0                | 0                         | 0                            | 86,514                               |
| 35,409                   | 1,272,121   | 0                | 270,445                   | 285,453                      | 5,719,258                            |
| 0                        | 0           | 6                | 216,433                   | 772                          | 1,436,910                            |
| 0                        | 970,838     | 0                | 1,199                     | 50,244                       | 1,406,823                            |
| 0                        | 0           | 0                | 0                         | 0                            | 2,600                                |
| 0                        | 46,017      | 0                | 0                         | 22,052                       | 534,527                              |
| 0                        | 142,058     | 0                | 39,732                    | 3,298                        | 377,183                              |
| 0                        | 89,219      | 0                | 0                         | 0                            | 177,547                              |
| 0                        | 12,385      | 0                | 2,628                     | 0                            | 25,160                               |
| 0                        | 0           | 0                | 0                         | 0                            | 449                                  |
| 0                        | 0           | 0                | 0                         | 4,738                        | 4,759                                |
| 0                        | 0           | 0                | 0                         | 0                            | 5,000                                |
| 0                        | 0           | 0                | 0                         | 0                            | 1,513,581                            |
| 0                        | 0           | 0                | 0                         | 0                            | 106,469                              |
| 0                        | 0           | 0                | 0                         | 199,964                      | 199,964                              |
| 0                        | 1,260,517   | 6                | 259,992                   | 281,068                      | 5,790,972                            |
| 35,409                   | 11,604      | (6)              | 10,453                    | 4,385                        | (71,714)                             |
| (35,436)                 | (21,707)    | 6                | (18,655)                  | (1,369)                      | 233,035                              |
| (\$27)                   | (\$10,103)  | \$0              | (\$8,202)                 | \$3,016                      | \$161,321                            |

**Chillicothe City School District**  
*Fund Descriptions*

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**Agency Funds**

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

*District Agency Fund*

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

*Student Managed Activities Fund*

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



**Chillicothe City School District**  
*Statement of Changes in Assets and Liabilities*  
*Agency Funds*  
*As of June 30, 2011*

|  | Balance<br>7/1/10 | Additions        | Deletions        | Balance<br>6/30/11 |
|--|-------------------|------------------|------------------|--------------------|
| <b>DISTRICT AGENCY FUND</b>            |                   |                  |                  |                    |
| <b>Assets:</b>                         |                   |                  |                  |                    |
| Equity in Pooled Cash and Investments  | \$9,730           | \$0              | \$0              | \$9,730            |
| <i>Total Assets</i>                    | <u>\$9,730</u>    | <u>\$0</u>       | <u>\$0</u>       | <u>\$9,730</u>     |
| <b>Liabilities:</b>                    |                   |                  |                  |                    |
| Undistributed Monies                   | \$9,730           | \$0              | \$0              | \$9,730            |
| <i>Total Liabilities</i>               | <u>\$9,730</u>    | <u>\$0</u>       | <u>\$0</u>       | <u>\$9,730</u>     |
| <b>STUDENT MANAGED ACTIVITIES FUND</b> |                   |                  |                  |                    |
| <b>Assets:</b>                         |                   |                  |                  |                    |
| Equity in Pooled Cash and Investments  | \$84,513          | \$125,079        | \$114,676        | \$94,916           |
| <i>Total Assets</i>                    | <u>\$84,513</u>   | <u>\$125,079</u> | <u>\$114,676</u> | <u>\$94,916</u>    |
| <b>Liabilities:</b>                    |                   |                  |                  |                    |
| Due to Students                        | \$84,513          | \$125,079        | \$114,676        | \$94,916           |
| <i>Total Liabilities</i>               | <u>\$84,513</u>   | <u>\$125,079</u> | <u>\$114,676</u> | <u>\$94,916</u>    |
| <b>TOTAL AGENCY FUNDS</b>              |                   |                  |                  |                    |
| <b>Assets:</b>                         |                   |                  |                  |                    |
| Equity in Pooled Cash and Investments  | \$94,243          | \$125,079        | \$114,676        | \$104,646          |
| <i>Total Assets</i>                    | <u>\$94,243</u>   | <u>\$125,079</u> | <u>\$114,676</u> | <u>\$104,646</u>   |
| <b>Liabilities:</b>                    |                   |                  |                  |                    |
| Undistributed Monies                   | \$9,730           | \$0              | \$0              | \$9,730            |
| Due to Students                        | 84,513            | 125,079          | 114,676          | 94,916             |
| <i>Total Liabilities</i>               | <u>\$94,243</u>   | <u>\$125,079</u> | <u>\$114,676</u> | <u>\$104,646</u>   |

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

**Chillicothe City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balances - Budget and Actual*  
*(Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2011*

|                                      | Budgeted Amounts |             |             | Variance with<br>Final Budget<br>Positive<br>Negative |
|--------------------------------------|------------------|-------------|-------------|---|
|                                      | Original         | Final       | Actual      |   |
| <b>Debt Service Fund</b>             |                  |             |             |   |
| Total Revenues and Other Sources     | \$2,145,345      | \$2,145,345 | \$2,190,690 | \$45,345  |
| Total Expenditures and Other Uses    | 2,698,373        | 2,698,373   | 2,224,148   | 474,225   |
| Net Change in Fund Balance           | (553,028)        | (553,028)   | (33,458)    | 519,570   |
| Fund Balance, July 1                 | 553,028          | 553,028     | 553,028     | 0   |
| Fund Balance, June 30                | \$0              | \$0         | \$519,570   | \$519,570   |
| <b>Permanent Improvement Fund</b>    |                  |             |             |   |
| Total Revenues and Other Sources     | \$1,066,307      | \$1,066,307 | \$1,109,234 | \$42,927  |
| Total Expenditures and Other Uses    | 2,627,632        | 2,627,632   | 1,131,467   | 1,496,165   |
| Net Change in Fund Balance           | (1,561,325)      | (1,561,325) | (22,233)    | 1,539,092   |
| Fund Balance, July 1                 | 1,392,184        | 1,392,184   | 1,392,184   | 0   |
| Prior Year Encumbrances Appropriated | 169,141          | 169,141     | 169,141     | 0   |
| Fund Balance, June 30                | \$0              | \$0         | \$1,539,092 | \$1,539,092   |
| <b>Uniform School Supplies Fund</b>  |                  |             |             |   |
| Total Revenues and Other Sources     | \$211,467        | \$219,847   | \$173,329   | (\$46,518)  |
| Total Expenditures and Other Uses    | 211,468          | 219,848     | 173,330     | 46,518  |
| Net Change in Fund Balance           | (1)              | (1)         | (1)         | 0   |
| Fund Balance, July 1                 | (9,572)          | (9,572)     | (9,572)     | 0   |
| Prior Year Encumbrances Appropriated | 9,573            | 9,573       | 9,573       | 0   |
| Fund Balance, June 30                | \$0              | \$0         | \$0         | \$0   |

**Chillicothe City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balances - Budget and Actual*  
*(Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2011*

|                                      | Budgeted Amounts |             | Actual      | Variance with                        |
|--------------------------------------|------------------|-------------|-------------|--------------------------------------|
|                                      | Original         | Final       |             | Final Budget<br>Positive<br>Negative |
| <b>Rotary Fund</b>                   |                  |             |             |                                      |
| Total Revenues and Other Sources     | \$0              | \$0         | \$0         | \$0                                  |
| Total Expenditures and Other Uses    | 1,180            | 1,180       | 0           | 1,180                                |
| Net Change in Fund Balance           | (1,180)          | (1,180)     | 0           | 1,180                                |
| Fund Balance, July 1                 | 1,180            | 1,180       | 1,180       | 0                                    |
| Fund Balance, June 30                | \$0              | \$0         | \$1,180     | \$1,180                              |
| <b>Food Service Fund</b>             |                  |             |             |                                      |
| Total Revenues and Other Sources     | \$1,320,595      | \$1,320,595 | \$1,408,092 | \$87,497                             |
| Total Expenditures and Other Uses    | 1,543,365        | 1,543,365   | 1,492,625   | 50,740                               |
| Net Change in Fund Balance           | (222,770)        | (222,770)   | (84,533)    | 138,237                              |
| Fund Balance, July 1                 | 212,340          | 212,340     | 212,340     | 0                                    |
| Prior Year Encumbrances Appropriated | 10,431           | 10,431      | 10,431      | 0                                    |
| Fund Balance, June 30                | \$1              | \$1         | \$138,238   | \$138,237                            |
| <b>Public School Support Fund</b>    |                  |             |             |                                      |
| Total Revenues and Other Sources     | \$293,759        | \$388,905   | \$357,995   | (\$30,910)                           |
| Total Expenditures and Other Uses    | 490,474          | 585,620     | 428,801     | 156,819                              |
| Net Change in Fund Balance           | (196,715)        | (196,715)   | (70,806)    | 125,909                              |
| Fund Balance, July 1                 | 193,023          | 193,023     | 193,023     | 0                                    |
| Prior Year Encumbrances Appropriated | 3,692            | 3,692       | 3,692       | 0                                    |
| Fund Balance, June 30                | \$0              | \$0         | \$125,909   | \$125,909                            |

**Chillicothe City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balances - Budget and Actual*  
*(Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2011*

|   | Budgeted Amounts |           | Actual    | Variance with                        |
|---|------------------|-----------|-----------|--------------------------------------|
|   | Original         | Final     |           | Final Budget<br>Positive<br>Negative |
| <b>Other Local Grants Fund</b>          |                  |           |           |                                      |
| Total Revenues and Other Sources        | \$16,150         | \$17,950  | \$17,950  | \$0                                  |
| Total Expenditures and Other Uses       | 16,150           | 17,950    | 17,578    | 372                                  |
| Net Change in Fund Balance              | 0                | 0         | 372       | 372                                  |
| Fund Balance, July 1                    | 3                | 3         | 3         | 0                                    |
| Fund Balance, June 30                   | \$3              | \$3       | \$375     | \$372                                |
| <b>District Managed Activities Fund</b> |                  |           |           |                                      |
| Total Revenues and Other Sources        | \$98,743         | \$98,743  | \$105,395 | \$6,652                              |
| Total Expenditures and Other Uses       | 133,155          | 133,155   | 106,677   | 26,478                               |
| Net Change in Fund Balance              | (34,412)         | (34,412)  | (1,282)   | 33,130                               |
| Fund Balance, July 1                    | 34,353           | 34,353    | 34,353    | 0                                    |
| Fund Balance, June 30                   | \$0              | \$0       | \$33,130  | \$33,130                             |
| <b>Auxiliary Services Fund</b>          |                  |           |           |                                      |
| Total Revenues and Other Sources        | \$105,410        | \$120,723 | \$120,723 | \$0                                  |
| Total Expenditures and Other Uses       | 111,683          | 127,001   | 123,927   | 3,074                                |
| Net Change in Fund Balance              | (6,273)          | (6,278)   | (3,204)   | 3,074                                |
| Fund Balance, July 1                    | 2,988            | 2,988     | 2,988     | 0                                    |
| Prior Year Encumbrances Appropriated    | 3,290            | 3,290     | 3,290     | 0                                    |
| Fund Balance, June 30                   | \$5              | \$0       | \$3,074   | \$3,074                              |

**Chillicothe City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balances - Budget and Actual*  
*(Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2011*

|  | Budgeted Amounts |           |           | Variance with<br>Final Budget<br>Positive<br>Negative |
|--|------------------|-----------|-----------|---|
|  | Original         | Final     | Actual    |   |
| <b>Education Management Information Fund</b> |                  |           |           |   |
| Total Revenues and Other Sources             | \$5,000          | \$5,000   | \$5,000   | \$0   |
| Total Expenditures and Other Uses            | 5,000            | 5,000     | 5,000     | 0   |
| Net Change in Fund Balance                   | 0                | 0         | 0         | 0   |
| Fund Balance, July 1                         | 0                | 0         | 0         | 0   |
| Fund Balance, June 30                        | \$0              | \$0       | \$0       | \$0   |
| <b>Public School Preschool Fund</b>          |                  |           |           |   |
| Total Revenues and Other Sources             | \$148,000        | \$148,000 | \$138,570 | (\$9,430)   |
| Total Expenditures and Other Uses            | 148,953          | 148,953   | 140,195   | 8,758   |
| Net Change in Fund Balance                   | (953)            | (953)     | (1,625)   | (672)   |
| Fund Balance, July 1                         | 2                | 2         | 2         | 0   |
| Prior Year Encumbrances Appropriated         | 951              | 951       | 951       | 0   |
| Fund Balance, June 30                        | \$0              | \$0       | (\$672)   | (\$672)   |
| <b>OneNet Network Fund</b>                   |                  |           |           |   |
| Total Revenues and Other Sources             | \$13,000         | \$13,650  | \$13,650  | \$0   |
| Total Expenditures and Other Uses            | 13,000           | 13,650    | 13,650    | 0   |
| Net Change in Fund Balance                   | 0                | 0         | 0         | 0   |
| Fund Balance, July 1                         | 0                | 0         | 0         | 0   |
| Fund Balance, June 30                        | \$0              | \$0       | \$0       | \$0   |

**Chillicothe City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balances - Budget and Actual*  
*(Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2011*

|  | Budgeted Amounts |          |           | Variance with<br>Final Budget<br>Positive<br>Negative |
|--|------------------|----------|-----------|---|
|  | Original         | Final    | Actual    |   |
| <b>Ohio Reads</b>                      |                  |          |           |   |
| Total Revenues and Other Sources       | \$0              | \$558    | \$558     | \$0   |
| Total Expenditures and Other Uses      | 0                | 558      | 558       | 0   |
| Net Change in Fund Balance             | 0                | 0        | 0         | 0   |
| Fund Balance, July 1                   | 0                | 0        | 0         | 0   |
| Fund Balance, June 30                  | \$0              | \$0      | \$0       | \$0   |
| <b>Poverty Based Aid Fund</b>          |                  |          |           |   |
| Total Revenues and Other Sources       | \$0              | \$0      | \$0       | \$0   |
| Total Expenditures and Other Uses      | 9,591            | 9,591    | 2,600     | 6,991   |
| Net Change in Fund Balance             | (9,591)          | (9,591)  | (2,600)   | 6,991   |
| Fund Balance, July 1                   | 9,591            | 9,591    | 9,591     | 0   |
| Fund Balance, June 30                  | \$0              | \$0      | \$6,991   | \$6,991   |
| <b>Miscellaneous State Grants Fund</b> |                  |          |           |   |
| Total Revenues and Other Sources       | \$30,979         | \$30,979 | \$22,630  | (\$8,349)   |
| Total Expenditures and Other Uses      | 30,979           | 30,979   | 26,740    | 4,239   |
| Net Change in Fund Balance             | 0                | 0        | (4,110)   | (4,110)   |
| Fund Balance, July 1                   | (556)            | (556)    | (556)     | 0   |
| Prior Year Encumbrances Appropriated   | 565              | 565      | 565       | 0   |
| Fund Balance, June 30                  | \$9              | \$9      | (\$4,101) | (\$4,110)   |



**Chillicothe City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balances - Budget and Actual*  
*(Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2011*

|  | Budgeted Amounts |             | Actual     | Variance with                        |
|--|------------------|-------------|------------|--------------------------------------|
|  | Original         | Final       |            | Final Budget<br>Positive<br>Negative |
| <b>Title VI-B Fund</b>                 |                  |             |            |                                      |
| Total Revenues and Other Sources       | \$1,045,662      | \$1,045,662 | \$946,220  | (\$99,442)                           |
| Total Expenditures and Other Uses      | 1,045,662        | 1,045,662   | 958,215    | 87,447                               |
| Net Change in Fund Balance             | 0                | 0           | (11,995)   | (11,995)                             |
| Fund Balance, July 1                   | (6,606)          | (6,606)     | (6,606)    | 0                                    |
| Prior Year Encumbrances Appropriated   | 6,609            | 6,609       | 6,609      | 0                                    |
| Fund Balance, June 30                  | \$3              | \$3         | (\$11,992) | (\$11,995)                           |
| <b>State Fiscal Stabilization Fund</b> |                  |             |            |                                      |
| Total Revenues and Other Sources       | \$0              | \$0         | \$851,542  | \$851,542                            |
| Total Expenditures and Other Uses      | 66,761           | 66,761      | 902,108    | (835,347)                            |
| Net Change in Fund Balance             | (66,761)         | (66,761)    | (50,566)   | 16,195                               |
| Fund Balance, July 1                   | 66,440           | 66,440      | 66,440     | 0                                    |
| Prior Year Encumbrances Appropriated   | 321              | 321         | 321        | 0                                    |
| Fund Balance, June 30                  | \$0              | \$0         | \$16,195   | \$16,195                             |
| <b>Title II-D Fund</b>                 |                  |             |            |                                      |
| Total Revenues and Other Sources       | \$8,933          | \$8,925     | \$7,025    | (\$1,900)                            |
| Total Expenditures and Other Uses      | 5,786            | 5,778       | 3,316      | 2,462                                |
| Net Change in Fund Balance             | 3,147            | 3,147       | 3,709      | 562                                  |
| Fund Balance, July 1                   | (3,147)          | (3,147)     | (3,147)    | 0                                    |
| Fund Balance, June 30                  | \$0              | \$0         | \$562      | \$562                                |

**Chillicothe City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balances - Budget and Actual*  
*(Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2011*

|   | Budgeted Amounts |             | Actual      | Variance with                        |
|---|------------------|-------------|-------------|--------------------------------------|
|   | Original         | Final       |             | Final Budget<br>Positive<br>Negative |
| <b>School Improvement Grant Fund</b>    |                  |             |             |                                      |
| Total Revenues and Other Sources        | \$44,191         | \$44,191    | \$35,369    | (\$8,822)                            |
| Total Expenditures and Other Uses       | 45,076           | 45,076      | 36,254      | 8,822                                |
| Net Change in Fund Balance              | (885)            | (885)       | (885)       | 0                                    |
| Fund Balance, July 1                    | (18,859)         | (18,859)    | (18,859)    | 0                                    |
| Prior Year Encumbrances Appropriated    | 19,744           | 19,744      | 19,744      | 0                                    |
| Fund Balance, June 30                   | \$0              | \$0         | \$0         | \$0                                  |
| <b>Stimulus School Improvement Fund</b> |                  |             |             |                                      |
| Total Revenues and Other Sources        | \$5,605          | \$5,605     | \$5,605     | \$0                                  |
| Total Expenditures and Other Uses       | 5,605            | 5,605       | 5,605       | 0                                    |
| Net Change in Fund Balance              | 0                | 0           | 0           | 0                                    |
| Fund Balance, July 1                    | 0                | 0           | 0           | 0                                    |
| Fund Balance, June 30                   | \$0              | \$0         | \$0         | \$0                                  |
| <b>Title I Fund</b>                     |                  |             |             |                                      |
| Total Revenues and Other Sources        | \$1,604,056      | \$1,601,995 | \$1,337,987 | (\$264,008)                          |
| Total Expenditures and Other Uses       | 1,604,056        | 1,602,005   | 1,381,128   | 220,877                              |
| Net Change in Fund Balance              | 0                | (10)        | (43,141)    | (43,131)                             |
| Fund Balance, July 1                    | (16,663)         | (16,663)    | (16,663)    | 0                                    |
| Prior Year Encumbrances Appropriated    | 16,673           | 16,673      | 16,673      | 0                                    |
| Fund Balance, June 30                   | \$10             | \$0         | (\$43,131)  | (\$43,131)                           |

**Chillicothe City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balances - Budget and Actual*  
*(Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2011*

|  | Budgeted Amounts |           | Actual    | Variance with                        |
|--|------------------|-----------|-----------|--------------------------------------|
|  | Original         | Final     |           | Final Budget<br>Positive<br>Negative |
| <b>Drug-Free School Fund</b>             |                  |           |           |                                      |
| Total Revenues and Other Sources         | \$0              | \$4       | \$4       | \$0                                  |
| Total Expenditures and Other Uses        | 0                | 5         | 5         | 0                                    |
| Net Change in Fund Balance               | 0                | (1)       | (1)       | 0                                    |
| Fund Balance, July 1                     | 1                | 1         | 1         | 0                                    |
| Fund Balance, June 30                    | \$1              | \$0       | \$0       | \$0                                  |
| <b>Improving Teacher Quality Fund</b>    |                  |           |           |                                      |
| Total Revenues and Other Sources         | \$296,194        | \$296,104 | \$258,478 | (\$37,626)                           |
| Total Expenditures and Other Uses        | 296,193          | 296,103   | 259,432   | 36,671                               |
| Net Change in Fund Balance               | 1                | 1         | (954)     | (955)                                |
| Fund Balance, July 1                     | (9,928)          | (9,928)   | (9,928)   | 0                                    |
| Prior Year Encumbrances Appropriated     | 9,927            | 9,927     | 9,927     | 0                                    |
| Fund Balance, June 30                    | \$0              | \$0       | (\$955)   | (\$955)                              |
| <b>Miscellaneous Federal Grants Fund</b> |                  |           |           |                                      |
| Total Revenues and Other Sources         | \$90,894         | \$290,895 | \$235,767 | (\$55,128)                           |
| Total Expenditures and Other Uses        | 90,894           | 290,895   | 238,963   | 51,932                               |
| Net Change in Fund Balance               | 0                | 0         | (3,196)   | (3,196)                              |
| Fund Balance, July 1                     | (4,363)          | (4,363)   | (4,363)   | 0                                    |
| Prior Year Encumbrances Appropriated     | 4,363            | 4,363     | 4,363     | 0                                    |
| Fund Balance, June 30                    | \$0              | \$0       | (\$3,196) | (\$3,196)                            |

**Chillicothe City School District**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balances - Budget and Actual*  
*(Non-GAAP Budgetary Basis)*  
*For the Fiscal Year Ended June 30, 2011*

|                                      | Budgeted Amounts |           | Actual    | Variance with                        |
|--------------------------------------|------------------|-----------|-----------|--------------------------------------|
|                                      | Original         | Final     |           | Final Budget<br>Positive<br>Negative |
| <b>Alumni Library Fund</b>           |                  |           |           |                                      |
| Total Revenues and Other Sources     | \$5,000          | \$5,000   | \$2,908   | (\$2,092)                            |
| Total Expenditures and Other Uses    | 95,572           | 95,572    | 36,299    | 59,273                               |
| Net Change in Fund Balance           | (90,572)         | (90,572)  | (33,391)  | 57,181                               |
| Fund Balance, July 1                 | 504,302          | 504,302   | 504,302   | 0                                    |
| Prior Year Encumbrances Appropriated | 36,270           | 36,270    | 36,270    | 0                                    |
| Fund Balance, June 30                | \$450,000        | \$450,000 | \$507,181 | \$57,181                             |

**Chillicothe City School District**  
*Statistical Tables*

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

| <u>Contents</u>   | <u>Pages</u> |
|---|--------------|
| Financial Trends  | S-1 to S-9   |
| These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.  |              |
| Revenue Capacity  | S-10 to S-17 |
| These schedules contain information to help the reader assess the School District's most significant local revenue sources.   |              |
| Debt Capacity   | S-18 to S-25 |
| These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.                   |              |
| Demographic and Economic Information  | S-26 to S-27 |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.   |              |
| Operating Information   | S-28 to S-33 |
| These schedules contain service and capital asset data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs. |              |

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

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

|  | 2003                       | 2004                      | 2005*                     | 2006*                     | 2007**                    |
|--|----------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Invested in Capital Assets,<br>Net of Related Debt | \$7,515,912                | \$7,155,610               | \$7,284,293               | \$5,468,830               | \$4,176,374               |
| Restricted for:                                    |                            |                           |                           |                           |                           |
| Capital Projects                                   | 643,402                    | 637,768                   | 989,145                   | 1,361,950                 | 4,005,186                 |
| Debt Service                                       | 1                          | 0                         | 0                         | 377,202                   | 750,181                   |
| Other Purposes                                     | 879,807                    | 0                         | 0                         | 341,931                   | 98,398                    |
| Permanent:   |                            |                           |                           |                           |                           |
| Non-Expendable                                     | 450,000                    | 450,000                   | 450,000                   | 450,000                   | 450,000                   |
| Expendable   | 13,705                     | 19,937                    | 29,853                    | 45,902                    | 51,849                    |
| Unrestricted (Deficit)                             | <u>(1,379,093)</u>         | <u>(2,006,329)</u>        | <u>(2,883,816)</u>        | <u>(321,063)</u>          | <u>195,016</u>            |
| <b>Total Net Assets</b>                            | <b><u>\$8,123,734</u></b>  | <b><u>\$6,256,986</u></b> | <b><u>\$5,869,475</u></b> | <b><u>\$7,724,752</u></b> | <b><u>\$9,727,004</u></b> |
|  | <u>2008</u>                | <u>2009</u>               | <u>2010</u>               | <u>2011</u>               |                           |
| Invested in Capital Assets,<br>Net of Related Debt | \$4,662,460                | \$4,117,627               | \$4,033,907               | \$4,060,746               |                           |
| Restricted for:                                    |                            |                           |                           |                           |                           |
| Capital Projects                                   | 1,731,774                  | 1,930,135                 | 1,634,671                 | 1,792,605                 |                           |
| Debt Service                                       | 870,494                    | 855,946                   | 920,592                   | 1,016,245                 |                           |
| Other Purposes                                     | 70,210                     | 382,907                   | 497,691                   | 863,492                   |                           |
| Permanent:   |                            |                           |                           |                           |                           |
| Non-Expendable                                     | 450,000                    | 450,000                   | 450,000                   | 450,000                   |                           |
| Expendable   | 73,162                     | 84,426                    | 65,306                    | 57,183                    |                           |
| Unrestricted (Deficit)                             | <u>2,382,837</u>           | <u>1,614,374</u>          | <u>1,102,821</u>          | <u>366,672</u>            |                           |
| <b>Total Net Assets</b>                            | <b><u>\$10,240,937</u></b> | <b><u>\$9,435,415</u></b> | <b><u>\$8,704,988</u></b> | <b><u>\$8,606,943</u></b> |                           |

Source: School District Financial Records

\*Restated in fiscal year 2007

\*\*Restated in fiscal year 2008

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

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

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

Source: School District Financial Records

\*Restated in fiscal year 2007

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

- (1) Due to reclassification of intergovernmental revenue from program revenue to general revenue in the fiscal year 2006.
- (2) Due to reclassification of intergovernmental revenue from program revenue to general revenue in fiscal year 2009.

(continued)



| 2007         | 2008 (2)     | 2009         | 2010         | 2011         |
|--------------|--------------|--------------|--------------|--------------|
| \$13,859,140 | \$16,852,376 | \$16,775,233 | \$17,658,298 | \$17,812,357 |
| 3,005,694    | 3,005,510    | 3,311,588    | 3,917,627    | 3,347,177    |
| 5,539        | 5,892        | 7,094        | 10,473       | 7,226        |
| 776          | 0            | 0            | 0            | 0            |
| 742,123      | 614,995      | 724,819      | 729,800      | 474,818      |
| 1,611,950    | 1,668,494    | 1,867,359    | 1,960,404    | 2,062,975    |
| 1,546,115    | 1,528,952    | 1,455,774    | 1,792,793    | 1,553,883    |
| 57,065       | 79,622       | 49,970       | 87,083       | 60,106       |
| 1,821,274    | 1,993,530    | 2,007,302    | 2,235,962    | 2,555,177    |
| 628,942      | 851,805      | 778,102      | 715,162      | 848,132      |
| 139,816      | 131,676      | 128,108      | 108,979      | 99,875       |
| 2,335,077    | 2,958,034    | 3,084,136    | 3,218,848    | 2,565,162    |
| 689,553      | 1,033,711    | 902,757      | 983,674      | 1,021,264    |
| 149,960      | 319,951      | 283,936      | 229,106      | 220,892      |
| 1,347,824    | 1,539,225    | 1,594,325    | 1,650,945    | 1,693,976    |
| 471,279      | 553,444      | 562,207      | 561,017      | 529,324      |
| 1,661,285    | 1,657,433    | 1,640,534    | 1,590,820    | 1,581,818    |
| 30,073,412   | 34,794,650   | 35,173,244   | 37,450,991   | 36,434,162   |
| 667,405      | 373,583      | 732,901      | 735,045      | 873,294      |
| 148,341      | 87,873       | 158,075      | 178,351      | 170,766      |
| 0            | 0            | 0            | 0            | 392          |
| 33,380       | 16,340       | 22,640       | 33,120       | 26,320       |
| 78,898       | 48,457       | 89,132       | 90,062       | 107,832      |
| 70,285       | 38,550       | 67,675       | 77,640       | 77,100       |
| 3,331        | 2,979        | 2,358        | 3,700        | 3,259        |
| 92,883       | 61,026       | 98,377       | 101,999      | 136,850      |
| 39,898       | 25,408       | 37,399       | 32,256       | 42,389       |
| 6,661        | 4,233        | 5,895        | 4,933        | 5,354        |
| 110,682      | 68,873       | 134,633      | 125,809      | 116,498      |
| 36,637       | 44,523       | 40,083       | 35,764       | 47,247       |
| 4,979        | 11,864       | 9,721        | 7,685        | 7,973        |
| 518,581      | 401,757      | 523,752      | 493,028      | 474,856      |
| 165,377      | 124,695      | 140,994      | 160,417      | 180,084      |
| 2,220        | 3,385        | 2,358        | 0            | 0            |
| 1,979,558    | 1,313,546    | 2,065,993    | 2,079,809    | 2,270,214    |

(continued)

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

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

(continued)

| 2007         | 2008 (2)     | 2009         | 2010         | 2011         |
|--------------|--------------|--------------|--------------|--------------|
| \$950,472    | \$1,870,996  | \$1,704,076  | \$431,978    | \$1,447,839  |
| 997,846      | 1,522,946    | 1,692,974    | 1,644,838    | 1,306,436    |
| 277,489      | 420,833      | 469,675      | 188,298      | 2,282        |
| 277,489      | 494,763      | 626,233      | 575,970      | 483,960      |
| 280,678      | 557,319      | 547,954      | 670,119      | 320,224      |
| 35,085       | 90,991       | 84,301       | 304,600      | 159,833      |
| 25,516       | 45,495       | 42,150       | 27,691       | 22,083       |
| 22,327       | 34,122       | 78,279       | 287,985      | 394          |
| 54,441       | 53,816       | 61,227       | 64,534       | 4,177        |
| 6,379        | 11,374       | 6,021        | 5,538        | 4,526        |
| 695,317      | 1,177,195    | 1,282,573    | 1,290,395    | 1,331,287    |
| 57,412       | 119,426      | 126,451      | 110,764      | 93,446       |
| 413,260      | 444,166      | 0            | 0            | 0            |
| 4,093,711    | 6,843,442    | 6,721,914    | 5,602,710    | 5,176,487    |
| 53,667       | 89,979       | 0            | 0            | 0            |
| 319          | 226          | 0            | 0            | 0            |
| 11,148       | 6,104        | 0            | 0            | 0            |
| 2,389        | 1,583        | 0            | 0            | 0            |
| 4,937        | 3,843        | 0            | 0            | 0            |
| 56,536       | 80,258       | 0            | 0            | 0            |
| 24,048       | 32,555       | 0            | 0            | 0            |
| 6,211        | 11,530       | 0            | 0            | 0            |
| 0            | 0            | 0            | 0            | 0            |
| 159,255      | 226,078      | 0            | 0            | 0            |
| 6,232,524    | 8,383,066    | 8,787,907    | 7,682,519    | 7,446,701    |
| (23,840,888) | (26,411,584) | (26,385,337) | (29,768,472) | (28,987,461) |
| 11,778,185   | 11,785,635   | 10,281,684   | 10,444,056   | 10,418,467   |
| 823,993      | 934,167      | 838,717      | 829,502      | 856,270      |
| 1,824,986    | 1,839,060    | 1,688,807    | 1,792,467    | 1,837,450    |
| 101,703      | 63,797       | 54,518       | 95,687       | 0            |
| 3,750        | 32,500       | 4,250        | 4,350        | 5,087        |
| 11,226,182   | 11,669,583   | 12,374,214   | 15,719,934   | 15,579,509   |
| 868,942      | 445,516      | 216,183      | 57,474       | 44,018       |
| 4,686        | 0            | 0            | 0            | 0            |
| 0            | 0            | 0            | 0            | 4,138        |
| 115,827      | 155,259      | 121,442      | 94,575       | 150,300      |
| 26,748,254   | 26,925,517   | 25,579,815   | 29,038,045   | 28,895,239   |
| \$2,907,366  | \$513,933    | (\$805,522)  | (\$730,427)  | (\$92,222)   |

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

|   | 2002               | 2003               | 2004                | 2005                |
|---|--------------------|--------------------|---------------------|---------------------|
| <b>General Fund</b>                       |                    |                    |                     |                     |
| Restricted                                | N/A                | N/A                | N/A                 | N/A                 |
| Committed                                 | N/A                | N/A                | N/A                 | N/A                 |
| Assigned                                  | N/A                | N/A                | N/A                 | N/A                 |
| Unassigned                                | N/A                | N/A                | N/A                 | N/A                 |
| Reserved                                  | 1,348,475          | 1,451,821          | 1,503,169           | 1,088,575           |
| Unreserved, Designated                    | 0                  | 0                  | 0                   | 0                   |
| Unreserved                                | (1,133,099)        | (1,846,805)        | (1,686,553)         | (1,543,184)         |
| <i>Total General Fund</i>                 | 215,376            | (394,984)          | (183,384)           | (454,609)           |
| <b>All Other Governmental Funds</b>       |                    |                    |                     |                     |
| Nonspendable                              | N/A                | N/A                | N/A                 | N/A                 |
| Restricted                                | N/A                | N/A                | N/A                 | N/A                 |
| Committed                                 | N/A                | N/A                | N/A                 | N/A                 |
| Unassigned                                | N/A                | N/A                | N/A                 | N/A                 |
| Reserved                                  | 142,552            | 676,431            | 715,624             | 2,565,449           |
| Unreserved, Undesignated,<br>Reported in: |                    |                    |                     |                     |
| Special Revenue Funds                     | 669,303            | 121,534            | 148,398             | 6,267               |
| Debt Service Funds                        | 0                  | 1                  | 0                   | (324,813)           |
| Capital Projects Funds                    | 650,578            | 642,202            | 34,412,038          | 31,088,998          |
| Permanent Fund                            | 0                  | 13,705             | 19,937              | 29,853              |
| <i>Total All Other Governmental Funds</i> | 1,462,433          | 1,453,873          | 35,295,997          | 33,365,754          |
| <i>Total Governmental Funds</i>           | <u>\$1,677,809</u> | <u>\$1,058,889</u> | <u>\$35,112,613</u> | <u>\$32,911,145</u> |

Source: School District Financial Records

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

Note:

Governmental Accounting Standards Bond Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", was implemented July 1, 2010. This table reflects that only for fiscal year 2011. The prior nine fiscal years were not reclassified.

(continued)

| 2006         | 2007        | 2008        | 2009        | 2010        | 2011        |
|--------------|-------------|-------------|-------------|-------------|-------------|
| N/A          | N/A         | N/A         | N/A         | N/A         | \$492       |
| N/A          | N/A         | N/A         | N/A         | N/A         | 281,731     |
| N/A          | N/A         | N/A         | N/A         | N/A         | 125,459     |
| N/A          | N/A         | N/A         | N/A         | N/A         | 2,557,271   |
| 1,551,627    | 924,174     | 1,032,076   | 1,079,492   | 1,788,987   | N/A         |
| 0            | 0           | 218,423     | 221,204     | 221,423     | N/A         |
| (1,491,014)  | 266,318     | 2,001,002   | 1,496,328   | 1,190,012   | N/A         |
| 60,613       | 1,190,492   | 3,251,501   | 2,797,024   | 3,200,422   | 2,964,953   |
| N/A          | N/A         | N/A         | N/A         | N/A         | 450,000     |
| N/A          | N/A         | N/A         | N/A         | N/A         | 2,976,601   |
| N/A          | N/A         | N/A         | N/A         | N/A         | 81,415      |
| N/A          | N/A         | N/A         | N/A         | N/A         | (114,780)   |
| 14,728,316   | 2,651,434   | 866,083     | 1,154,930   | 1,115,766   | N/A         |
| 160,803      | 177,150     | (110,876)   | 230,258     | 67,494      | N/A         |
| 214,387      | 574,351     | 663,730     | 630,745     | 553,028     | N/A         |
| 3,848,468    | 2,317,795   | 1,641,260   | 1,474,967   | 1,359,287   | N/A         |
| 45,902       | 51,849      | 73,162      | 84,426      | 65,306      | N/A         |
| 18,997,876   | 5,772,579   | 3,133,359   | 3,575,326   | 3,160,881   | 3,393,236   |
| \$19,058,489 | \$6,963,071 | \$6,384,860 | \$6,372,350 | \$6,361,303 | \$6,358,189 |

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

|  | 2002                     | 2003                        | 2004                       | 2005*                       |
|--|--------------------------|-----------------------------|----------------------------|-----------------------------|
| <b>Revenues:</b>   |                          |                             |                            |                             |
| Property and Other Local Taxes                                 | \$11,998,995             | \$11,822,240                | \$12,163,791               | \$12,195,648                |
| Intergovernmental  | 12,292,255               | 12,016,887                  | 12,634,706                 | 13,285,366                  |
| Interest   | 171,929                  | 116,855                     | 171,276                    | 925,457                     |
| Decrease in Fair Value of Investments                          | 0                        | 0                           | 0                          | 0                           |
| Tuition and Fees   | 1,284,873                | 1,355,234                   | 1,146,858                  | 1,186,038                   |
| Extracurricular Activities                                     | 123,109                  | 106,853                     | 117,161                    | 140,032                     |
| Gifts and Donations  | 75,578                   | 45,809                      | 76,488                     | 85,350                      |
| Customer Sales and Services                                    | 714,190                  | 720,499                     | 608,401                    | 604,397                     |
| Rent   | 0                        | 7,839                       | 53,141                     | 89,227                      |
| Payments in Lieu of Taxes                                      | 0                        | 0                           | 0                          | 61,605                      |
| Miscellaneous  | 139,715                  | 169,237                     | 166,368                    | 95,492                      |
| <b>Total Revenues</b>  | <b>26,800,644</b>        | <b>26,361,453</b>           | <b>27,138,190</b>          | <b>28,668,612</b>           |
| <b>Expenditures:</b>   |                          |                             |                            |                             |
| Current:   |                          |                             |                            |                             |
| Instruction:   |                          |                             |                            |                             |
| Regular  | 11,734,822               | 11,787,158                  | 12,108,259                 | 12,379,826                  |
| Special  | 3,049,064                | 3,266,115                   | 3,029,400                  | 3,209,971                   |
| Vocational   | 7,564                    | 6,038                       | 4,073                      | 3,794                       |
| Other  | 83,336                   | 106,646                     | 156,157                    | 168,528                     |
| Support Services:  |                          |                             |                            |                             |
| Pupils   | 1,619,322                | 1,581,864                   | 1,669,538                  | 1,638,912                   |
| Instructional Staff  | 1,869,004                | 1,907,409                   | 1,683,990                  | 1,742,270                   |
| Board of Education   | 83,146                   | 25,561                      | 58,091                     | 50,539                      |
| Administration   | 2,125,409                | 2,383,631                   | 2,018,895                  | 1,892,468                   |
| Fiscal   | 618,564                  | 662,294                     | 744,725                    | 740,973                     |
| Business   | 129,340                  | 125,002                     | 107,230                    | 55,133                      |
| Operation and Maintenance of Plant                             | 2,380,901                | 2,477,462                   | 2,394,198                  | 2,323,731                   |
| Pupil Transportation   | 788,834                  | 1,069,752                   | 808,505                    | 847,452                     |
| Central  | 94,515                   | 124,093                     | 111,583                    | 108,264                     |
| Operation of Non-Instructional Services                        | 1,333,413                | 1,528,211                   | 1,466,085                  | 1,330,986                   |
| Extracurricular Activities                                     | 568,273                  | 571,440                     | 584,211                    | 480,731                     |
| Capital Outlay   | 10,646                   | 9,002                       | 576,464                    | 2,280,864                   |
| Debt Service:  |                          |                             |                            |                             |
| Principal  | 291,468                  | 135,000                     | 140,000                    | 34,262,779                  |
| Interest and Fiscal Charges                                    | 109,334                  | 95,000                      | 88,250                     | 1,871,408                   |
| Issuance Costs   | 0                        | 0                           | 0                          | 561,254                     |
| <b>Total Expenditures</b>                                      | <b>26,896,955</b>        | <b>27,861,678</b>           | <b>27,749,654</b>          | <b>65,949,883</b>           |
| <i>Excess of Revenues Over</i><br><i>(Under) Expenditures</i>  | <u>(96,311)</u>          | <u>(1,500,225)</u>          | <u>(611,464)</u>           | <u>(37,281,271)</u>         |
| <b>Other Financing Sources (Uses)</b>                          |                          |                             |                            |                             |
| Sale of Capital Assets   | 0                        | 164                         | 525,500                    | 39,549                      |
| Insurance Recoveries   | 0                        | 0                           | 0                          | 0                           |
| General Obligation/Refunding Bonds Issued                      | 0                        | 0                           | 34,000,000                 | 34,000,000                  |
| Premium on Bonds Issued  | 0                        | 0                           | 0                          | 1,040,254                   |
| Inception of Capital Lease                                     | 0                        | 0                           | 0                          | 0                           |
| Payments to Refunded Bond Escrow Agent                         | 0                        | 0                           | 0                          | 0                           |
| Transfers In   | 34,946                   | 0                           | 550,493                    | 693,730                     |
| Transfers Out  | (34,946)                 | 0                           | (550,493)                  | (693,730)                   |
| <b>Total Other Financing Sources (Uses)</b>                    | <b>0</b>                 | <b>164</b>                  | <b>34,525,500</b>          | <b>35,079,803</b>           |
| <b>Net Change in Fund Balances</b>                             | <b><u>(\$96,311)</u></b> | <b><u>(\$1,500,061)</u></b> | <b><u>\$33,914,036</u></b> | <b><u>(\$2,201,468)</u></b> |
| Debt Service as a Percentage of<br>Noncapital Expenditures (1) | 1.49%                    | 0.83%                       | 0.84%                      | 57.99%                      |

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

\* Restated in fiscal year 2007

Source: School District Financial Records

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

(continued)

| 2006*                 | 2007                  | 2008               | 2009              | 2010              | 2011              |
|-----------------------|-----------------------|--------------------|-------------------|-------------------|-------------------|
| \$15,385,072          | \$14,453,512          | \$14,567,886       | \$12,782,914      | \$12,974,086      | \$13,028,493      |
| 13,210,606            | 15,438,875            | 17,901,577         | 19,043,020        | 20,966,128        | 20,582,206        |
| 1,323,394             | 959,700               | 445,516            | 216,183           | 57,474            | 44,018            |
| 0                     | (90,758)              | 0                  | 0                 | 0                 | 0                 |
| 1,105,160             | 1,176,712             | 1,268,441          | 1,349,506         | 1,454,059         | 1,602,496         |
| 148,858               | 157,503               | 148,001            | 149,632           | 146,642           | 152,338           |
| 91,413                | 17,798                | 64,944             | 22,806            | 42,057            | 16,642            |
| 567,987               | 537,333               | 518,438            | 527,256           | 469,112           | 508,074           |
| 136,341               | 108,527               | 48,910             | 39,599            | 9,997             | 7,306             |
| 82,703                | 101,703               | 63,797             | 54,518            | 95,687            | 0                 |
| 219,680               | 115,827               | 155,259            | 121,442           | 94,575            | 150,300           |
| <u>32,271,214</u>     | <u>32,976,732</u>     | <u>35,182,769</u>  | <u>34,306,876</u> | <u>36,309,817</u> | <u>36,091,873</u> |
| 13,217,600            | 13,598,942            | 14,721,014         | 15,456,386        | 16,066,701        | 16,730,898        |
| 2,794,946             | 3,039,979             | 3,040,467          | 3,311,025         | 3,820,360         | 3,314,200         |
| 3,691                 | 5,370                 | 5,675              | 7,094             | 10,473            | 7,226             |
| 464,322               | 735,798               | 612,634            | 722,241           | 674,176           | 491,994           |
| 1,662,491             | 1,667,164             | 1,669,855          | 1,876,023         | 1,968,283         | 2,037,634         |
| 1,713,774             | 1,547,212             | 1,441,853          | 1,476,377         | 1,714,139         | 1,530,243         |
| 83,481                | 55,873                | 79,622             | 49,970            | 87,083            | 60,106            |
| 1,838,339             | 1,886,825             | 1,984,445          | 1,993,198         | 2,132,140         | 2,522,438         |
| 784,972               | 810,791               | 844,195            | 771,907           | 707,310           | 820,111           |
| 98,495                | 125,657               | 127,767            | 113,438           | 100,766           | 95,354            |
| 2,468,571             | 2,563,425             | 2,939,638          | 3,163,218         | 3,153,452         | 2,519,679         |
| 746,551               | 861,823               | 939,390            | 979,836           | 833,273           | 921,507           |
| 111,639               | 139,945               | 311,019            | 275,003           | 220,173           | 211,959           |
| 1,307,943             | 1,340,524             | 1,358,329          | 1,422,945         | 1,463,341         | 1,543,657         |
| 550,001               | 507,713               | 549,340            | 557,700           | 556,123           | 528,399           |
| 16,314,126            | 14,197,086            | 2,737,500          | 250,003           | 395,484           | 354,290           |
| 258,126               | 615,000               | 985,000            | 1,045,000         | 1,121,000         | 1,156,000         |
| 1,796,791             | 1,465,088             | 1,413,237          | 1,372,022         | 1,296,587         | 1,253,430         |
| 0                     | 418,907               | 0                  | 0                 | 0                 | 0                 |
| <u>46,215,859</u>     | <u>45,583,122</u>     | <u>35,760,980</u>  | <u>34,843,386</u> | <u>36,320,864</u> | <u>36,099,125</u> |
| <u>(13,944,645)</u>   | <u>(12,606,390)</u>   | <u>(578,211)</u>   | <u>(536,510)</u>  | <u>(11,047)</u>   | <u>(7,252)</u>    |
| 91,990                | 10,927                | 0                  | 0                 | 0                 | 0                 |
| 0                     | 0                     | 0                  | 0                 | 0                 | 4,138             |
| 0                     | 27,920,000            | 0                  | 524,000           | 0                 | 0                 |
| 0                     | 1,797,026             | 0                  | 0                 | 0                 | 0                 |
| 0                     | 0                     | 0                  | 0                 | 0                 | 0                 |
| 0                     | (29,298,119)          | 0                  | 0                 | 0                 | 0                 |
| 1,031,871             | 827,979               | 109,035            | 2,634             | 3,326             | 0                 |
| <u>(1,031,871)</u>    | <u>(746,841)</u>      | <u>(109,035)</u>   | <u>(2,634)</u>    | <u>(3,326)</u>    | <u>0</u>          |
| <u>91,990</u>         | <u>510,972</u>        | <u>0</u>           | <u>524,000</u>    | <u>0</u>          | <u>4,138</u>      |
| <u>(\$13,852,655)</u> | <u>(\$12,095,418)</u> | <u>(\$578,211)</u> | <u>(\$12,510)</u> | <u>(\$11,047)</u> | <u>(\$3,114)</u>  |
| 6.95%                 | 6.88%                 | 7.08%              | 7.08%             | 6.74%             | 6.74%             |

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

| Collection Year | Real Property            |                          |                        | Tangible Personal Property |                        |
|-----------------|--------------------------|--------------------------|------------------------|----------------------------|------------------------|
|                 | Assessed Value           |                          | Estimated Actual Value | Public Utility             |                        |
|                 | Residential/Agricultural | Commercial/Industrial/PU |                        | Assessed Value             | Estimated Actual Value |
| 2002            | \$218,310,870            | \$104,215,340            | \$921,503,457          | \$26,393,230               | \$29,992,307           |
| 2003            | 220,094,350              | 104,646,760              | 927,831,743            | 28,059,280                 | 31,885,545             |
| 2004            | 221,756,900              | 106,334,440              | 937,403,829            | 24,417,050                 | 27,746,648             |
| 2005            | 241,749,430              | 112,892,600              | 1,013,262,943          | 24,280,980                 | 27,592,023             |
| 2006            | 242,723,230              | 114,472,050              | 1,020,557,943          | 22,037,170                 | 25,042,239             |
| 2007            | 243,633,510              | 114,967,220              | 1,024,573,514          | 20,891,800                 | 23,740,682             |
| 2008            | 264,305,780              | 127,730,510              | 1,120,103,686          | 15,982,540                 | 18,161,977             |
| 2009            | 264,607,000              | 123,314,760              | 1,108,347,886          | 16,973,140                 | 19,287,659             |
| 2010            | 264,576,410              | 124,532,970              | 1,111,741,086          | 19,370,600                 | 22,012,045             |
| 2011            | 257,863,000              | 125,495,430              | 1,095,309,800          | 20,758,830                 | 23,589,580             |

(1) Amount restated per County Auditor's records.

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

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. The listing percentage is 18.75 percent for 2006, 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. In 2009, tangible personal property consisted of only the telephone/telecommunications property. This property was assessed at 12.5 percent for 2009, 6.25 percent for 2010, and 0 percent 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.

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

(continued)



| Tangible Personal Property |                              | Total             |                              |        |                                 | Weighted<br>Average<br>Tax Rate |
|----------------------------|------------------------------|-------------------|------------------------------|--------|---------------------------------|---------------------------------|
| General Business           |                              | Assessed<br>Value | Estimated<br>Actual<br>Value | Ratio  |                                 |                                 |
| Assessed<br>Value          | Estimated<br>Actual<br>Value | Assessed<br>Value | Estimated<br>Actual<br>Value | Ratio  | Weighted<br>Average<br>Tax Rate |                                 |
| \$135,568,200              | \$564,867,500                | \$484,487,640     | \$1,516,363,264              | 31.95% | \$26.66                         |                                 |
| 125,725,980                | 546,634,696                  | 478,526,370       | 1,506,351,984                | 31.77% | 26.45                           |                                 |
| 136,938,100                | 595,383,043                  | 489,446,490       | 1,560,533,520                | 31.36% | 26.60                           |                                 |
| 99,095,610                 | 430,850,478 (1)              | 478,018,620       | 1,471,705,444                | 32.48% | 32.11                           |                                 |
| 88,627,710                 | 385,337,870 (1)              | 467,860,160       | 1,430,938,052                | 32.70% | 37.72                           |                                 |
| 61,654,660                 | 328,824,853 (1)              | 441,147,190       | 1,377,139,049                | 32.03% | 36.90                           |                                 |
| 39,342,600                 | 314,740,800 (1)              | 447,361,430       | 1,453,006,463                | 30.79% | 34.14                           |                                 |
| 16,423,760                 | 262,780,160                  | 421,318,660       | 1,390,415,705                | 30.30% | 33.62                           |                                 |
| 2,906,950                  | 23,255,600                   | 411,386,930       | 1,157,008,731                | 35.56% | 33.17                           |                                 |
| 1,397,550                  | 22,360,800                   | 405,514,810       | 1,141,260,180                | 35.53% | 33.99                           |                                 |

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

|  | 2002  | 2003  | 2004  | 2005  |
|--|-------|-------|-------|-------|
| <b>Unvoted Millage</b>                         |       |       |       |       |
| Operating                                      | 3.50  | 3.50  | 3.50  | 3.50  |
| Permanent Improvement                          | -     | -     | -     | -     |
| Debt   | -     | -     | -     | -     |
| <b>Voted Millage - by levy</b>                 |       |       |       |       |
| 1976 Operating - continuing                    |       |       |       |       |
| Residential/Agricultural Real                  | 11.70 | 11.70 | 11.70 | 11.89 |
| Commercial/Industrial and Public Utility Real  | 13.91 | 13.91 | 13.93 | 13.51 |
| General Business and Public Utility Personal   | 27.00 | 27.00 | 27.00 | 27.00 |
| 1994 Current Expense - continuing              |       |       |       |       |
| Residential/Agricultural Real                  | 4.80  | 4.80  | 4.80  | 4.61  |
| Commercial/Industrial and Public Utility Real  | 6.07  | 6.07  | 6.08  | 5.90  |
| General Business and Public Utility Personal   | 7.20  | 7.20  | 7.20  | 7.20  |
| 2005 Current Expense - continuing              |       |       |       |       |
| Residential/Agricultural Real                  | -     | -     | -     | -     |
| Commercial/Industrial and Public Utility Real  | -     | -     | -     | -     |
| General Business and Public Utility Personal   | -     | -     | -     | -     |
| 1985 Bond Levy (debt service)                  |       |       |       |       |
|  | -     | -     | -     | -     |
| 2004 Bond Levy (debt service)                  |       |       |       |       |
|  | -     | -     | -     | 4.47  |
| 2004 Permanent Improvement (23 Years)          |       |       |       |       |
| Residential/Agricultural Real                  | -     | -     | -     | 2.30  |
| Commercial/Industrial and Public Utility Real  | -     | -     | -     | 2.43  |
| General Business and Public Utility Personal   | -     | -     | -     | 2.50  |
| <b>Total voted millage by type of property</b> |       |       |       |       |
| Residential/Agricultural Real                  | 16.50 | 16.50 | 16.50 | 23.27 |
| Commercial/Industrial and Public Utility Real  | 19.98 | 19.98 | 20.01 | 26.31 |
| General Business and Public Utility Personal   | 34.20 | 34.20 | 34.20 | 41.17 |
| <b>Total Direct Tax Rate</b>                   |       |       |       |       |
|  | 37.70 | 37.70 | 37.70 | 44.67 |
| <b>Overlapping Rates by Taxing District</b>    |       |       |       |       |
| Scioto Township                                |       |       |       |       |
| Residential/Agricultural Real                  | 4.22  | 4.22  | 4.81  | 4.60  |
| Commercial/Industrial and Public Utility Real  | 4.76  | 4.73  | 5.09  | 4.80  |
| General Business and Public Utility Personal   | 5.50  | 5.50  | 5.50  | 5.50  |
| City of Chillicothe                            |       |       |       |       |
| Residential/Agricultural Real                  | -     | -     | -     | -     |
| Commercial/Industrial and Public Utility Real  | -     | -     | -     | -     |
| General Business and Public Utility Personal   | -     | -     | -     | -     |
| Pickaway-Ross CTC                              |       |       |       |       |
| Residential/Agricultural Real                  | 2.00  | 2.00  | 2.00  | 2.00  |
| Commercial/Industrial and Public Utility Real  | 2.00  | 2.00  | 2.00  | 2.00  |
| General Business and Public Utility Personal   | 3.20  | 3.20  | 3.20  | 3.20  |
| Ross County                                    |       |       |       |       |
| Residential/Agricultural Real                  | 6.44  | 7.59  | 8.44  | 9.11  |
| Commercial/Industrial and Public Utility Real  | 0.08  | 0.08  | 0.09  | 0.10  |
| General Business and Public Utility Personal   | 9.40  | 9.40  | 9.80  | 10.40 |

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

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

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

(continued)

| 2006  | 2007  | 2008  | 2009  | 2010  | 2011  |
|-------|-------|-------|-------|-------|-------|
| 3.50  | 3.50  | 3.50  | 3.50  | 3.50  | 3.50  |
| -     | -     | -     | -     | -     | -     |
| 11.90 | 11.89 | 10.99 | 11.00 | 11.01 | 11.33 |
| 13.44 | 13.50 | 12.48 | 13.03 | 13.04 | 13.08 |
| 27.00 | 27.00 | 27.00 | 27.00 | 27.00 | 27.00 |
| 4.61  | 4.60  | 4.26  | 4.26  | 4.26  | 4.39  |
| 5.87  | 5.59  | 5.44  | 5.68  | 5.69  | 5.71  |
| 7.20  | 7.20  | 7.20  | 7.20  | 7.20  | 7.20  |
| 6.00  | 6.00  | 5.55  | 5.55  | 5.55  | 5.71  |
| 5.97  | 6.00  | 5.54  | 5.79  | 5.79  | 5.81  |
| 6.00  | 6.00  | 6.00  | 6.00  | 6.00  | 6.00  |
| -     | -     | -     | -     | -     | -     |
| 4.47  | 4.47  | 4.47  | 4.47  | 4.47  | 4.80  |
| 2.30  | 2.30  | 2.13  | 2.13  | 2.13  | 2.19  |
| 2.41  | 2.42  | 2.24  | 2.34  | 2.34  | 2.35  |
| 2.50  | 2.50  | 2.50  | 2.50  | 2.50  | 2.50  |
| 29.28 | 29.26 | 27.40 | 27.41 | 27.42 | 28.42 |
| 32.16 | 31.98 | 30.17 | 31.31 | 31.33 | 31.75 |
| 47.17 | 47.17 | 47.17 | 47.17 | 47.17 | 47.50 |
| 50.67 | 50.67 | 50.67 | 50.67 | 50.67 | 51.00 |
| 4.61  | 4.60  | 4.54  | 4.54  | 4.54  | 4.56  |
| 4.79  | 4.79  | 4.50  | 4.53  | 4.56  | 4.58  |
| 5.50  | 5.50  | 5.50  | 5.50  | 5.50  | 5.50  |
| -     | -     | -     | -     | -     | -     |
| -     | -     | -     | -     | -     | -     |
| -     | -     | -     | -     | -     | -     |
| 2.00  | 2.99  | 2.80  | 2.74  | 2.74  | 2.72  |
| 2.00  | 3.03  | 2.87  | 2.94  | 2.96  | 3.03  |
| 3.20  | 4.20  | 4.20  | 4.20  | 4.20  | 4.20  |
| 9.09  | 9.06  | 8.56  | 9.66  | 9.65  | 11.79 |
| 0.10  | 9.59  | 9.15  | 10.44 | 10.47 | 12.66 |
| 10.40 | 10.40 | 10.60 | 11.70 | 11.70 | 13.50 |

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

|  | 2002  | 2003  | 2004  | 2005  |
|--|-------|-------|-------|-------|
| <b>Unvoted Millage</b>                         |       |       |       |       |
| Operating                                      | 3.50  | 3.50  | 3.50  | 3.50  |
| Permanent Improvement                          | -     | -     | -     | -     |
| Debt   | -     | -     | -     | -     |
| <b>Voted Millage - by levy</b>                 |       |       |       |       |
| 1976 Operating - continuing                    |       |       |       |       |
| Residential/Agricultural Real                  | 11.70 | 11.70 | 11.70 | 11.89 |
| Commercial/Industrial and Public Utility Real  | 13.91 | 13.91 | 13.93 | 13.51 |
| General Business and Public Utility Personal   | 27.00 | 27.00 | 27.00 | 27.00 |
| 1994 Current Expense - continuing              |       |       |       |       |
| Residential/Agricultural Real                  | 4.80  | 4.80  | 4.80  | 4.61  |
| Commercial/Industrial and Public Utility Real  | 6.07  | 6.07  | 6.08  | 5.90  |
| General Business and Public Utility Personal   | 7.20  | 7.20  | 7.20  | 7.20  |
| 2005 Current Expense - continuing              |       |       |       |       |
| Residential/Agricultural Real                  | -     | -     | -     | -     |
| Commercial/Industrial and Public Utility Real  | -     | -     | -     | -     |
| General Business and Public Utility Personal   | -     | -     | -     | -     |
| 1985 Bond Levy (debt service)                  |       |       |       |       |
|  | -     | -     | -     | -     |
| 2004 Bond Levy (debt service)                  |       |       |       |       |
|  | -     | -     | -     | 4.47  |
| 2004 Permanent Improvement (23 Years)          |       |       |       |       |
| Residential/Agricultural Real                  | -     | -     | -     | 2.30  |
| Commercial/Industrial and Public Utility Real  | -     | -     | -     | 2.43  |
| General Business and Public Utility Personal   | -     | -     | -     | 2.50  |
| <b>Total voted millage by type of property</b> |       |       |       |       |
| Residential/Agricultural Real                  | 16.50 | 16.50 | 16.50 | 23.27 |
| Commercial/Industrial and Public Utility Real  | 19.98 | 19.98 | 20.01 | 26.31 |
| General Business and Public Utility Personal   | 34.20 | 34.20 | 34.20 | 41.17 |
| <b>Total Direct Tax Rate</b>                   |       |       |       |       |
|  | 37.70 | 37.70 | 37.70 | 44.67 |
| <b>Overlapping Rates by Taxing District</b>    |       |       |       |       |
| Scioto Township                                |       |       |       |       |
| Residential/Agricultural Real                  | 0.44  | 0.44  | 0.44  | 0.42  |
| Commercial/Industrial and Public Utility Real  | 0.52  | 0.52  | 0.52  | 0.51  |
| General Business and Public Utility Personal   | 0.60  | 0.60  | 0.60  | 0.60  |
| City of Chillicothe                            |       |       |       |       |
| Residential/Agricultural Real                  | 3.20  | 3.20  | 3.20  | 3.20  |
| Commercial/Industrial and Public Utility Real  | 3.20  | 3.20  | 3.20  | 3.20  |
| General Business and Public Utility Personal   | 3.20  | 3.20  | 3.20  | 3.20  |
| Pickaway-Ross CTC                              |       |       |       |       |
| Residential/Agricultural Real                  | 2.00  | 2.00  | 2.00  | 2.00  |
| Commercial/Industrial and Public Utility Real  | 2.00  | 2.00  | 2.00  | 2.00  |
| General Business and Public Utility Personal   | 3.20  | 3.20  | 3.20  | 3.20  |
| Ross County                                    |       |       |       |       |
| Residential/Agricultural Real                  | 6.44  | 7.59  | 8.44  | 9.11  |
| Commercial/Industrial and Public Utility Real  | 7.65  | 8.37  | 9.01  | 9.63  |
| General Business and Public Utility Personal   | 9.40  | 9.40  | 9.80  | 10.40 |

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

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

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

(continued)

| 2006  | 2007  | 2008  | 2009  | 2010  | 2011  |
|-------|-------|-------|-------|-------|-------|
| 3.50  | 3.50  | 3.50  | 3.50  | 3.50  | 3.50  |
| -     | -     | -     | -     | -     | -     |
| 11.90 | 11.89 | 10.99 | 11.00 | 11.01 | 11.33 |
| 13.44 | 13.50 | 12.48 | 13.03 | 13.04 | 13.08 |
| 27.00 | 27.00 | 27.00 | 27.00 | 27.00 | 27.00 |
| 4.61  | 4.60  | 4.26  | 4.26  | 4.26  | 4.39  |
| 5.87  | 5.89  | 5.44  | 5.69  | 5.69  | 5.71  |
| 7.20  | 7.20  | 7.20  | 7.20  | 7.20  | 7.20  |
| 6.00  | 6.00  | 5.55  | 5.55  | 5.55  | 5.71  |
| 5.97  | 6.00  | 5.54  | 5.79  | 5.79  | 5.81  |
| 6.00  | 6.00  | 6.00  | 6.00  | 6.00  | 6.00  |
| -     | -     | -     | -     | -     | -     |
| 4.47  | 4.47  | 4.47  | 4.47  | 4.47  | 4.80  |
| 2.30  | 2.30  | 2.13  | 2.13  | 2.13  | 2.19  |
| 2.41  | 2.42  | 2.24  | 2.34  | 2.34  | 2.35  |
| 2.50  | 2.50  | 2.50  | 2.50  | 2.50  | 2.50  |
| 29.28 | 29.26 | 27.40 | 27.41 | 27.42 | 28.42 |
| 32.16 | 32.28 | 30.17 | 31.32 | 31.33 | 31.75 |
| 47.17 | 47.17 | 47.17 | 47.17 | 47.17 | 47.50 |
| 50.67 | 50.67 | 50.67 | 50.67 | 50.67 | 51.00 |
| 0.42  | 0.42  | 0.57  | 0.57  | 0.57  | 0.58  |
| 0.51  | 0.51  | 0.57  | 0.58  | 0.58  | 0.59  |
| 0.60  | 0.60  | 0.60  | 0.60  | 0.60  | 0.60  |
| 3.20  | 3.20  | 3.20  | 3.20  | 3.20  | 3.20  |
| 3.20  | 3.20  | 3.20  | 3.20  | 3.20  | 3.20  |
| 3.20  | 3.20  | 3.20  | 3.20  | 3.20  | 3.20  |
| 2.00  | 2.99  | 2.80  | 2.74  | 2.74  | 2.72  |
| 2.00  | 3.03  | 2.87  | 2.94  | 2.96  | 3.03  |
| 3.20  | 4.20  | 4.20  | 4.20  | 4.20  | 4.20  |
| 9.09  | 9.06  | 8.56  | 9.66  | 9.65  | 11.79 |
| 9.57  | 9.59  | 9.15  | 10.44 | 10.47 | 12.66 |
| 10.40 | 10.40 | 10.60 | 11.70 | 11.70 | 13.50 |

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

| Collection Year | Current Tax Levy (1) | Current Tax Collections (1) | Percent of Current Tax Collections to Current Tax Levy | Delinquent Tax Collections | Total Tax Collections (1) | Percent of Total Tax Collections to Current Tax Levy (2) |
|-----------------|----------------------|-----------------------------|--|----------------------------|---------------------------|--|
| 2002            | \$12,547,558         | \$12,226,466                | 97.44%   | \$186,907                  | \$12,413,373              | 98.93%   |
| 2003            | 13,077,318           | 12,841,127                  | 98.19%   | 242,376                    | 13,083,503                | 100.05%  |
| 2004            | 11,590,767           | 11,140,708                  | 96.12%   | 274,920                    | 11,415,628                | 98.49%   |
| 2005            | 14,887,701           | 14,558,609                  | 97.79%   | 385,815                    | 14,944,424                | 100.38%  |
| 2006            | 16,267,151           | 15,867,842                  | 97.55%   | 508,327                    | 16,376,169                | 100.67%  |
| 2007 *          | 14,962,303           | 14,816,599                  | 99.03%   | 515,674                    | 15,332,273                | 102.47%  |
| 2008            | 14,109,638           | 13,668,184                  | 96.87%   | 738,387                    | 14,406,571                | 102.10%  |
| 2009            | 13,477,677           | 13,069,214                  | 96.97%   | 493,080                    | 13,562,294                | 100.63%  |
| 2010            | 13,571,281           | 13,155,298                  | 96.93%   | 410,643                    | 13,565,941                | 99.96%   |
| 2011            | 13,712,072           | 13,278,951                  | 96.84%   | 297,472                    | 13,576,423                | 99.01%   |

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

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

(2) Delinquent tax collections are only available by collection year resulting in percentages exceeding 100 percent.

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

**Chillicothe City School District**  
*Principal Taxpayers*  
 2011 and 2002 (1)

| Name of Taxpayer            | 2011                        |   |
|-----------------------------|-----------------------------|---|
|                             | Assessed Value              | Percent of Real Property Assessed Value |
| Columbus Southern Power     | \$18,773,560                | 4.63%                                   |
| PH Glatfelter               | 18,304,450                  | 4.51%                                   |
| Chillicothe Mall, Inc.      | 4,220,620                   | 1.04%                                   |
| DDR Chillicothe LLC         | 4,053,210                   | 1.00%                                   |
| Central Center LLC          | 3,111,480                   | 0.77%                                   |
| Sam's Real Estate           | 2,629,020                   | 0.65%                                   |
| K-Mart Corporations         | 2,311,240                   | 0.57%                                   |
| RG Chillicothe Associations | 1,823,400                   | 0.45%                                   |
| QNP Corporation             | 1,783,430                   | 0.44%                                   |
| Columbia Gas                | 1,754,670                   | 0.43%                                   |
| Totals                      | <u>\$58,765,080</u>         | <u>14.49%</u>                           |
| Total Assessed Valuation    | <u><u>\$405,514,810</u></u> |   |

| Name of Taxpayer               | 2002                        |   |
|--------------------------------|-----------------------------|---|
|                                | Assessed Value              | Percent of Real Property Assessed Value |
| Mead Corporation               | \$123,938,050               | 25.58%                                  |
| Columbus Southern Power        | 11,857,380                  | 2.45%                                   |
| Chillicothe Telephone          | 7,865,090                   | 1.62%                                   |
| Horizon Personal Communication | 4,163,440                   | 0.86%                                   |
| DDR Ohio Opportunity LLC       | 3,389,440                   | 0.70%                                   |
| Chillicothe Mall               | 3,312,040                   | 0.68%                                   |
| Central Center LTD             | 2,656,830                   | 0.55%                                   |
| Real Estate Finance Trust      | 2,259,030                   | 0.47%                                   |
| QNP Holding Inc.               | 2,220,720                   | 0.46%                                   |
| BLC Corporation                | 2,185,150                   | 0.45%                                   |
| Totals                         | <u>\$163,847,170</u>        | <u>33.82%</u>                           |
| Total Assessed Valuation       | <u><u>\$484,487,640</u></u> |   |

(1) The amounts presented represent the assessed values upon which 2011 and 2002 collections were based.

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

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

| Fiscal Year | Governmental Activities      |                         |                     | Total Primary Government | (2) Percentage of Personal Income | (2) Per Capita |
|-------------|------------------------------|-------------------------|---------------------|--------------------------|-----------------------------------|----------------|
|             | (1) General Obligation Bonds | (1) Energy Conservation | (1) Capital Leases* |                          |                                   |                |
| 2002        | \$0                          | \$1,900,000             | \$0                 | \$1,900,000              | 0.69%                             | \$86.20        |
| 2003        | 0                            | 1,765,000               | 0                   | 1,765,000                | 0.41%                             | 80.98          |
| 2004        | 0                            | 1,625,000               | 0                   | 1,625,000                | 0.39%                             | 74.55          |
| 2005        | 34,000,000                   | 1,475,000               | 0                   | 35,475,000               | 8.52%                             | 1,627.59       |
| 2006        | 35,067,599                   | 1,320,000               | 0                   | 36,387,599               | 7.22%                             | 1,669.46       |
| 2007        | 35,122,564                   | 1,155,000               | 0                   | 36,277,564               | 7.20%                             | 1,664.41       |
| 2008        | 34,458,413                   | 985,000                 | 0                   | 35,443,413               | 7.11%                             | 1,626.14       |
| 2009        | 34,292,658                   | 805,000                 | 0                   | 35,097,658               | 8.43%                             | 1,610.28       |
| 2010        | 33,564,739                   | 615,000                 | 0                   | 34,179,739               | 6.91%                             | 1,533.00       |
| 2011        | 32,838,654                   | 420,000                 | 0                   | 33,258,654               | 7.10%                             | 1,518.59       |

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

(2) See schedule "demographic and economic statistics, last ten fiscal years" for personal income and population information.

\*Amount restated in fiscal year 2005.



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

| Fiscal<br>Year | (1)<br>General<br>Bonded Debt | (1)<br>Resources<br>Available to<br>Pay Principal | Net General<br>Bonded Debt | (2)<br>Ratio of Net<br>Bonded Debt<br>to Assessed<br>Value | (2)<br>Net<br>Bonded<br>Debt per<br>Capita |
|----------------|-------------------------------|---|----------------------------|--|--|
| 2002           | \$0                           | \$0   | \$0                        | 0.00%  | \$0  |
| 2003           | 0                             | 0   | 0                          | 0.00%  | 0  |
| 2004           | 0                             | 0   | 0                          | 0.00%  | 0  |
| 2005           | 34,000,000                    | 18,029  | 33,981,971                 | 7.11%  | 1,559                                      |
| 2006           | 35,067,599                    | 214,388   | 34,853,211                 | 7.45%  | 1,599                                      |
| 2007           | 35,122,564                    | 574,351   | 34,548,213                 | 7.83%  | 1,585                                      |
| 2008           | 34,458,413                    | 663,730   | 33,794,683                 | 7.55%  | 1,550                                      |
| 2009           | 34,292,658                    | 630,745   | 33,661,913                 | 7.99%  | 1,544                                      |
| 2010           | 33,564,739                    | 553,028   | 33,011,711                 | 8.02%  | 1,481                                      |
| 2011           | 32,838,654                    | 519,570   | 32,319,084                 | 7.97%  | 1,476                                      |

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

(2) Assessed values provided by County Auditor. See schedule "assessed and estimated actual value of taxable property".

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

| Fiscal Year | Population (1) |   | Estimated Actual Value of Taxable Property (2) | General Bonded Debt                   |                                      |                         |  |                            |
|-------------|----------------|---|--|---------------------------------------|--------------------------------------|-------------------------|--|----------------------------|
|             |                |   |  | General Obligation Debt Outstanding # | Resources Available to Pay Principal | Net General Bonded Debt | Ratio of Net Bonded Debt to Estimated Actual Value | Net Bonded Debt per Capita |
| 2002        | 22,041         | a | \$1,516,363,264                                | \$1,900,000                           | \$0                                  | \$1,900,000             | 0.13%  | \$86.20                    |
| 2003        | 21,796         | a | 1,506,351,984                                  | 1,765,000                             | 0                                    | 1,765,000               | 0.12%  | 80.98                      |
| 2004        | 21,796         | a | 1,560,533,520                                  | 1,625,000                             | 0                                    | 1,625,000               | 0.10%  | 74.55                      |
| 2005        | 21,796         | a | 1,471,705,444                                  | 35,475,000                            | 18,029                               | 35,456,971              | 2.41%  | 1,626.77                   |
| 2006*       | 21,796         | a | 1,430,938,052                                  | 36,387,599                            | 214,388                              | 36,173,211              | 2.53%  | 1,659.63                   |
| 2007        | 21,796         | a | 1,377,139,049                                  | 36,277,564                            | 574,351                              | 35,703,213              | 2.59%  | 1,638.06                   |
| 2008        | 21,796         | b | 1,453,006,463                                  | 35,443,413                            | 663,730                              | 34,779,683              | 2.39%  | 1,595.69                   |
| 2009        | 21,796         | b | 1,390,415,705                                  | 35,097,658                            | 630,745                              | 34,466,913              | 2.48%  | 1,581.34                   |
| 2010        | 22,296         | b | 1,157,008,731                                  | 34,179,739                            | 553,028                              | 33,626,711              | 2.91%  | 1,508.19                   |
| 2011        | 21,901         | c | 1,141,260,180                                  | 33,258,654                            | 519,570                              | 32,739,084              | 2.87%  | 1,494.87                   |

Sources: (1) U.S. Bureau of Census, Census of Population  
(a) 2000 Federal Census  
(b) Ohio Valley Regional Commission  
(c) 2010 Census  
(2) Ross County Auditor

# - Includes general obligation bonds and energy conservation notes.

\* - Amount restated in fiscal year 2007.

(continued)

| General Debt                    |                |             |   |                         |
|---------------------------------|----------------|-------------|---|-------------------------|
| General Bonded Debt Outstanding | Capital Leases | Total Debt  | Ratio of General Debt to Estimated Actual Value | General Debt Per Capita |
| \$1,900,000                     | \$0            | \$1,900,000 | 0.13%   | \$86.20                 |
| 1,765,000                       | 0              | 1,765,000   | 0.12%   | 80.98                   |
| 1,625,000                       | 0              | 1,625,000   | 0.10%   | 74.55                   |
| 35,475,000                      | 0              | 35,475,000  | 2.41%   | 1,627.59                |
| 36,387,599                      | 0              | 36,387,599  | 2.54%   | 1,669.46                |
| 36,277,564                      | 0              | 36,277,564  | 2.63%   | 1,664.41                |
| 35,443,413                      | 0              | 35,443,413  | 2.44%   | 1,626.14                |
| 35,097,658                      | 0              | 35,097,658  | 2.52%   | 1,610.28                |
| 34,179,739                      | 0              | 34,179,739  | 2.95%   | 1,533.00                |
| 33,258,654                      | 0              | 33,258,654  | 2.91%   | 1,518.59                |

**Chillicothe City School District**  
*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities*  
June 30, 2011

|                                   | Debt<br>Attributable to<br>Governmental<br>Activities | Percentage<br>Applicable to<br>School District (1) | Amount of<br>Direct and<br>Overlapping<br>Debt |
|-----------------------------------|---|--|--|
| Overlapping Debt:                 |   |  |  |
| Payable from Property Taxes       |   |  |  |
| Ross County                       | \$7,346,836   | 34.96%   | \$2,568,454                                    |
| City of Chillicothe               | <u>1,460,000</u>                                      | 91.09%   | <u>1,329,914</u>                               |
| Total Overlapping Debt            | 8,806,836   |  | 3,898,368                                      |
| Direct Debt                       | <u>33,258,654</u>                                     | 100.00%  | <u>33,258,654</u>                              |
| Total Direct and Overlapping Debt | <u><u>\$42,065,490</u></u>                            |  | <u><u>\$37,157,022</u></u>                     |

Source: Office of the Auditor, Ross County, Ohio

(1) Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the School District by the total assessed valuation of the government.

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

|   | 2002                 | 2003                 | 2004                 | 2005                 |
|---|----------------------|----------------------|----------------------|----------------------|
| Tax Valuation   | <u>\$489,487,640</u> | <u>\$478,446,490</u> | <u>\$489,446,490</u> | <u>\$478,018,620</u> |
| Debt Limit - 9% of Taxable Valuation (1)                            | <u>\$44,053,888</u>  | <u>\$43,060,184</u>  | <u>\$44,050,184</u>  | <u>\$43,021,676</u>  |
| Amount of Debt Applicable to Debt Limit                             |                      |                      |                      |                      |
| General Obligation Bonds  | 0                    | 0                    | 0                    | 34,000,000           |
| Less Amount Available in Debt Service                               | <u>0</u>             | <u>0</u>             | <u>0</u>             | <u>(18,029)</u>      |
| Amount of Debt Subject to Limit                                     | <u>0</u>             | <u>0</u>             | <u>0</u>             | <u>33,981,971</u>    |
| Legal Debt Margin (3)   | <u>\$44,053,888</u>  | <u>\$43,060,184</u>  | <u>\$44,050,184</u>  | <u>\$9,039,705</u>   |
| Legal Debt Margin as a Percentage of the Debt Limit                 | 100.00%              | 100.00%              | 100.00%              | 21.01%               |
| Energy Conservation Debt Limit - .90% of assessed value (1)         | \$4,405,389          | \$4,306,018          | \$4,405,018          | \$4,302,168          |
| Amount of Debt Subject to Limit                                     | <u>1,900,000</u>     | <u>1,765,000</u>     | <u>1,625,000</u>     | <u>1,475,000</u>     |
| Unvoted Legal Debt Margin (2)                                       | <u>\$2,505,389</u>   | <u>\$2,541,018</u>   | <u>\$2,780,018</u>   | <u>\$2,827,168</u>   |
| Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit | 56.87%               | 59.01%               | 63.11%               | 65.71%               |
| Unvoted Debt Limit - .10% of Taxable Valuation (1)                  | \$489,488            | \$478,446            | \$489,446            | \$478,019            |
| Amount of Debt Subject to Limit                                     | <u>0</u>             | <u>0</u>             | <u>0</u>             | <u>0</u>             |
| Unvoted Legal Debt Margin   | <u>\$489,488</u>     | <u>\$478,446</u>     | <u>\$489,446</u>     | <u>\$478,019</u>     |
| Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit | 100.00%              | 100.00%              | 100.00%              | 100.00%              |

Source: Ross County Auditor and School District Financial Records

- (1) Ohio Bond Law sets a limit of 9% for overall debt and 1/10 of 1% for unvoted debt.
- (2) Restated fiscal years 2001 through 2009 due to an error in calculation.
- (3) Restated fiscal years 2005 through 2009 due to an error in calculation.

Note:

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

Note:

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

(continued)

| 2006                    | 2007                    | 2008                    | 2009                    | 2010                    | 2011                    |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <u>\$467,860,160</u>    | <u>\$441,147,190</u>    | <u>\$447,361,430</u>    | <u>\$421,318,660</u>    | <u>\$411,386,930</u>    | <u>\$405,514,810</u>    |
| <u>\$42,107,414</u>     | <u>\$39,703,247</u>     | <u>\$40,262,529</u>     | <u>\$37,918,679</u>     | <u>\$37,024,824</u>     | <u>\$36,496,333</u>     |
| 33,995,000<br>(214,388) | 33,545,000<br>(574,351) | 32,066,270<br>(663,730) | 31,234,255<br>(630,745) | 30,975,000<br>(553,028) | 30,055,000<br>(519,570) |
| <u>33,780,612</u>       | <u>32,970,649</u>       | <u>31,402,540</u>       | <u>30,603,510</u>       | <u>30,421,972</u>       | <u>29,535,430</u>       |
| <u>\$8,326,802</u>      | <u>\$6,732,598</u>      | <u>\$8,859,989</u>      | <u>\$7,315,169</u>      | <u>\$6,602,852</u>      | <u>\$6,960,903</u>      |
| 19.78%                  | 16.96%                  | 22.01%                  | 19.29%                  | 17.83%                  | 19.07%                  |
| \$4,210,741             | \$3,970,325             | \$4,026,253             | \$3,791,868             | \$3,702,482             | \$3,649,633             |
| <u>1,320,000</u>        | <u>1,155,000</u>        | <u>985,000</u>          | <u>1,329,000</u>        | <u>1,098,000</u>        | <u>862,000</u>          |
| <u>\$2,890,741</u>      | <u>\$2,815,325</u>      | <u>\$3,041,253</u>      | <u>\$2,462,868</u>      | <u>\$2,604,482</u>      | <u>\$2,787,633</u>      |
| 68.65%                  | 70.91%                  | 75.54%                  | 64.95%                  | 70.34%                  | 76.38%                  |
| \$467,860               | \$441,147               | \$447,361               | \$421,319               | \$411,387               | \$405,515               |
| <u>0</u>                | <u>0</u>                | <u>0</u>                | <u>0</u>                | <u>0</u>                | <u>0</u>                |
| <u>\$467,860</u>        | <u>\$441,147</u>        | <u>\$447,361</u>        | <u>\$421,319</u>        | <u>\$411,387</u>        | <u>\$405,515</u>        |
| 100.00%                 | 100.00%                 | 100.00%                 | 100.00%                 | 100.00%                 | 100.00%                 |

**Chillicothe City School District**  
*Demographic and Economic Statistics*  
*Last Ten Years*

| Year | Population (1) | Personal Income (2)<br>(in thousands) | Per Capita<br>Personal<br>Income | Unemployment<br>Rate (3) |
|------|----------------|---------------------------------------|----------------------------------|--------------------------|
| 2002 | 22,041         | \$276,151,689                         | \$12,529                         | 6.40%                    |
| 2003 | 21,796         | 435,426,396                           | 19,977                           | 6.20%                    |
| 2004 | 21,796         | 416,326,396                           | 19,101                           | 7.10%                    |
| 2005 | 21,796         | 416,326,396                           | 19,101                           | 9.10%                    |
| 2006 | 21,796         | 503,988,908                           | 23,123                           | 7.30%                    |
| 2007 | 21,796         | 503,988,908                           | 23,123                           | 6.20%                    |
| 2008 | 21,796         | 498,387,336                           | 22,866                           | 8.00%                    |
| 2009 | 21,796         | 416,325,396                           | 19,101                           | 8.00%                    |
| 2010 | 22,296         | 494,525,280                           | 22,180                           | 12.50%                   |
| 2011 | 21,901         | 468,528,093                           | 21,393                           | 10.80%                   |

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



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

| Employer  | Nature of Business             | 2011                |      |                                | 2002                |      |                                |
|---|--------------------------------|---------------------|------|--------------------------------|---------------------|------|--------------------------------|
|   |                                | Number of Employees | Rank | Percentage of Total Employment | Number of Employees | Rank | Percentage of Total Employment |
| Glatfelter Paper Company                        | Specialty and Carbonless Paper | 1,337               | 1    | 4.44%                          | 2,580               | 1    | (1)                            |
| Ross County                                     | County Government              | 529                 | 3    | 1.76%                          | 827                 | 3    | (1)                            |
| Chillicothe City Schools                        | Education                      | 359                 | 5    | 1.19%                          | 837                 | 2    | (1)                            |
| City of Chillicothe                             | City Government                | 279                 | 6    | 0.93%                          | 522                 | 4    | (1)                            |
| Lowe's  | Retail                         | 181                 | 8    | 0.60%                          | 245                 | 8    | (1)                            |
| Wal-Mart  | Retail                         | 360                 | 4    | 1.20%                          | 441                 | 5    | (1)                            |
| Horizon Family of Companies                     | Communications                 | 210                 | 7    | 0.70%                          | 316                 | 7    | (1)                            |
| Ohio University - Chillicothe                   | Regional College Campus        | 574                 | 2    | 1.91%                          | 390                 | 6    | (1)                            |
| Time Warner/Adelphia                            | Cable TV/Internet              | 99                  | 9    | 0.33%                          | 130                 | 9    | (1)                            |
| AEP   | Regional Utility Center        | 19                  | 10   | 0.06%                          | 17                  | 10   | (1)                            |
| Total   |                                | <u>3,947</u>        |      | <u>13.11%</u>                  | <u>6,305</u>        |      | <u>(1)</u>                     |
| Total Employment within the School District (2) |                                | <u>30,100</u>       |      |                                | <u>(1)</u>          |      |                                |

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

(1) - Information Not Available

(2) - Labor Market Information Website

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

| Function/Program                 | 2004          | 2005          | 2006          | 2007          | 2008          | 2009          | 2010          | 2011          |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Regular Instruction              |               |               |               |               |               |               |               |               |
| Elementary Classroom Teachers    | 83.57         | 83.54         | 86.90         | 87.34         | 86.70         | 86.70         | 90.41         | 75.69         |
| Middle School Classroom Teachers | 30.16         | 30.06         | 30.23         | 28.72         | 36.88         | 38.18         | 40.08         | 36.07         |
| High School Classroom Teachers   | 43.38         | 42.54         | 42.00         | 40.30         | 40.20         | 39.72         | 39.72         | 40.13         |
| Special Instruction              |               |               |               |               |               |               |               |               |
| Elementary Classroom Teachers    | 23.50         | 24.62         | 21.77         | 21.50         | 17.51         | 17.82         | 11.50         | 20.50         |
| Middle School Classroom Teachers | 5.00          | 5.00          | 5.00          | 5.00          | 7.51          | 7.51          | 4.50          | 10.19         |
| Gifted Education Teachers        | 2.00          | 2.00          | 2.00          | 2.00          | 1.70          | 1.70          | 1.70          | 1.70          |
| High School Classroom Teachers   | 6.00          | 6.00          | 6.00          | 7.00          | 7.00          | 6.00          | 6.50          | 5.97          |
| Pupil Support Services           |               |               |               |               |               |               |               |               |
| Guidance Counselors              | 6.00          | 6.00          | 6.00          | 4.00          | 4.00          | 4.00          | 4.00          | 4.00          |
| Librarians                       | 3.00          | 2.00          | 2.00          | 2.00          | 1.00          | 1.00          | 1.00          | 1.00          |
| Psychologists                    | 2.00          | 4.00          | 3.56          | 3.00          | 4.00          | 4.00          | 3.00          | 3.00          |
| Speech and Language Pathologists | 2.00          | 2.00          | 2.00          | 2.00          | 2.00          | 2.00          | 2.00          | 2.00          |
| Nurse                            | 2.00          | 1.90          | 1.81          | 1.81          | 2.00          | 2.00          | 2.00          | 2.00          |
| Teacher Aides                    | 25.72         | 23.43         | 20.93         | 26.00         | 29.72         | 30.72         | 34.22         | 33.01         |
| Technology                       | 2.50          | 3.00          | 3.00          | 2.00          | 0.00          | 0.00          | 1.00          | 1.00          |
| Secretaries                      | 14.85         | 16.75         | 16.75         | 15.75         | 11.71         | 11.71         | 14.00         | 8.00          |
| Administrators                   |               |               |               |               |               |               |               |               |
| District                         | 3.00          | 3.00          | 4.00          | 4.50          | 4.50          | 4.50          | 6.50          | 5.44          |
| Elementary                       | 4.00          | 4.00          | 5.00          | 5.00          | 4.00          | 4.00          | 4.00          | 4.00          |
| Middle School                    | 2.00          | 1.75          | 1.75          | 1.75          | 1.75          | 1.75          | 2.00          | 2.00          |
| High School                      | 2.14          | 2.14          | 3.14          | 3.14          | 2.39          | 2.39          | 2.00          | 2.50          |
| Secretaries                      | 14.00         | 13.79         | 13.79         | 13.79         | 14.79         | 14.79         | 9.00          | 14.00         |
| Fiscal Services                  | 6.00          | 6.00          | 6.00          | 6.00          | 6.00          | 6.00          | 4.00          | 6.00          |
| Operation of Plant               |               |               |               |               |               |               |               |               |
| Custodians                       | 20.00         | 18.00         | 18.00         | 18.00         | 19.67         | 19.67         | 20.07         | 20.07         |
| Maintenance                      | 8.00          | 8.00          | 8.00          | 8.00          | 8.00          | 8.00          | 8.00          | 8.00          |
| Pupil Transportation             |               |               |               |               |               |               |               |               |
| Bus Drivers                      | 20.00         | 19.00         | 19.00         | 19.00         | 18.00         | 17.50         | 19.00         | 20.00         |
| Extracurricular Activities       |               |               |               |               |               |               |               |               |
| Secretaries                      | 0.86          | 0.86          | 0.86          | 0.86          | 0.86          | 0.86          | 0.86          | 0.86          |
| Food Service Program             |               |               |               |               |               |               |               |               |
| Cooks                            | 25.41         | 24.35         | 24.37         | 24.37         | 23.35         | 23.35         | 24.35         | 24.35         |
| Totals:                          | <u>357.09</u> | <u>353.73</u> | <u>353.86</u> | <u>352.83</u> | <u>355.24</u> | <u>355.87</u> | <u>355.41</u> | <u>351.48</u> |

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

Information prior to 2004 is not available.

Source: School District Records

**Chillicothe City School District**  
*Operating Statistics*  
*Last Nine Fiscal Years*

| Fiscal Year | Expenses     | Enrollment | Cost Per Pupil | Percentage Change | Teaching Staff | Pupil/Teacher Ratio |
|-------------|--------------|------------|----------------|-------------------|----------------|---------------------|
| 2003        | \$28,376,721 | 3,564      | \$7,962        | N/A               | 187            | 19.1                |
| 2004        | 28,508,167   | 3,387      | 8,417          | 5.71%             | 174            | 19.5                |
| 2005        | 29,192,735   | 3,196      | 9,134          | 8.52%             | 178            | 18.0                |
| 2006*       | 30,507,508   | 3,069      | 9,941          | 8.84%             | 177            | 17.3                |
| 2007        | 30,073,412   | 3,030      | 9,925          | -0.16%            | 177            | 17.1                |
| 2008        | 34,794,650   | 3,075      | 11,315         | 14.01%            | 198            | 15.5                |
| 2009        | 35,173,244   | 3,052      | 11,525         | 1.86%             | 198 (1)        | 15.4                |
| 2010        | 37,450,991   | 3,180      | 11,777         | 2.19%             | 198            | 16.1                |
| 2011        | 36,434,162   | 2,917      | 12,490         | 6.05%             | 203            | 14.4                |

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

N/A - Not Applicable

\* - Restated in fiscal year 2007

(1) - Restated to reflect the correct number of teaching staff for the 2009 year.

**Chillicothe City School District**  
*Building Statistics*  
*Last Ten Fiscal Years*

|                                | 2002   | 2003 | 2004   | 2005   |
|--------------------------------|--------|------|--------|--------|
| <b>Allen Elementary School</b> |        |      |        |        |
| Constructed in 1961            |        |      |        |        |
| Total Building Square Footage  | 30,251 |      |        |        |
| Enrollment Grades K-6          | 247    | 270  | 308    | 306    |
| Student Capacity               | 375    | 375  | 375    | 375    |
| Regular Instruction Classrooms | 12     | 12   | 14     | 14     |
| Regular Instruction Teachers   | 12     | 12   | 14     | 14     |
| Special Instruction Classrooms | 3      | 3    | 1      | 1      |
| Special Instruction Teachers   | 3      | 5    | 3      | 4      |
| <b>Central Elementary</b>      |        |      |        |        |
| Constructed in 1960            |        |      |        |        |
| Total Building Square Footage  | 29,850 |      |        |        |
| Enrollment Grades K-6          | 264    | 242  | Closed | Closed |
| Student Capacity               | 400    | 400  |        |        |
| Regular Instruction Classrooms | 14     | 13   |        |        |
| Regular Instruction Teachers   | 14     | 13   |        |        |
| Special Instruction Classrooms | 2      | 3    |        |        |
| Special Instruction Teachers   | 5      | 5    |        |        |
| <b>Hopewell Elementary</b>     |        |      |        |        |
| Constructed in 1954            |        |      |        |        |
| Total Building Square Footage  | 39,416 |      |        |        |
| Enrollment Grades K-6          | 254    | 244  | Closed | Closed |
| Student Capacity               | 425    | 425  |        |        |
| Regular Instruction Classrooms | 12     | 11   |        |        |
| Regular Instruction Teachers   | 12     | 11   |        |        |
| Special Instruction Classrooms | 5      | 6    |        |        |
| Special Instruction Teachers   | 8      | 8    |        |        |
| <b>McArthur Elementary</b>     |        |      |        |        |
| Constructed in 1961            |        |      |        |        |
| Total Building Square Footage  | 30,178 |      |        |        |
| Enrollment Grades K-6          | 283    | 275  | Closed | Closed |
| Student Capacity               | 375    | 375  |        |        |
| Regular Instruction Classrooms | 12     | 13   |        |        |
| Regular Instruction Teachers   | 12     | 13   |        |        |
| Special Instruction Classrooms | 3      | 2    |        |        |
| Special Instruction Teachers   | 6      | 6    |        |        |

Source: School District capital asset and average daily membership records.

(continued)

| 2006   | 2007   | 2008   | 2009   | 2010   | 2011   |
|--------|--------|--------|--------|--------|--------|
| 338    | 347    | 341    | 341    | 317    | 321    |
| 375    | 375    | 375    | 375    | 375    | 375    |
| 15     | 15     | 17     | 17     | 17     | 17     |
| 15     | 15     | 17     | 17     | 17     | 17     |
| 0      | 0      | 0      | 0      | 0      | 0      |
| 3      | 3      | 3      | 3      | 3      | 3      |
| Closed | Closed | Closed | Closed | Closed | Closed |
| Closed | Closed | Closed | Closed | Closed | Closed |
| Closed | Closed | Closed | Closed | Closed | Closed |

(continued)

**Chillicothe City School District**  
*Building Statistics*  
*Last Ten Fiscal Years*

|  | 2002    | 2003  | 2004  | 2005 |
|--|---------|-------|-------|------|
| <b>Mt. Logan Elementary School</b>     |         |       |       |      |
| Constructed in 1977                    |         |       |       |      |
| Total Building Square Footage          | 60,389  |       |       |      |
| Enrollment Grades K-6                  | 350     | 333   | 544   | 500  |
| Student Capacity                       | 600     | 600   | 600   | 600  |
| Regular Instruction Classrooms         | 20      | 17    | 21    | 26   |
| Regular Instruction Teachers           | 20      | 17    | 21    | 26   |
| Special Instruction Classrooms         | 4       | 5     | 3     | 9    |
| Special Instruction Teachers           | 4       | 5     | 5     | 9    |
| <b>Tiffin Elementary School</b>        |         |       |       |      |
| Constructed in 1952                    |         |       |       |      |
| Total Building Square Footage          | 36,135  |       |       |      |
| Enrollment Grades K-5                  | 282     | 242   | 380   | 384  |
| Student Capacity                       | 425     | 425   | 425   | 425  |
| Regular Instruction Classrooms         | 14      | 14    | 11    | 17   |
| Regular Instruction Teachers           | 14      | 14    | 11    | 17   |
| Special Instruction Classrooms         | 3       | 3     | 6     | 0    |
| Special Instruction Teachers           | 6       | 8     | 9     | 7    |
| <b>Worthington Elementary School</b>   |         |       |       |      |
| Constructed in 1951                    |         |       |       |      |
| Total Building Square Footage          | 39,774  |       |       |      |
| Enrollment Grades K-5                  | 318     | 316   | 377   | 357  |
| Student Capacity                       | 350     | 350   | 350   | 350  |
| Regular Instruction Classrooms         | 14      | 14    | 14    | 14   |
| Regular Instruction Teachers           | 16      | 15    | 14    | 16   |
| Special Instruction Classrooms         | 0       | 0     | 0     | 0    |
| Special Instruction Teachers           | 2       | 2     | 3     | 3    |
| <b>J.A. Smith Middle School</b>        |         |       |       |      |
| Constructed in 1931                    |         |       |       |      |
| Total Building Square Footage          | 103,456 |       |       |      |
| Enrollment Grades 6-8                  | 461     | 430   | 631   | 576  |
| Student Capacity                       | 775     | 775   | 775   | 775  |
| Regular Instruction Classrooms         | 30      | 25    | 22    | 24   |
| Regular Instruction Teachers           | 26      | 25    | 22    | 24   |
| Special Instruction Classrooms         | 5       | 5     | 4     | 6    |
| Special Instruction Teachers           | 5       | 5     | 4     | 6    |
| <b>Chillicothe Middle School</b>       |         |       |       |      |
| Constructed in 1963, Renovated in 2007 |         |       |       |      |
| Total Building Square Footage          |         |       |       |      |
| Enrollment Grades 6-8                  |         |       |       |      |
| Student Capacity                       |         |       |       |      |
| Regular Instruction Classrooms         |         |       |       |      |
| Regular Instruction Teachers           |         |       |       |      |
| Special Instruction Classrooms         |         |       |       |      |
| Special Instruction Teachers           |         |       |       |      |
| <b>Chillicothe High School</b>         |         |       |       |      |
| Constructed in 1963                    |         |       |       |      |
| Total Building Square Footage          | 165,317 |       |       |      |
| Enrollment Grades 9-12                 | 1,192   | 1,133 | 1,099 | 970  |
| Student Capacity                       | 970     | 970   | 970   | 970  |
| Regular Instruction Classrooms         | 48      | 48    | 48    | 48   |
| Regular Instruction Teachers           | 45      | 41    | 42    | 41   |
| Special Instruction Classrooms         | 6       | 6     | 6     | 6    |
| Special Instruction Teachers           | 6       | 6     | 6     | 6    |

(continued)

| 2006 | 2007 | 2008    | 2009   | 2010   | 2011   |
|------|------|---------|--------|--------|--------|
| 494  | 525  | 428     | 418    | 393    | 397    |
| 600  | 600  | 600     | 600    | 600    | 600    |
| 25   | 25   | 23      | 23     | 23     | 23     |
| 25   | 25   | 23      | 23     | 23     | 23     |
| 9    | 9    | 9       | 9      | 9      | 9      |
| 10   | 10   | 7       | 7      | 7      | 7      |
| 332  | 325  | 303     | 298    | 290    | 288    |
| 425  | 425  | 425     | 425    | 425    | 425    |
| 18   | 18   | 18      | 18     | 18     | 18     |
| 17   | 17   | 14      | 13     | 13     | 14     |
| 0    | 0    | 0       | 0      | 0      | 0      |
| 5    | 5    | 5       | 5      | 5      | 5      |
| 363  | 337  | 335     | 363    | 356    | 327    |
| 350  | 350  | 350     | 350    | 350    | 350    |
| 14   | 14   | 14      | 14     | 14     | 14     |
| 15   | 15   | 16      | 17     | 17     | 17     |
| 0    | 0    | 0       | 0      | 0      | 0      |
| 4    | 4    | 4       | 4      | 4      | 4      |
| 550  | 584  | Closed  | Closed | Closed | Closed |
| 775  | 775  |         |        |        |        |
| 25   | 25   |         |        |        |        |
| 25   | 25   |         |        |        |        |
| 10   | 10   |         |        |        |        |
| 10   | 10   |         |        |        |        |
|      |      | 126,499 |        |        |        |
|      |      | 689     | 659    | 662    | 650    |
|      |      | 800     | 800    | 800    | 800    |
|      |      | 25      | 25     | 25     | 25     |
|      |      | 25      | 25     | 25     | 25     |
|      |      | 11      | 11     | 11     | 11     |
|      |      | 11      | 11     | 11     | 11     |
| 940  | 912  | 979     | 882    | 883    | 855    |
| 970  | 970  | 970     | 970    | 970    | 970    |
| 48   | 48   | 48      | 48     | 48     | 48     |
| 41   | 41   | 42      | 43     | 43     | 43     |
| 6    | 6    | 7       | 7      | 7      | 7      |
| 6    | 6    | 7       | 7      | 7      | 7      |

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# Dave Yost • Auditor of State

CHILlicothe CITY SCHOOL DISTRICT

ROSS COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JANUARY 19, 2012