

Chillicothe City School District
Ross County
Single Audit
For the Fiscal Year Ended June 30, 2012



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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, 2011 through June 30, 2012. 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 29, 2013

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Chillicothe City School District
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For the Fiscal Year Ended June 30, 2012

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Chillicothe City School District
Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2012

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>United States Department of Agriculture</u>						
<i>Passed through the Ohio Department of Education</i>						
Child Nutrition Cluster:						
School Breakfast Program	3L70	10.553	\$222,386	\$0	\$222,386	\$0
National School Lunch Program	3L60	10.555	719,119	78,543	719,119	78,543
Total Child Nutrition Cluster			941,505	78,543	941,505	78,543
Fresh Fruit and Vegetable Program	3L60	10.582	22,686	0	22,686	0
Total United States Department of Agriculture			964,191	78,543	964,191	78,543
<u>United States Department of Education</u>						
<i>Passed through the Ohio Department of Education</i>						
Special Education Cluster:						
Special Education-Grants to States	3M20	84.027	744,838	0	765,003	0
Special Education-Grants to States, Recovery Act	3DJ0	84.391	38,761	0	35,635	0
Total Special Education Cluster			783,599	0	800,638	0
Title I Cluster:						
Title I Grants to Local Educational Agencies	3M00	84.010	1,262,484	0	1,189,918	0
Title I Grants to Local Educational Agencies, Recovery Act	3DK0	84.389	18,507	0	15,412	0
Total Title I Cluster			1,280,991	0	1,205,330	0
Education for Homeless Children and Youth Cluster:						
Education for Homeless Children and Youth	3090	84.196	52,305	0	50,627	0
Education for Homeless Children and Youth, Recovery Act	3DG0	84.387	4,312	0	4,369	0
Total Education for Homeless Children and Youth Cluster:			56,617	0	54,996	0
State Fiscal Stabilization Fund (SFSF)-Education State Grants, Recovery Act	GRF	84.394	0	0	16,197	0
Educational Technology State Grants	3S20	84.318	0	0	512	0
Rural Education	3Y80	84.358	55,383	0	46,216	0
Improving Teacher Quality State Grants	3Y60	84.367	246,909	0	249,252	0
Education Jobs	3ET0	84.410	489,907	0	489,907	0
Drug Free Schools	3D10	84.186	75,000	0	75,000	0
Total United States Department of Education			2,988,406	0	2,938,048	0
<u>Corporation for National and Community Service</u>						
<i>Passed through the Ohio Department of Education</i>						
Learn and Serve America-School and Community Based Programs	3780	94.004	2,293	0	2,590	0
Total Corporation for National and Community Service			2,293	0	2,590	0
<u>United States Environmental Protection Agency</u>						
<i>Passed through Ohio Department of Development</i>						
Brownfields Assessment and Cleanup Cooperative Agreement	N/A	66.818	46,491	0	46,491	0
Total United States Environmental Protection Agency			46,491	0	46,491	0
Total Federal Financial Assistance			\$4,001,381	\$78,543	\$3,951,320	\$78,543

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, 2012

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 3 – 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 the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Chillicothe City School District, Ross County, (the School District) as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 21, 2012. 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 previously.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Chillicothe City School District

Ross County

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*

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This report is intended solely for the information and use of management, the Board of Education, others within the School District, 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.

A handwritten signature in black ink, reading "Natalie Millhuff-Stang". The signature is written in a cursive, flowing style.

Natalie Millhuff-Stang, CPA

President/Owner

Millhuff-Stang, CPA, Inc.

December 21, 2012

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, 2012. 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, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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, 2012.

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.

Chillicothe City School District

Ross County

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

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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.

Schedule of Federal Awards Expenditures

We have audited the financial statements the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the School District as of and for the year ended June 30, 2012, and have issued our report thereon dated December 21, 2012, which contained an unqualified opinion on those financial statements. Our audit was conducted 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 OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of federal awards expenditures is fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended solely for the information and use of management, the Board of Education, others within the School District, 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 21, 2012

Chillicothe City School District
Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
For the Fiscal Year Ended June 30, 2012

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?		No
<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):		Nutrition Cluster (CFDA #10.553 and #10.555) Education Jobs (CFDA #84.410)
Dollar threshold used to distinguish between type A and type B programs:		Type A: >\$300,000 Type B: All Others
Auditee qualified as low-risk auditee?		Yes

Section II – Financial Statement Findings

None

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, 2012

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding 2011-1	Material Noncompliance – ORC 5705.41 (B)	Yes	

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Comprehensive Annual Financial Report

Chillicothe City School District
235 Cherry Street
Chillicothe, Ohio 45601

For the Fiscal Year Ended June 30, 2012

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

For the fiscal year ended
June 30, 2012

Board of Education

Randy Drewyor President
Steve Mullins Vice-President
Matt Markley Member
Jeff Benson 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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For the Fiscal Year Ended June 30, 2012

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Introductory Section



CHILLICOTHE
CITY SCHOOL DISTRICT
235 CHERRY STREET
CHILLICOTHE, OHIO 45601
(740) 775-4250

December 21, 2012

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, 2012, 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/)

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 2,918 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. The School District also houses a county-wide preschool program for approximately 47 pupils in Mt. Logan Elementary and Worthington Elementary as well as special needs preschool located at the Ohio University Child Development Center. The School District also operates one maintenance building and one bus garage.

The Chillicothe Education Foundation, a legally separate organization is included in the School District's reporting entity and reported as a discretely presented component unit. Additional information on the reporting entity can be found in Note 1 of the basic financial statements included with the financial section of this report.

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 55% 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 Advanced Ed, formally known as the North Central Association of Secondary Schools and Colleges and the Ohio Department of Education. The Advanced Ed challenges schools to be ready for all learners and to press them for excellence. Advanced Ed 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 Advanced Ed 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, 2012 are:

<u>Board Member</u>	<u>Term</u>	<u>Years on Board</u>
Mr. Jeff Hartmus	1/1/12 – 12/31/13	8 ½ Years
Mr. J. Jeffrey Benson	1/1/10 – 12/31/13	6 ½ Years
Mr. Randy Drewyor	1/1/10 – 12/31/13	6 ½ Years
Mr. Steve Mullins	1/1/10 – 12/31/13	6 ½ Years
Mr. Matt Markley	1/1/12 – 12/31/15	4 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. Mr. Jon Saxton serves as the Superintendent of the Chillicothe City School District. Mr. Saxton's contract began August 1, 2011 and runs through July 31, 2014.

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 and employs 1,369 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. The loss of the tangible personal property tax was to be reimbursed by the state through fiscal year 2013. However, that reimbursement began an accelerated phase out which began in fiscal year 2012 with HB153, this was a loss of \$500,000 revenue to the School District each year. According to HB153 School District reimbursements are to be held at fiscal year 2013 levels through fiscal year 2026. 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 eight Federal grants generating over \$3 million in funding annually. These grants have provided funds to implement entry-year teacher programs, family literacy efforts, service learning, 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 328 employees of which 189 are certificated, 122 are non-certificated, and 17 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, custodians/maintenance 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 2nd and 3rd 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. The 3rd year includes a 0% wage increase and on July 1, 2012 the medical health benefit employee contribution increased 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. At the time of printing the CAFR the Ohio Department of Education had not finalized their State Report Card because of a state investigation of district attendance reports. The ratings on the unofficial report shows Chillicothe Middle School and Allen Elementary rated Excellent, Chillicothe High School and Worthington Elementary were rated Effective and Mt. Logan Elementary and Tiffin Elementary were rated Continuous Improvement. Overall, the School District received an Effective designation for the ninth 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 of the School District's elementary schools operate full-day kindergarten programs. The 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 is a school-wide Title I district.

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. Technology instruction has begun to be provided also to all elementary students.

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 21st century skills with an emphasis on leadership.

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

The School District has participated in the Ohio Improvement Process since the 2008-2009 school year. As part of the OIP the District has created District, Building and Teacher Based Leadership teams to compile, analyze, and discuss District and statewide test results. District, Building and Teacher Leadership teams work with the School 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 School 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 Time Warner (ch. 25) 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 (WBEX AM 1490) and the local newspaper, the Chillicothe Gazette, are in partnership with the school and provide news services to the student producers.

The School District's special education programs are broad and comprehensive. Approximately 10.3% 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 and some residual balances were spent in fiscal year 2012. The School District received Ohio EdJob Funds in fiscal year 2012 in the amount of \$489,907. These funds were to be expended 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 and other districts received from the phase out of Tangible Personal Property created by HB66. The School District qualifies as a highly reliant district on Tangible Personal Property, as a result the School District saw a \$500,000 reduction in fiscal year 2012 and will see another \$500,000 reduction fiscal year 2013 in state reimbursements.

The School District initiated a \$524,000 House Bill 264 energy conservation project during the summer of 2009. The project produced 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 \$186,000 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, 2014. 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. A \$1,000,000 Tax Anticipation Note was secured by the School District as a precaution in January 2012 and a Tax Anticipation Note is also expected to be secured in January 2013. Since the School 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. This process ensures that the School District's leadership is well-informed of its financial status before making any critical decisions. The School District has determined in necessary place a 6.9 mill Emergency Levy on the ballot for voters in May 2013.

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.

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 implement a Chinese Program in the School District including High School, Middle School and gifted elementary students.

Alternative Schooling Options

The School District has partnered with Scioto Paint Valley Mental Health Center to offer a program known as CAPA (Chillicothe Alternative Pathway Academy) for ninth through twelfth grade students who have not adjusted to a high school schedule. These students may typically have had difficulty in the traditional 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 fifth 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 School District's Master Plan. Updating to Phase II of the School District's Master Plan has been put on hold until further review of the Ohio School Facilities Commission's ranking program has been finalized.

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. The School District continues to move forward with technology by installing 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 will 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

Two years ago the School District redesigned its website (www.ccsd.us). 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. The Superintendent maintains a page on the website and uses social media such as Facebook and Twitter to update followers regularly.

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 Ohio Revised Code. 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 2012 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, 2011. 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, 2011. 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

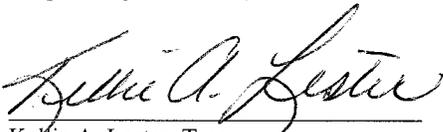
The Independent Accounting firm of Millhuff-Stang, CPA, Inc. conducted the School District's 2012 fiscal year audit. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act Amendments of 1996 and related 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, 2011

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. Dandson

President

Jeffrey R. Enos

Executive Director

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Chillicothe City School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2011*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards

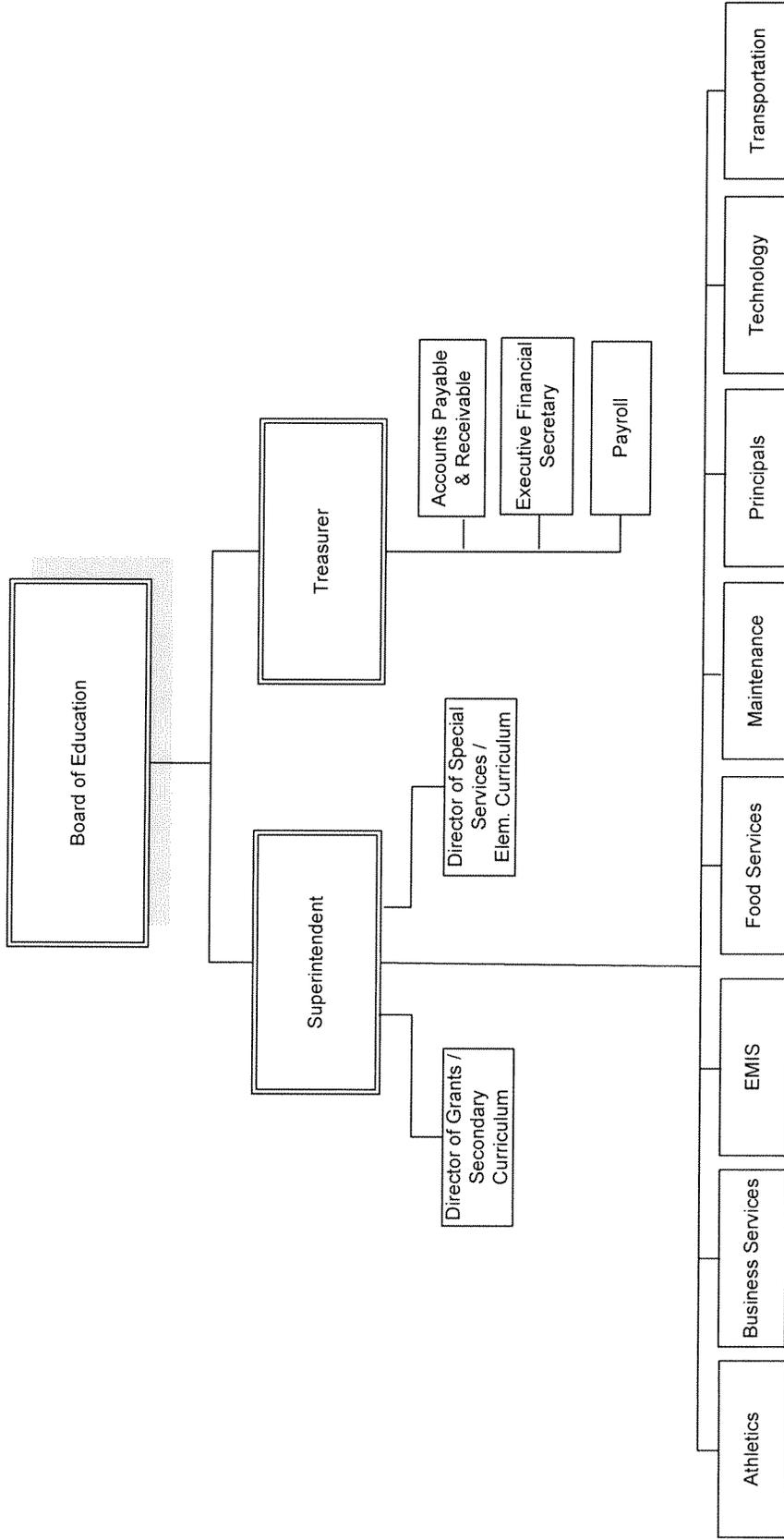


A handwritten signature in black ink, reading "Brian L. Mee".

Brian L. Mee, SFO, RSBA
President

A handwritten signature in black ink, reading "John D. Musso".

John D. Musso, CAE, RSBA
Executive Director



Financial Section

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 discretely presented component unit and remaining fund information of Chillicothe City School District, Ross County, (the School District) as of and for the year ended June 30, 2012, 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 previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Chillicothe City School District, Ross County, as of June 30, 2012, 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 21, 2012 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit

of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the financial statements as a whole.

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 and statistical tables are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



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

December 21, 2012

Chillicothe City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)

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, 2012. 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, 2012 by \$4,068,265.
- The School District's net assets of governmental activities decreased \$4,499,934.
- General revenues accounted for \$25,455,832 in revenue or 81.77 percent of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions accounted for \$5,676,155 or 18.23 percent of total revenues of \$31,131,987.
- The School District had \$35,631,921 in expenses related to governmental activities; only \$5,676,155 of these expenses was offset by program specific charges for services and sales, operating grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$25,455,832 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, 2012
(Unaudited)

In the statement of net assets and the statement of activities, the School District has only one kind of activity.

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

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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

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

Chillicothe City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)

THE SCHOOL DISTRICT AS A WHOLE

As stated previously, the statement of net assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2012 compared to 2011.

Table 1
Net Assets

	Governmental Activities	
	2012	2011*
Assets:		
Current and Other Assets	\$18,590,246	\$20,835,761
Capital Assets, Net	35,366,758	36,099,858
Total Assets	53,957,004	56,935,619
Liabilities:		
Current and Other Liabilities	14,650,305	12,669,899
Long-Term Liabilities	35,238,434	35,697,521
Total Liabilities	49,888,739	48,367,420
Net Assets:		
Invested in Capital Assets, Net of Related Debt	4,010,596	4,060,746
Restricted	3,079,357	4,140,781
Unrestricted (Deficit)	(3,021,688)	366,672
Total Net Assets	\$4,068,265	\$8,568,199

*As restated. See Note 20 to the basic financial statements.

The decrease of \$2,245,515 in current and other assets is primarily due to a decrease of in cash and cash equivalents and intergovernmental receivable, due primarily to a decrease in grant revenues available at year-end for draw.

The decrease of \$733,100 in capital assets, net is due to current year depreciation expense and deletions exceeding current year additions.

The increase of \$1,980,406 in current and other liabilities is primarily due to an increase in unearned revenue because of a decrease in the amount available as an advance for taxes receivable at year end as compared to the prior year.

The decrease of \$459,087 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 and a new capital lease.

Chillicothe City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)

Table 2 shows the changes in net assets for the fiscal years ended June 30, 2012 and June 30, 2011.

Table 2
Change in Net Assets

	Governmental Activities	
	2012	2011
Revenues		
Program Revenues:		
Charges for Services and Sales	\$2,068,417	\$2,270,214
Operating Grants and Contributions	3,607,738	5,176,487
Total Program Revenues	<u>5,676,155</u>	<u>7,446,701</u>
General Revenues		
Property Taxes	9,954,912	13,112,187
Grants and Entitlements not Restricted to Specific Programs	15,348,196	15,579,509
Gifts and Donations not Restricted to Specific Programs	4,830	5,087
Investment Earnings	19,183	44,018
Gain on Sale of Capital Assets	75	0
Insurance Recoveries	0	4,138
Miscellaneous	128,636	150,300
Total General Revenues	<u>25,455,832</u>	<u>28,895,239</u>
Total Revenues	<u>31,131,987</u>	<u>36,341,940</u>
Program Expenses		
Instruction		
Regular	17,671,031	17,812,357
Special	2,940,717	3,347,177
Vocational	1,625	7,226
Other	334,270	474,818
Support Services		
Pupils	1,860,383	2,062,975
Instructional Staff	1,283,085	1,553,883
Board of Education	75,602	60,106
Administration	2,786,107	2,555,177
Fiscal & Business	982,987	948,007
Operation and Maintenance of Plant	2,506,319	2,565,162
Pupil Transportation	1,014,863	1,021,264
Central	228,315	220,892
Operation of Non-Instructional Services	1,670,669	1,693,976
Extracurricular Activities	679,467	529,324
Interest & Fiscal Charges	1,596,481	1,581,818
Total Expenses	<u>35,631,921</u>	<u>36,434,162</u>
Change in Net Assets	(4,499,934)	(92,222)
Net Assets at Beginning of Year-Restated	8,568,199	8,660,421
Net Assets at End of Year	<u>\$4,068,265</u>	<u>\$8,568,199</u>

Charges for services and sales decreased due to a decrease in open enrollment funds. Operating grants and contributions decreased due primarily to a decrease in various federal program funding. Property taxes decreased due to a decrease in amounts available for advance as reported to the School District by the County Auditor.

Chillicothe City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)

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 funding. Instructional staff expenses decreased as a result of the reduction in Title I funding.

Governmental Activities

Property taxes comprised 31.98 percent of revenue for governmental activities of the Chillicothe City School District for fiscal year 2012 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 \$282,000 in 2012 compared to \$4.55 million in 2005 and \$1.1 million in 2011.

Grants and entitlements not restricted comprised 49.30 percent of revenue for governmental activities during 2012. Since 2000, grant and entitlement revenue has increased. This increase includes the state reimbursement for the loss of Tangible Personal Property Tax of \$3.4 million in 2012. This decrease in grants and entitlements is due to a reduction in the reimbursement provided to negate the loss of Tangible Personal Property Tax due to H.B. 66.

As indicated by governmental program expenses, instruction is emphasized. Total instruction comprised 58.79 percent of governmental program expenses with support services comprising 30.13 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 2012 as compared to 2011. 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

	2012		2011	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$20,947,643	\$18,194,944	\$21,641,578	\$17,814,249
Support Services	10,737,661	9,503,422	10,987,466	9,447,767
Operation of Non-Instructional Services	1,670,669	95,834	1,693,976	(112,167)
Extracurricular Activities	679,467	565,085	529,324	255,794
Interest and Fiscal Charges	1,596,481	1,596,481	1,581,818	1,581,818
Total Expenses	\$35,631,921	\$29,955,766	\$36,434,162	\$28,987,461

Chillicothe City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)

THE SCHOOL DISTRICT'S FUNDS

Information about the School District's major governmental funds begins on page 14. All of the School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$33,676,552 and expenditures of \$36,771,607. 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 \$2,803,770. The decrease in fund balance is primarily due to a decrease of property tax revenues.

The fund balance of the Debt Service Fund decreased in the amount of \$188,678. The decrease in fund balance is primarily due to a decrease of property tax revenues.

The fund balance of the Permanent Improvement Fund decreased in the amount of \$196,589. The decrease in fund balance is primarily due to a decrease of property tax revenues.

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 2012, there were revisions to the General Fund budget. The School District's actual revenues and other financing sources were \$85,786 above budgeted amounts, due mainly to higher than expected tuition and fees and customer sales and services. Actual expenditures were \$1,254,222 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 and extracurricular activities.

The School District's ending unobligated fund balance was \$1,716,902.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table 4 shows the fiscal year 2012 balances compared to 2011.

Table 4
 Capital Assets
 (Net of Accumulated Depreciation)

	Governmental Activities	
	2012	2011
Construction in Progress	\$0	\$199,964
Land and Improvements	896,483	767,237
Buildings and Improvements	32,064,983	32,976,279
Furniture and Equipment	1,951,075	1,690,661
Vehicles	454,217	465,717
Totals	\$35,366,758	\$36,099,858

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

The net decrease in capital assets from the prior year resulted from depreciation and deletions exceeding current year additions of land improvements, 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, 2012, the School District had \$32,872,497 in notes, bonds, and capital leases outstanding with \$782,254 due within one year. Table 5 summarizes the bonds, notes, and capital leases outstanding:

Table 5
 Outstanding Debt at Year End

Governmental Activities		
	2012	2011
1999 General Obligation Notes	\$215,000	\$420,000
2005 Construction Bond	4,085,074	4,687,010
2007 General Obligation Refunding Bonds	27,702,904	27,709,644
2009 General Obligation Bond	401,000	442,000
2012 Capital Lease	468,519	0
Totals	\$32,872,497	\$33,258,654

In 2012, the School District also issued a \$1,000,000 note for operating expenses which was paid off by year-end.

At June 30, 2012, the School District's overall legal debt margin was \$7,167,752 with an unvoted debt margin of \$397,323.

Detailed information regarding long term and other debt is included in the notes to the basic financial statements (Notes 13 through 15).

Current Financial Related Activities

The State economy is emerging from a record-making recession; the effects of the recession on the national, State and our local economy created a state deficit which required the State of Ohio to make nearly \$8 Billion in reductions in the fiscal year 2012-2013 State biennium budget which translated into funding reductions for nearly every school district in Ohio.

HB153, the State biennium budget, began with sharp reductions to tangible personal property tax (TPP) State reimbursements. In addition to these reduction in HB153, the federal State Fiscal Stabilization Funds (SFSF) which Ohio used to help balance its General Revenue Fund for education was eliminated as of June 30, 2011 and State funds were not adequate to make up for the loss. So while actual State General Revenue Foundation funding to the School District increased actual revenue overall fell to the School District considering the loss of SFSF and EdJobs money and the phase out of TPP reimbursement.

These State and federal reductions have an immediate impact on fiscal years 2012 and 2013 funding; however, funding estimates beyond fiscal year 2013 are also heavily impacted. The TPP Fixed Rate funding was anticipated to be received through fiscal year 2018. HB153 cut heavily reliant districts TPP for fiscal years 2012 and 2013, but is supposed to continue at the fiscal year 2013 level through fiscal year 2026. If continued beyond fiscal year 2013 by future state budgets this will result in additional revenue to the School District as these payments were originally

Chillicothe City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)

due to be phased out in fiscal year 2018. The TPP Utility deregulation reimbursement per SB3 was anticipated through fiscal year 2016. This was eliminated 5 years early by HB153. The loss of these funds will be an additional (\$220,776) through fiscal year 2016.

The recession has adversely affected the real estate market for both residential and commercial property. Real estate values fell by 2.64% in 2010 for collection in 2011. Risk of radical reduction in local taxes is mitigated by the effect of HB920 and reduction factors. All fixed rate levies for the School District have room to increase in response to continued drops in real estate values except the 2005 6 mill levy on commercial property value, as that levy is now at 6 mills effective and cannot increase further if values fall.

On November 3, 2009 Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four (4) casinos one each in Cleveland, Toledo, Columbus and Cincinnati. The casinos in Cleveland and Toledo opened in spring 2012 generated \$6,718,000 in revenue for the School District Fund as of June 30, 2012. The Columbus and Cincinnati casinos are slated to open in fall of 2012 and spring 2013 respectively. Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the total tax that will be paid into a student fund at the state level. These funds will be distributed to school districts in January and August each year beginning January 2013. No official ODT guidance has been given as to the exact amount of these payments.

On April 23, 2012 the Board of Education approved expense reductions estimated to save the School District \$1,960,572, beginning in fiscal year 2013 (starts July 1, 2012). While these are significant cuts it is clear additional cuts or revenue increases, or a combination of both will be needed to continue to operate the School District with a balanced budget. The district will be placing a levy on the ballot in May 2013.

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.

Basic Financial Statements

Chillicothe City School District
Statement of Net Assets
As of June 30, 2012

	Governmental Activities	Component Unit Chillicothe Education Foundation
Assets:		
Equity in Pooled Cash and Investments	\$5,092,524	\$0
Cash and Investments	0	11,390
Accrued Interest Receivable	1,965	0
Accounts Receivable	28,879	0
Intergovernmental Receivable	506,777	0
Taxes Receivable	12,639,258	0
Restricted Assets:		
Equity in Pooled Cash and Investments	492	0
Cash and Investments	0	565,753
Unamortized Bond Issuance Costs	320,351	0
Non-Depreciable Capital Assets	545,010	0
Depreciable Capital Assets, net	34,821,748	0
<i>Total Assets</i>	53,957,004	577,143
Liabilities:		
Accounts Payable	156,488	0
Scholarships Payable	0	51,750
Accrued Wages and Benefits	2,327,889	0
Intergovernmental Payable	613,910	0
Accrued Interest Payable	103,321	0
Matured Compensated Absences Payable	204,694	0
Unearned Revenue	11,162,275	0
Early Retirement Incentive Payable	81,728	0
Long-Term Liabilities:		
Due Within One Year	930,715	0
Due in More Than One Year	34,307,719	0
<i>Total Liabilities</i>	49,888,739	51,750
Net Assets:		
Invested in Capital Assets, Net of Related Debt	4,010,596	0
Restricted for Debt Service	792,570	0
Restricted for Capital Projects	1,595,685	0
Restricted for Other Purposes	34,892	0
Restricted for Food Service	95,415	0
Restricted for Extracurricular Activities	26,857	0
Restricted for Auxiliary Services	24,362	0
Restricted for Permanent Fund:		
Non-Expendable	450,000	0
Expendable	59,576	0
Restricted for Scholarships:		
Non-Expendable	0	500,000
Expendable	0	14,003
Unrestricted (Deficit)	(3,021,688)	11,390
<i>Total Net Assets</i>	\$4,068,265	\$525,393

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, 2012

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	Component Unit Chillicothe Education Foundation
		Charges for Services and Sales	Operating Grants and Contributions		
Governmental Activities					
Instruction:					
Regular	\$17,671,031	\$847,415	\$383,021	(\$16,440,595)	\$0
Special	2,940,717	71,127	1,433,910	(1,435,680)	0
Vocational	1,625	83	0	(1,542)	0
Other	334,270	17,143	0	(317,127)	0
Support Services:					
Pupils	1,860,383	70,294	444,904	(1,345,185)	0
Instructional Staff	1,283,085	142,570	116,318	(1,024,197)	0
Board of Education	75,602	3,877	0	(71,725)	0
Administration	2,786,107	165,450	51,879	(2,568,778)	0
Fiscal	888,888	40,640	31,796	(816,452)	0
Business	94,099	4,767	0	(89,332)	0
Operation and Maintenance of Plant	2,506,319	110,138	0	(2,396,181)	0
Pupil Transportation	1,014,863	41,544	1,565	(971,754)	0
Central	228,315	8,497	0	(219,818)	0
Operation of Non-Instructional Services	1,670,669	433,846	1,140,989	(95,834)	0
Extracurricular Activities	679,467	111,026	3,356	(565,085)	0
Interest and Fiscal Charges	1,596,481	0	0	(1,596,481)	0
<i>Total Governmental Activities</i>	<u>\$35,631,921</u>	<u>\$2,068,417</u>	<u>\$3,607,738</u>	(29,955,766)	0
Component Unit					
Chillicothe Education Foundation	<u>\$87,799</u>	<u>\$310</u>	<u>\$55,300</u>		(32,189)
General Revenues:					
Property Taxes Levied for:					
General Purposes				7,882,956	0
Debt Service				1,443,412	0
Capital Projects				628,544	0
Grants and Entitlements not					
Restricted for Specific Programs				15,348,196	0
Gifts and Donations not Restricted to					
Specific Programs				4,830	0
Investment Earnings				19,183	23,239
Gain on Sale of Capital Assets				75	0
Miscellaneous				128,636	3,098
<i>Total General Revenues</i>				<u>25,455,832</u>	<u>26,337</u>
Change in Net Assets				(4,499,934)	(5,852)
<i>Net Assets Beginning of Year - Restated</i>				<u>8,568,199</u>	<u>531,245</u>
<i>Net Assets End of Year</i>				<u>\$4,068,265</u>	<u>\$525,393</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, 2012

	General Fund	Debt Service Fund	Permanent Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$1,932,672	\$583,659	\$1,561,599	\$1,014,594	\$5,092,524
Accrued Interest Receivable	1,965	0	0	0	1,965
Accounts Receivable	10,228	0	0	18,651	28,879
Interfund Receivable	22,071	0	0	0	22,071
Intergovernmental Receivable	50,614	0	0	456,163	506,777
Taxes Receivable	10,075,120	1,771,791	792,347	0	12,639,258
Restricted Assets:					
Equity in Pooled Cash and Investments	492	0	0	0	492
Total Assets	<u>\$12,093,162</u>	<u>\$2,355,450</u>	<u>\$2,353,946</u>	<u>\$1,489,408</u>	<u>\$18,291,966</u>
Liabilities:					
Accounts Payable	\$73,810	\$0	\$10,831	\$71,847	\$156,488
Accrued Wages and Benefits	1,945,185	0	7,639	375,065	2,327,889
Interfund Payable	0	0	0	22,071	22,071
Intergovernmental Payable	498,103	0	10,802	105,005	613,910
Matured Compensated Absences Payable	193,850	0	10,105	739	204,694
Deferred Revenue	9,235,751	1,614,113	716,441	55,747	11,622,052
Early Retirement Incentive Payable	81,728	0	0	0	81,728
Total Liabilities	12,028,427	1,614,113	755,818	630,474	15,028,832
Fund Balances:					
Nonspendable					
Library Purposes	0	0	0	450,000	450,000
Restricted for:					
Capital Projects	0	0	1,598,128	0	1,598,128
Food Service	0	0	0	150,885	150,885
Other Purposes	0	0	0	16,315	16,315
Nonpublic Schools	0	0	0	24,974	24,974
School Improvement	0	0	0	17,667	17,667
Special Education	0	0	0	2,599	2,599
Instruction	0	0	0	46,445	46,445
Bus Purchases	492	0	0	0	492
Debt Service	0	741,337	0	0	741,337
Library Purposes	0	0	0	59,576	59,576
Extracurricular Activities	0	0	0	26,857	26,857
Committed to:					
Student and Staff Support	0	0	0	70,934	70,934
Other Purposes	49,531	0	0	0	49,531
Personal Property Tax Refunds	114,865	0	0	0	114,865
Assigned to:					
Student and Staff Support	31,144	0	0	0	31,144
Other Purposes	78,768	0	0	0	78,768
Unassigned	(210,065)	0	0	(7,318)	(217,383)
Total Fund Balances	<u>64,735</u>	<u>741,337</u>	<u>1,598,128</u>	<u>858,934</u>	<u>3,263,134</u>
Total Liabilities and Fund Balances	<u>\$12,093,162</u>	<u>\$2,355,450</u>	<u>\$2,353,946</u>	<u>\$1,489,408</u>	<u>\$18,291,966</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, 2012*

Total Governmental Fund Balances	\$3,263,134
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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	35,366,758
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Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Taxes	363,546	
Intergovernmental	96,231	
Total		459,777

Unamortized issuance costs represent deferred charges which do not provide current financial resources and therefore are not reported in the funds.	320,351
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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	(103,321)	
Compensated Absences	(2,365,937)	
Capital Lease	(468,519)	
Refunding Bonds	(26,215,000)	
General Obligation Bonds	(2,246,000)	
Capital Appreciation Bonds	(2,631,336)	
Unamortized Deferred Amount on Refunding	176,824	
Premium on Bonds	(1,273,466)	
General Obligation Notes	(215,000)	
Total		(35,341,755)

Net Assets of Governmental Activities	\$4,068,265
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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, 2012

	General Fund	Debt Service Fund	Permanent Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property and Other Local Taxes	\$8,130,052	\$1,478,409	\$645,902	\$0	\$10,254,363
Intergovernmental	14,593,355	487,827	286,729	4,308,823	19,676,734
Interest	16,702	0	0	2,481	19,183
Tuition and Fees	1,278,006	0	0	139,718	1,417,724
Rent	8,629	0	0	0	8,629
Extracurricular Activities	80,319	0	0	91,473	171,792
Gifts and Donations	4,830	0	0	9,231	14,061
Customer Sales and Services	54,761	0	0	415,511	470,272
Miscellaneous	75,512	0	7,759	45,365	128,636
<i>Total Revenues</i>	<u>24,242,166</u>	<u>1,966,236</u>	<u>940,390</u>	<u>5,012,602</u>	<u>32,161,394</u>
Expenditures:					
Current:					
Instruction:					
Regular	15,284,670	0	258,000	880,955	16,423,625
Special	1,412,044	0	0	1,533,850	2,945,894
Vocational	1,625	0	0	0	1,625
Other	349,797	0	0	0	349,797
Support Services:					
Pupils	1,384,502	0	264	487,478	1,872,244
Instructional Staff	979,575	0	58,220	259,873	1,297,668
Board of Education	75,602	0	0	0	75,602
Administration	2,670,996	0	2,713	91,283	2,764,992
Fiscal	826,248	44,396	22,514	29,550	922,708
Business	89,004	0	0	0	89,004
Operation and Maintenance of Plant	2,154,828	0	346,044	0	2,500,872
Pupil Transportation	800,359	0	99,942	1,915	902,216
Central	163,247	0	56,135	0	219,382
Operation of Non-Instructional Services	11,715	0	0	1,518,038	1,529,753
Extracurricular Activities	555,905	0	0	109,514	665,419
Capital Outlay	515,083	0	293,147	6,239	814,469
Debt Service:					
Principal	1,251,564	921,000	0	0	2,172,564
Interest and Fiscal Charges	34,255	1,189,518	0	0	1,223,773
<i>Total Expenditures</i>	<u>28,561,019</u>	<u>2,154,914</u>	<u>1,136,979</u>	<u>4,918,695</u>	<u>36,771,607</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(4,318,853)	(188,678)	(196,589)	93,907	(4,610,213)
Other Financing Sources:					
Inception of Capital Lease	515,083	0	0	0	515,083
Tax Anticipation Notes Issued	1,000,000	0	0	0	1,000,000
Proceeds from Sale of Capital Assets	0	0	0	75	75
<i>Total Other Financing Sources</i>	<u>1,515,083</u>	<u>0</u>	<u>0</u>	<u>75</u>	<u>1,515,158</u>
<i>Net Change in Fund Balances</i>	(2,803,770)	(188,678)	(196,589)	93,982	(3,095,055)
<i>Fund Balances at Beginning of Year - Restated</i>	<u>2,868,505</u>	<u>930,015</u>	<u>1,794,717</u>	<u>764,952</u>	<u>6,358,189</u>
<i>Fund Balances at End of Year</i>	<u>\$64,735</u>	<u>\$741,337</u>	<u>\$1,598,128</u>	<u>\$858,934</u>	<u>\$3,263,134</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, 2012*

Net Change in Fund Balances - Total Governmental Funds (\$3,095,055)

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	814,469	
Current Year Depreciation	(1,547,569)	
Total		(733,100)

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

Taxes	(299,451)	
Intergovernmental	(730,031)	
Total		(1,029,482)

Repayment of bond and note principal and lease obligations 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. 2,172,564

The inception of capital lease in governmental funds increase long-term liabilities on the statement of net assets but are not reported as revenues on the statement of activities. (515,083)

The issuance of short-term notes provide current financial resources to governmental funds, but has no effect on net assets. (1,000,000)

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	(176,824)	
Annual Accretion of Capital Appreciation Bonds	(296,794)	
Total		(271,324)

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 (96,933)

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.

Decrease in Compensated Absences	72,930	
Increase in Interest Payable	(4,451)	
Total		68,479

Net Change in Net Assets of Governmental Activities (\$4,499,934)

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

Chillicothe City School District
Statement of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
Revenues:				
Property and Other Local Taxes	\$9,242,325	\$9,627,519	\$9,627,519	\$0
Intergovernmental	13,422,397	14,583,392	14,586,737	3,345
Interest	60,500	60,500	35,008	(25,492)
Tuition and Fees	1,194,318	1,194,318	1,268,460	74,142
Rent	10,000	10,000	8,629	(1,371)
Extracurricular Activities	28,350	28,350	35,020	6,670
Gifts and Donations	6,000	6,000	650	(5,350)
Customer Sales and Services	21,557	21,557	54,761	33,204
Miscellaneous	33,283	33,283	33,921	638
<i>Total Revenues</i>	24,018,730	25,564,919	25,650,705	85,786
Expenditures:				
Current:				
Instruction:				
Regular	14,463,157	15,745,572	15,306,511	439,061
Special	1,843,938	1,718,537	1,456,894	261,643
Vocational	7,083	7,083	1,692	5,391
Other	472,483	472,483	369,234	103,249
Support Services:				
Pupils	1,429,649	1,433,252	1,389,037	44,215
Instructional Staff	1,631,622	1,611,393	982,486	628,907
Board of Education	78,138	79,088	81,893	(2,805)
Administration	2,406,552	2,414,166	2,614,000	(199,834)
Fiscal	743,988	743,988	843,973	(99,985)
Business	105,708	102,708	90,425	12,283
Operation and Maintenance of Plant	2,340,372	2,340,759	2,208,721	132,038
Pupil Transportation	823,019	823,019	799,353	23,666
Central	199,220	195,720	164,093	31,627
Operation of Non-Instructional Services	7,647	7,647	10,781	(3,134)
Extracurricular Activities	426,555	427,598	549,698	(122,100)
Debt Service:				
Principal	1,205,000	1,205,000	1,205,000	0
Interest	23,333	23,333	23,333	0
<i>Total Expenditures</i>	28,207,464	29,351,346	28,097,124	1,254,222
<i>Excess of Revenues Under Expenditures</i>	(4,188,734)	(3,786,427)	(2,446,419)	1,340,008
Other Financing Sources and Uses:				
Transfers In	0	0	1,658	1,658
Advances In	59,651	59,651	59,651	0
Tax Anticipation Notes Issued	1,000,000	1,000,000	1,000,000	0
Insurance Recoveries	5,000	5,000	0	(5,000)
Advances Out	0	0	(22,071)	(22,071)
<i>Total Other Financing Sources and Uses</i>	1,064,651	1,064,651	1,039,238	(25,413)
<i>Net Change in Fund Balance</i>	(3,124,083)	(2,721,776)	(1,407,181)	1,314,595
<i>Fund Balance at Beginning of Year</i>	2,954,892	2,954,892	2,954,892	0
<i>Prior Year Encumbrances Appropriated</i>	169,191	169,191	169,191	0
<i>Fund Balance at End of Year</i>	\$0	\$402,307	\$1,716,902	\$1,314,595

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, 2012

	<u>Agency</u>
Assets:	
Current Assets:	
Equity in Pooled Cash and Investments	<u>\$100,152</u>
<i>Total Assets</i>	<u><u>\$100,152</u></u>
Liabilities:	
Current Liabilities:	
Due to Students	\$89,079
Undistributed Monies	<u>11,073</u>
<i>Total Liabilities</i>	<u><u>\$100,152</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, 2012

NOTE 1-DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Description of the School District

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 122 non-certified employees, 189 certificated full-time teaching personnel and 17 administrative employees who provide services to 2,918 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. Based on the foregoing, the School District’s reporting entity includes one component unit, the Chillicothe Education Foundation.

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, 2012

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

The School District is associated with two organizations, which are defined as jointly governed organizations. These organizations are the South Central Ohio Computer Association and Pickaway-Ross Career and Technology Center. These organizations are presented in Note 17 to the basic financial statements.

Discretely Presented Component Unit

The component unit column in the government-wide financial statements includes the financial data of the School District's component unit. It is reported in a separate column to emphasize that it is legally separate from the District. The Chillicothe Education Foundation is a legally separate, non-profit community organization whose purpose is exclusively educational and charitable and whose charge is to secure and distribute contributions from individuals, corporations and foundations for the benefit of the students in the Chillicothe City School District. Financial information can be obtained from Matthew Schmidt, Chairman, 213 South Paint Street, Chillicothe, Ohio 45601.

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.

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

Fiduciary Funds

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

B. Basis of Presentation and Measurement Focus

Basis of Presentation

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

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

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions

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

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

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

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred/Unearned Revenue

Deferred/unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred/unearned revenue.

Expenses/Expenditures

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

C. Budgets

Budgetary Process

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

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents

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

During fiscal year 2012, 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 2012. 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, 2012.

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 2012 amounted to \$16,702. Nonmajor Governmental Funds earned interest revenue of \$2,481.

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.

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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. The School District did not transfer funds in fiscal year 2012.

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 18 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, 2012

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 \$3,079,357 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 nonmajor 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, 2012

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

At June 30, 2012, the Public School Preschool and Miscellaneous State Grant Nonmajor Special Revenue Funds had deficit fund balances of \$3,851 and \$3,467, respectively, which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 4-BUDGETARY BASIS OF ACCOUNTING

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 4-BUDGETARY BASIS OF ACCOUNTING (Continued)

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	(\$2,803,770)
Revenue and Other	
Financing Sources Accruals	1,052,056
Expenditures and Other	
Financing Uses Accruals	527,056
Encumbrances	(183,267)
(Excess) Deficit of Funds Combined with General Fund for Reporting Purposes	744
Budget Basis	(\$1,407,181)

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.

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;

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 5-DEPOSITS AND INVESTMENTS (Continued)

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

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

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

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 5-DEPOSITS AND INVESTMENTS (Continued)

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105 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, 2012, the School District's bank balance of \$5,247,243 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, 2012, the School District had the following investments and maturities.

Investment Type	Fair Value	Less than 1 Year	1-2 Years	3-5 Years
STAROhio	\$321,124	\$321,124	\$0	\$0
FNMA	100,346	0	0	100,346
Total	<u>\$421,470</u>	<u>\$321,124</u>	<u>\$0</u>	<u>\$100,346</u>

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

Credit Risk. The School District's investments in FMNA were rated AA+ 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, 2012:

Investment Type	Fair Value	% of Total
STAR Ohio	\$321,124	76.19%
FNMA	100,346	23.81%
Total	<u>\$421,470</u>	<u>100.00%</u>

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 5-DEPOSITS AND INVESTMENTS (Continued)

Component Unit

At fiscal year end, the carrying amount of the Chillicothe Education Foundation's (component unit) deposits was \$48,585 and the bank balance was \$48,735. Federal depository insurance covered all of the bank balance.

The Chillicothe Education Foundation has no formal policy which addresses the investment risks identified above. All of the Chillicothe Education Foundation's investments were unrated.

The Chillicothe Education Foundation's investments at June 30, 2012 were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Percentage of Portfolio</u>
Stocks	\$86,741	<1 year	16.41%
Exchange Traded & Closed End Funds	37,950	<1 year	7.18%
Mutual Funds	403,867	<1 year	76.41%
Total	<u>\$528,558</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 2012 represents collections of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, 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 2012 represents collections of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien on December 31, 2010, were levied after April 1, 2011, and are collected in 2012 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, 2012

NOTE 6-PROPERTY TAXES (Continued)

Tangible personal property tax revenue received during calendar year 2012 (other than public utility property tax) represents the collection of 2012 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 2012 were levied after April 1, 2011, on the value as of December 31, 2011. 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 2012 taxes were collected are:

	2011 Second-Half Collections		2012 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$383,358,430	94.54%	\$374,695,980	94.31%
Public Utility	20,758,830	5.12%	22,627,270	5.69%
Tangible Personal Property	1,397,550	0.34%	0	0.00%
Total Assessed Value	\$405,514,810	100.00%	\$397,323,250	100.00%

Tax Rate per \$1,000 of Assessed Valuation	\$51.00	\$51.00
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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, 2012, are available to finance fiscal year 2012 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, 2012. 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, 2012, was \$879,853 in the General Fund, \$157,678 in the Debt Service Fund and \$75,906 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, 2012, 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, 2012

NOTE 7-RECEIVABLES (Continued)

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

<i>Major Fund:</i>	
General	\$50,614
<i>Nonmajor Special Revenue Funds:</i>	
Lunchroom	11,411
Public School Preschool	31,096
Title VI-B	156,533
Title II-D	5,206
School Improvement Grant	2,123
Title I	209,727
Improving Teacher Quality	35,125
Miscellaneous Federal Grants	4,942
<i>Total Nonmajor Funds</i>	456,163
<i>Total All Funds</i>	\$506,777

NOTE 8-CAPITAL ASSETS

Capital assets activity of the fiscal year ended June 30, 2012, was as follows:

	Ending Balance 6/30/11	Additions	Deletions	Ending Balance 6/30/12
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$545,010	\$0	\$0	\$545,010
Construction in Progress	199,964	0	(199,964)	0
Total Capital Assets, Not Being Depreciated	744,974	0	(199,964)	545,010
Capital Assets Being Depreciated				
Land Improvements	961,131	157,807	(15,927)	1,103,011
Buildings and Improvements	49,411,009	231,856	0	49,642,865
Furniture and Equipment	3,327,938	515,083	(33,585)	3,809,436
Vehicles	1,678,616	109,687	(10,740)	1,777,563
Total Capital Assets, Being Depreciated	55,378,694	1,014,433	(60,252)	56,332,875
Less Accumulated Depreciation				
Land Improvements	(738,904)	(28,561)	15,927	(751,538)
Buildings and Improvements	(16,434,730)	(1,143,152)	0	(17,577,882)
Furniture and Equipment	(1,637,277)	(254,669)	33,585	(1,858,361)
Vehicles	(1,212,899)	(121,187)	10,740	(1,323,346)
Total Accumulated Depreciation	(20,023,810)	(1,547,569)	60,252	(21,511,127)
Total Capital Assets Being Depreciated, Net	35,354,884	(533,136)	0	34,821,748
Governmental Activities Capital Assets, Net	\$36,099,858	(\$533,136)	(\$199,964)	\$35,366,758

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 8-CAPITAL ASSETS (Continued)

Depreciation expense was charged to the governmental functions as follows:

Instruction:	
Regular	\$1,265,417
Special	3,506
Support Services:	
Administration	860
Business	1,148
Operation and Maintenance of Plant	25,060
Pupil Transportation	106,154
Central	8,933
Operation of Non-Instrumental Services	133,199
Extracurricular Activities	3,292
Total Depreciation Expense	<u>\$1,547,569</u>

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 2012, 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
<i>Employee Benefit Liability (\$2,500 Deductible):</i>	
Annual Policy Aggregate Limit	4,000,000
Each Wrongful Account Limit	2,000,000
<i>Auto Liability:</i>	
Per Accident Liability	2,000,000
<i>Stop Gap:</i>	
Each Accident	2,000,000
Disease Each Employee	2,000,000
Disease Policy Limit	2,000,000
<i>Property Insurance:</i>	
Building/Contents (\$2,500 Deductible)	
Including EDP, Inland Marine – Musical Instr.	72,559,899

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 9-RISK MANAGEMENT

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

<i>Fleet Insurance:</i>	
Combined Single Limit-Each Accident	\$2,000,000
Medical Payments – Per Person (Including Extended Medical)	5,000
Uninsured and Underinsured Motorist	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, dental insurance through a private carrier, CoreSource, accidental death and dismemberment insurance through AIG Life, and life insurance through Cairnstone.

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 be obtained on SERS' website at 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, 2012, the allocation to pension and death benefits is 12.70 percent. The remaining 1.30 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, 2012, 2011, and 2010 were \$592,836, \$522,994, and \$597,364, respectively, which equaled the required contributions each year.

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 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, 2012

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 DB Plan participants.

The DB 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 DB 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 DB 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, 2012, 2011, and 2010, 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, 2012, 2011, and 2010 were \$1,666,842, \$1,744,207, and \$1,850,881, respectively; 84 percent has been contributed for fiscal year 2012 and 100 percent has been contributed for fiscal years 2011 and 2010. \$290,227 represents the unpaid contribution for fiscal year 2012 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, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2012, 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

A. School Employees Retirement System

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 2012 was \$99.90 for most participants, but could be as high as \$319.70 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 2012, 2011, and 2010, the actuarially required allocations were 0.75 percent, 0.76 percent, and 0.76 percent. For the School District, contributions for the years ended June 30, 2012, 2011, and 2010, were \$35,010, \$31,101, and \$28,211, 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.

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, 2012, 2011, and 2010, the health care allocations were 0.55 percent, 1.43 percent, and 0.46 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. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, 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, 2012, 2011, and 2010 were \$78,835, \$120,917, and \$74,956, respectively.

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

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 11-POSTEMPLOYMENT BENEFITS (Continued)

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

B. State Teachers Retirement System

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.

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 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, 2012, 2011 and 2010. The 14 percent employer contribution rate is the maximum rate established under Ohio law. For the School District, these amounts equaled \$128,219, \$134,170, and \$131,537 for fiscal years 2012, 2011, and 2010, respectively, which equaled the required allocations for those years.

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. Insurance

The School District provides medical insurance through a private carrier, United Health Care, dental insurance through a private carrier, CoreSource, accidental death and dismemberment insurance through AIG Life, and life insurance through Cairnstone.

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 12-EMPLOYEE BENEFITS (Continued)

C. Deferred Compensation

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

D. Retirement Incentive

The School District has a retirement incentive program. Participation is open to certified employees and administrators who have at least ten years of consecutive service with the School District and have at least thirty years (certified employees) or twenty years (administrators) 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 certified 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%

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

<u>Years of Service</u>	<u>Percent of Final Salary</u>
20 Years	35%
25 Years	25%
30 Years	20%

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 2012, 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, 2012

NOTE 13-LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2012 were as follows:

	Outstanding 6/30/11	Additions	Deductions	Outstanding 6/30/12	Amounts Due within One Year
Governmental Activities:					
General Obligation Notes:					
1999 Energy Conservation Improvement Notes 5%	\$420,000	\$0	\$205,000	\$215,000	\$215,000
General Obligation Bonds:					
2005 Construction General Obligation Obligation Bonds – Serial and Term 2 – 5.25%	2,595,000	0	750,000	1,845,000	0
Premium	7,647	0	5,322	2,325	0
2005 Construction Capital Appreciation Bonds 12.274-12.306%	795,000	0	0	795,000	285,000
Accretion of Capital Appreciation Bonds	1,019,266	230,556	0	1,249,822	0
Premium	270,097	0	77,170	192,927	0
2007 Refunding Obligation Bonds – Serial and Term 3.5-4.5%	26,345,000	0	130,000	26,215,000	145,000
Premium	1,198,016	0	119,802	1,078,214	0
Accounting Loss	(353,648)	0	(176,824)	(176,824)	0
2007 Construction Capital Appreciation Bonds 17.7712-17.8754%	320,000	0	0	320,000	0
Accretion of Capital Appreciation Bonds	200,276	66,238	0	266,514	0
2009 School Energy Conservation Improvement Term Bonds 0%	442,000	0	41,000	401,000	41,000
Total General Obligation Bonds	32,838,654	296,794	946,470	32,188,978	471,000
Capital Leases	0	515,083	46,564	468,519	96,254
Compensated Absences	2,438,867	2,311,046	2,383,976	2,365,937	148,461
Total Governmental Activities Long-Term Obligations	\$35,697,521	\$3,122,923	\$3,582,010	\$35,238,434	\$930,715

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, 2012

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 2013 through 2015. The maturity of the capital appreciation bonds is \$2,450,000. For 2012, \$230,556 was accreted for a total bond value of \$2,044,822, which includes accretion of \$1,249,822. The bonds will be paid from the Debt Service Fund from tax revenue.

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 to 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 2012, \$66,238 was accreted for a total bond value of \$586,514, which includes accretion of \$266,514. The capital appreciation bonds will mature in fiscal years 2023 through 2025. 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. Capital leases will be repaid from the General Fund.

The School District’s overall legal debt margin was \$7,167,752 and the unvoted debt margin was \$397,323 at June 30, 2012.

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 13-LONG-TERM OBLIGATIONS (Continued)

Principal and interest requirements to retire general obligation debt at June 30, 2012 are as follows:

Governmental Activities						
Fiscal Year Ending	2005 General Obligation Bonds		General Obligation Notes		2007 General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
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	945,000	23,625	0	0	215,000	1,053,780
2018-2022	0	0	0	0	7,860,000	4,495,933
2023-2028	0	0	0	0	5,915,000	4,052,138
2029-2033	0	0	0	0	11,540,000	1,343,700
Totals	\$1,845,000	\$354,375	\$215,000	\$10,750	\$26,215,000	\$15,236,371

General Obligation Bonds					
Fiscal Year Ending	2005 Capital Appreciation		2007 Capital Appreciation		2009 General Obligation Bond
	Principal	Interest	Principal	Interest	Principal
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	0	0	0	0	40,000
2018-2022	0	0	0	0	200,000
2023-2025	0	0	320,000	5,395,000	0
Totals	\$795,000	\$1,655,000	\$320,000	\$5,395,000	\$401,000

NOTE 14-SHORT-TERM NOTES

In January 2012, the School District issued \$1,000,000 in current tax revenue notes at an interest rate of 2%. This note matured on June 29, 2012 and was for the purpose of providing funds to pay current expenses in anticipation of tax revenues. The note was credited to and repaid from the General Fund.

NOTE 15-CAPITAL LEASE

In 2012, the School District entered into a capitalized lease for copier equipment. This lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. However, these expenditures are reported as current expenditures on the budgetary statement.

Capital assets acquired by lease were initially capitalized in the statement of net assets for governmental activities in the amount of \$515,083 which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded on the statement of net assets for governmental activities. Principal payments in fiscal year 2012 totaled \$46,564 and were paid from the General Fund.

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 15-CAPITAL LEASE (Continued)

Principal and interest requirements to retire the capital leases at June 30, 2012 are as follows:

Year Ending June 30	Capital Leases
2013	\$114,972
2014	114,972
2015	114,972
2016	114,972
2017	57,486
Total Debt Payments	517,374
Less: Interest	(48,855)
Total Principal	<u>\$468,519</u>

NOTE 16-INTERFUND ACTIVITY

As of June 30, 2012, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Interfund Receivable	Interfund Payables
General Fund	\$22,071	\$0
<i>Nonmajor Funds:</i>		
Public School Preschool	0	2,690
Title VI-B	0	17,039
Improving Teacher Quality	0	2,342
<i>Total Nonmajor Funds</i>	<u>0</u>	<u>22,071</u>
Total All Funds	<u>\$22,071</u>	<u>\$22,071</u>

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

NOTE 17-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 \$251,495 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 Vanhorn, who serves as Treasurer, at 895 Crouse Chapel Road, Chillicothe, Ohio 45601.

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 18-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 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 capital acquisition. Disclosure of this information is required by State statute.

	Capital Acquisition	Bus Purchase
Set Aside Balance as of June 30, 2011	\$0	\$492
Current Year Set Aside Requirement	502,080	0
Current Year Qualifying Expenditures	(683,021)	0
Total	(\$180,941)	\$492
Balance Carried Forward to Fiscal Year 2013	\$0	\$492
Set-Aside Balance June 30, 2012	\$0	\$492

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, 2012.

NOTE 19-CONTINGENCIES

A. Grants

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

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. This also encompasses the Auditor of State’s ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2012, if applicable, cannot be determined at this time.

B. Litigation

The School District is not currently party to legal proceedings.

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 20-RESTATEMENT OF BEGINNING BALANCES

During fiscal year 2012, the School District identified that it would not receive additional funding from a grant program for which accrued wages and benefits were expensed in 2011. As such, the beginning fund balance required a restatement to move those expenses to the General Fund. In addition, an error was identified in beginning deferred revenue balances within the government-wide financial statements. A restatement was also required to correct that beginning balance.

	Governmental Activities	General Fund	Nonmajor Governmental Funds
Fund Balance, June 30, 2011	\$8,606,943	\$2,964,953	\$668,504
Restatements	(38,744)	(96,448)	96,448
Fund Balance, Restated, June 30, 2011	\$8,568,199	\$2,868,505	\$764,952

NOTE 21-ENCUMBRANCES

At June 30, 2012, the School District had encumbrance commitments in governmental funds as follows:

<i>Major Funds</i>	
General	\$183,267
Permanent Improvement	25,931
<i>Nonmajor Funds</i>	
Food Service	2,982
Public School Support	7,184
District Managed Activities	5,849
Auxiliary Services	11,105
Public School Preschool	477
Miscellaneous State Grants	4,775
Title VI-B	12,301
School Improvement Grant	19,161
Title I	93,392
Improving Teacher Quality	1,546
Miscellaneous Federal Grants	10,089
Total Nonmajor Funds	168,861
Total Encumbrances	\$378,059

NOTE 22-SUBSEQUENT EVENT

Effective July 1, 2012, the School District is a participant in the South Central Ohio Computer Association Council of Governments (SCOCACoG) which is a computer consortium formerly known as South Central Ohio Computer Association. SCOCACoG is a council of governments providing computer services to its members of public school districts within the boundaries of Highland, Adams, Pickaway, Gallia, Pike, Scioto, Brown, Ross, Jackson, Vinton, and Lawrence Counties. SCOCACoG 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.

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Combining and Individual Fund Financial Statements and Schedules

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Chillicothe City School District
Fund Descriptions

Special Revenue Funds

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

Nonmajor Special Revenue Funds

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.

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.

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.

Chillicothe City School District
Fund Descriptions

Nonmajor Special Revenue Funds (Continued)

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. The only activity of this fund in fiscal year 2012 was the expenditure of cash balances, which were reported as expenditures on the GAAP basis in the prior year. Therefore, only a budgetary schedule is presented for this fund.

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.

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.

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 are 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.

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Chillicothe City School District
Combining Balance Sheet
Nonmajor Governmental Funds
As of June 30, 2012

	Nonmajor Special Revenue Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$505,018	\$509,576	\$1,014,594
Accounts Receivable	18,651	0	18,651
Intergovernmental Receivable	456,163	0	456,163
<i>Total Assets</i>	<u>\$979,832</u>	<u>\$509,576</u>	<u>\$1,489,408</u>
Liabilities:			
Accounts Payable	\$71,847	\$0	\$71,847
Accrued Wages and Benefits	375,065	0	375,065
Interfund Payable	22,071	0	22,071
Intergovernmental Payable	105,005	0	105,005
Matured Compensated Absences Payable	739	0	739
Deferred Revenue	55,747	0	55,747
<i>Total Liabilities</i>	630,474	0	630,474
Fund Balances:			
Nonspendable:			
Library Purposes	0	450,000	450,000
Restricted for:			
Food Service	150,885	0	150,885
Other Purposes	16,315	0	16,315
Nonpublic Schools	24,974	0	24,974
School Improvement	17,667	0	17,667
Special Education	2,599	0	2,599
Title I	46,445	0	46,445
Library Purposes	0	59,576	59,576
Extracurricular Activities	26,857	0	26,857
Committed to:			
Student and Staff Support	70,934	0	70,934
Unassigned	(7,318)	0	(7,318)
<i>Total Fund Balances</i>	<u>349,358</u>	<u>509,576</u>	<u>858,934</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$979,832</u>	<u>\$509,576</u>	<u>\$1,489,408</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, 2012

	Nonmajor Special Revenue Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:			
Intergovernmental	\$4,308,823	\$0	\$4,308,823
Interest	75	2,406	2,481
Tuition and Fees	139,718	0	139,718
Extracurricular Activities	91,473	0	91,473
Gifts and Donations	9,231	0	9,231
Customer Sales and Services	415,511	0	415,511
Miscellaneous	45,365	0	45,365
<i>Total Revenues</i>	5,010,196	2,406	5,012,602
Expenditures:			
Current:			
Instruction:			
Regular	880,955	0	880,955
Special	1,533,850	0	1,533,850
Support Services:			
Pupils	487,478	0	487,478
Instructional Staff	259,860	13	259,873
Administration	91,283	0	91,283
Fiscal	29,550	0	29,550
Pupil Transportation	1,915	0	1,915
Operation of Non-Instrumental Services	1,518,038	0	1,518,038
Extracurricular Activities	109,514	0	109,514
Capital Outlay	6,239	0	6,239
<i>Total Expenditures</i>	4,918,682	13	4,918,695
Excess of Revenues Over Expenditures	91,514	2,393	93,907
Other Financing Sources:			
Proceeds from Sale of Capital Assets	75	0	75
<i>Total Other Financing Sources</i>	75	0	75
<i>Net Change in Fund Balances</i>	91,589	2,393	93,982
<i>Fund Balances at Beginning of Year - Restated</i>	257,769	507,183	764,952
<i>Fund Balances at End of Year</i>	\$349,358	\$509,576	\$858,934

Chillicothe City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
As of June 30, 2012

	Food Service	Public School Support	Other Local Grants	District Managed Activities
Assets:				
Equity in Pooled Cash and Investments	\$276,180	\$69,824	\$3,358	\$29,697
Accounts Receivable	800	17,851	0	0
Intergovernmental Receivable	11,411	0	0	0
<i>Total Assets</i>	<u>\$288,391</u>	<u>\$87,675</u>	<u>\$3,358</u>	<u>\$29,697</u>
Liabilities:				
Accounts Payable	\$21	\$184	\$0	\$2,210
Accrued Wages and Benefits	94,131	8,344	0	388
Interfund Payable	0	0	0	0
Intergovernmental Payable	34,904	8,213	0	242
Matured Compensated Absences Payable	739	0	0	0
Deferred Revenue	7,711	0	0	0
<i>Total Liabilities</i>	<u>137,506</u>	<u>16,741</u>	<u>0</u>	<u>2,840</u>
Fund Balances:				
Restricted for:				
Food Service	150,885	0	0	0
Other Purposes	0	0	3,358	0
Nonpublic Schools	0	0	0	0
School Improvement	0	0	0	0
Special Education	0	0	0	0
Title I	0	0	0	0
Extracurricular Activities	0	0	0	26,857
Committed to:				
Student and Staff Support	0	70,934	0	0
Unassigned	0	0	0	0
<i>Total Fund Balances</i>	<u>150,885</u>	<u>70,934</u>	<u>3,358</u>	<u>26,857</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$288,391</u>	<u>\$87,675</u>	<u>\$3,358</u>	<u>\$29,697</u>

Auxiliary Services	Public School Preschool	OneNet Network	Poverty Based Aid	Miscellaneous State Grants
\$31,447	\$0	\$0	\$6,982	\$1,336
0	0	0	0	0
0	31,096	0	0	0
<u>\$31,447</u>	<u>\$31,096</u>	<u>\$0</u>	<u>\$6,982</u>	<u>\$1,336</u>
\$0	\$0	\$0	\$0	\$645
5,102	16,478	0	0	3,083
0	2,690	0	0	0
1,371	2,590	0	0	1,075
0	0	0	0	0
0	13,189	0	0	0
<u>6,473</u>	<u>34,947</u>	<u>0</u>	<u>0</u>	<u>4,803</u>
0	0	0	0	0
0	0	0	6,982	0
24,974	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	(3,851)	0	0	(3,467)
<u>24,974</u>	<u>(3,851)</u>	<u>0</u>	<u>6,982</u>	<u>(3,467)</u>
<u>\$31,447</u>	<u>\$31,096</u>	<u>\$0</u>	<u>\$6,982</u>	<u>\$1,336</u>

Chillicothe City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
As of June 30, 2012

	Education Jobs	Title VI-B	Title II-D	School Improvement Grant
Assets:				
Equity in Pooled Cash and Investments	\$0	\$0	\$50	\$27,458
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	0	156,533	5,206	2,123
<i>Total Assets</i>	<u>\$0</u>	<u>\$156,533</u>	<u>\$5,256</u>	<u>\$29,581</u>
Liabilities:				
Accounts Payable	\$0	\$9,496	\$0	\$3,775
Accrued Wages and Benefits	0	93,178	1,850	4,700
Interfund Payable	0	17,039	0	0
Intergovernmental Payable	0	21,670	518	1,316
Matured Compensated Absences Payable	0	0	0	0
Deferred Revenue	0	12,551	818	2,123
<i>Total Liabilities</i>	0	153,934	3,186	11,914
Fund Balances:				
Restricted for:				
Food Service	0	0	0	0
Other Purposes	0	0	2,070	0
Nonpublic Schools	0	0	0	0
School Improvement	0	0	0	17,667
Special Education	0	2,599	0	0
Instruction	0	0	0	0
Extracurricular Activities	0	0	0	0
Committed to:				
Student and Staff Support	0	0	0	0
Unassigned	0	0	0	0
<i>Total Fund Balances</i>	<u>0</u>	<u>2,599</u>	<u>2,070</u>	<u>17,667</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$0</u>	<u>\$156,533</u>	<u>\$5,256</u>	<u>\$29,581</u>

Title I	Drug Free School	Improving Teacher Quality	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$49,821	\$0	\$0	\$8,865	\$505,018
0	0	0	0	18,651
209,727	0	35,125	4,942	456,163
<u>\$259,548</u>	<u>\$0</u>	<u>\$35,125</u>	<u>\$13,807</u>	<u>\$979,832</u>
\$45,520	\$0	\$0	\$9,996	\$71,847
119,544	0	26,727	1,540	375,065
0	0	2,342	0	22,071
28,684	0	4,283	139	105,005
0	0	0	0	739
19,355	0	0	0	55,747
213,103	0	33,352	11,675	630,474
0	0	0	0	150,885
0	0	1,773	2,132	16,315
0	0	0	0	24,974
0	0	0	0	17,667
0	0	0	0	2,599
46,445	0	0	0	46,445
0	0	0	0	26,857
0	0	0	0	70,934
0	0	0	0	(7,318)
<u>46,445</u>	<u>0</u>	<u>1,773</u>	<u>2,132</u>	<u>349,358</u>
<u>\$259,548</u>	<u>\$0</u>	<u>\$35,125</u>	<u>\$13,807</u>	<u>\$979,832</u>

Chillicothe City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2012

	Food Service	Public School Support	Other Local Grants	District Managed Activities
Revenues:				
Intergovernmental	\$991,908	\$0	\$12,348	\$0
Interest	75	0	0	0
Tuition and Fees	0	137,046	0	2,672
Extracurricular Activities	0	0	12,180	79,293
Gifts and Donations	0	0	5,875	3,356
Customer Sales and Services	409,809	0	0	0
Miscellaneous	190	26,788	0	18,387
<i>Total Revenues</i>	1,401,982	163,834	30,403	103,708
Expenditures:				
Current:				
Instruction:				
Regular	0	21,932	4,216	0
Special	0	0	0	0
Support Services:				
Pupils	0	318	0	0
Instructional Staff	0	110,395	2,070	0
Administration	0	32,007	0	0
Fiscal	0	0	0	0
Pupil Transportation	0	11	307	0
Operation of Non-Instructional Services	1,353,836	9,652	23,468	0
Extracurricular Activities	0	0	0	109,514
Capital Outlay	6,239	0	0	0
<i>Total Expenditures</i>	1,360,075	174,315	30,061	109,514
Excess of Revenues Over (Under) Expenditures	41,907	(10,481)	342	(5,806)
Other Financing Sources:				
Proceeds from Sale of Capital Assets	0	0	0	75
<i>Total Other Financing Sources</i>	0	0	0	75
<i>Net Change in Fund Balances</i>	41,907	(10,481)	342	(5,731)
<i>Fund Balances at Beginning of Year - Restated</i>	108,978	81,415	3,016	32,588
<i>Fund Balances at End of Year</i>	\$150,885	\$70,934	\$3,358	\$26,857

Auxiliary Services	Public School Preschool	OneNet Network	Poverty Based Aid	Miscellaneous State Grants
\$116,492	\$138,049	\$10,800	\$0	\$21,397
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
5,702	0	0	0	0
0	0	0	0	0
122,194	138,049	10,800	0	21,397
153	137,940	0	0	0
0	0	0	0	0
0	0	0	0	0
0	5,098	0	0	27,000
0	0	0	0	0
0	1,243	0	0	0
0	0	0	0	0
120,282	0	10,800	0	0
0	0	0	0	0
0	0	0	0	0
120,435	144,281	10,800	0	27,000
1,759	(6,232)	0	0	(5,603)
0	0	0	0	0
0	0	0	0	0
1,759	(6,232)	0	0	(5,603)
23,215	2,381	0	6,982	2,136
\$24,974	(\$3,851)	\$0	\$6,982	(\$3,467)

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, 2012

	Education Jobs	Title VI-B	Title II-D	School Improvement Grant
Revenues:				
Intergovernmental	\$489,907	\$784,089	\$4,388	\$38,381
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>	489,907	784,089	4,388	38,381
Expenditures:				
Current:				
Instruction:				
Regular	489,907	0	2,869	0
Special	0	411,232	0	15,409
Support Services:				
Pupils	0	314,865	0	0
Instructional Staff	0	4,245	0	658
Administration	0	56,845	0	0
Fiscal	0	6,126	0	4,620
Pupil Transportation	0	0	0	0
Operation of Non-Instructional Services	0	0	0	0
Extracurricular Activities	0	0	0	0
Capital Outlay	0	0	0	0
<i>Total Expenditures</i>	489,907	793,313	2,869	20,687
Excess of Revenues Over/(Under) Expenditures	0	(9,224)	1,519	17,694
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	0	0	0	0
<i>Net Change in Fund Balances</i>	0	(9,224)	1,519	17,694
<i>Fund Balances (Deficit) at Beginning of Year - Restated</i>	0	11,823	551	(27)
<i>Fund Balances at End of Year</i>	\$0	\$2,599	\$2,070	\$17,667

Title I	Drug Free School	Improving Teacher Quality	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$1,316,674	\$75,000	\$251,443	\$57,947	\$4,308,823
0	0	0	0	75
0	0	0	0	139,718
0	0	0	0	91,473
0	0	0	0	9,231
0	0	0	0	415,511
0	0	0	0	45,365
1,316,674	75,000	251,443	57,947	5,010,196
0	12,873	211,065	0	880,955
1,089,215	0	0	17,994	1,533,850
73,928	57,927	0	40,440	487,478
82,029	0	28,365	0	259,860
2,431	0	0	0	91,283
10,926	4,200	2,038	397	29,550
1,597	0	0	0	1,915
0	0	0	0	1,518,038
0	0	0	0	109,514
0	0	0	0	6,239
1,260,126	75,000	241,468	58,831	4,918,682
56,548	0	9,975	(884)	91,514
0	0	0	0	75
0	0	0	0	75
56,548	0	9,975	(884)	91,589
(10,103)	0	(8,202)	3,016	257,769
\$46,445	\$0	\$1,773	\$2,132	\$349,358

Chillicothe City School District
Fund Descriptions

Agency Funds

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

District Agency Fund

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

Student Managed Activities Fund

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

Chillicothe City School District
Statement of Changes in Assets and Liabilities
Agency Funds
As of June 30, 2012

	Balance 7/1/11	Additions	Deletions	Balance 6/30/12
DISTRICT AGENCY FUND				
Assets:				
Equity in Pooled Cash and Investments	\$9,730	\$3,001	\$1,658	\$11,073
<i>Total Assets</i>	<u>\$9,730</u>	<u>\$3,001</u>	<u>\$1,658</u>	<u>\$11,073</u>
Liabilities:				
Undistributed Monies	\$9,730	\$3,001	\$1,658	\$11,073
<i>Total Liabilities</i>	<u>\$9,730</u>	<u>\$3,001</u>	<u>\$1,658</u>	<u>\$11,073</u>
STUDENT MANAGED ACTIVITIES FUND				
Assets:				
Equity in Pooled Cash and Investments	\$94,916	\$152,419	\$158,256	\$89,079
<i>Total Assets</i>	<u>\$94,916</u>	<u>\$152,419</u>	<u>\$158,256</u>	<u>\$89,079</u>
Liabilities:				
Due to Students	\$94,916	\$152,419	\$158,256	\$89,079
<i>Total Liabilities</i>	<u>\$94,916</u>	<u>\$152,419</u>	<u>\$158,256</u>	<u>\$89,079</u>
TOTAL AGENCY FUNDS				
Assets:				
Equity in Pooled Cash and Investments	\$104,646	\$155,420	\$159,914	\$100,152
<i>Total Assets</i>	<u>\$104,646</u>	<u>\$155,420</u>	<u>\$159,914</u>	<u>\$100,152</u>
Liabilities:				
Undistributed Monies	\$9,730	\$3,001	\$1,658	\$11,073
Due to Students	94,916	152,419	158,256	89,079
<i>Total Liabilities</i>	<u>\$104,646</u>	<u>\$155,420</u>	<u>\$159,914</u>	<u>\$100,152</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, 2012

	Budgeted Amounts			Variance with Final Budget Positive Negative
	Original	Final	Actual	
Debt Service Fund				
Total Revenues and Other Sources	\$2,184,297	\$2,219,003	\$2,219,003	\$0
Total Expenditures and Other Uses	2,703,867	2,703,867	2,154,914	548,953
Net Change in Fund Balance	(519,570)	(484,864)	64,089	548,953
Fund Balance, July 1	519,570	519,570	519,570	0
Fund Balance, June 30	\$0	\$34,706	\$583,659	\$548,953
Permanent Improvement Fund				
Total Revenues and Other Sources	\$1,011,916	\$1,066,068	\$1,058,701	(\$7,367)
Total Expenditures and Other Uses	2,658,272	2,673,397	1,169,375	1,504,022
Net Change in Fund Balance	(1,646,356)	(1,607,329)	(110,674)	1,496,655
Fund Balance, July 1	1,539,092	1,539,092	1,539,092	0
Prior Year Encumbrances Appropriated	107,264	107,264	107,264	0
Fund Balance, June 30	\$0	\$39,027	\$1,535,682	\$1,496,655
Food Service Fund				
Total Revenues and Other Sources	\$1,262,472	\$1,262,472	\$1,399,202	\$136,730
Total Expenditures and Other Uses	1,501,005	1,501,005	1,364,535	136,470
Net Change in Fund Balance	(238,533)	(238,533)	34,667	273,200
Fund Balance, July 1	138,238	138,238	138,238	0
Prior Year Encumbrances Appropriated	100,295	100,295	100,295	0
Fund Balance, June 30	\$0	\$0	\$273,200	\$273,200

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, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive Negative
Rotary Fund				
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
Public School Support Fund				
Total Revenues and Other Sources	\$211,440	\$230,574	\$243,273	\$12,699
Total Expenditures and Other Uses	342,792	361,926	280,448	81,478
Net Change in Fund Balance	(131,352)	(131,352)	(37,175)	94,177
Fund Balance, July 1	125,909	125,909	125,909	0
Prior Year Encumbrances Appropriated	5,443	5,443	5,443	0
Fund Balance, June 30	\$0	\$0	\$94,177	\$94,177
Other Local Grants Fund				
Total Revenues and Other Sources	\$29,935	\$30,403	\$30,403	\$0
Total Expenditures and Other Uses	32,951	33,419	17,578	15,841
Net Change in Fund Balance	(3,016)	(3,016)	12,825	15,841
Fund Balance, July 1	375	375	375	0
Prior Year Encumbrances Appropriated	2,641	2,641	2,641	0
Fund Balance, June 30	\$0	\$0	\$15,841	\$15,841

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, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive Negative
District Managed Activities Fund				
Total Revenues and Other Sources	\$105,767	\$99,248	\$103,783	\$4,535
Total Expenditures and Other Uses	139,478	132,959	113,621	19,338
Net Change in Fund Balance	(33,711)	(33,711)	(9,838)	23,873
Fund Balance, July 1	33,130	33,130	33,130	0
Prior Year Encumbrances Appropriated	581	581	581	0
Fund Balance, June 30	\$0	\$0	\$23,873	\$23,873
Auxiliary Services Fund				
Total Revenues and Other Sources	\$117,183	\$122,194	\$122,194	\$0
Total Expenditures and Other Uses	152,189	157,200	136,850	20,350
Net Change in Fund Balance	(35,006)	(35,006)	(14,656)	20,350
Fund Balance, July 1	3,074	3,074	3,074	0
Prior Year Encumbrances Appropriated	31,932	31,932	31,932	0
Fund Balance, June 30	\$0	\$0	\$20,350	\$20,350
Public School Preschool Fund				
Total Revenues and Other Sources	\$174,631	\$157,000	\$146,226	(\$10,774)
Total Expenditures and Other Uses	174,631	157,000	146,703	10,297
Net Change in Fund Balance	0	0	(477)	(477)
Fund Balance, July 1	(672)	(672)	(672)	0
Prior Year Encumbrances Appropriated	672	672	672	0
Fund Balance, June 30	\$0	\$0	(\$477)	(\$477)

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, 2012

	Budgeted Amounts			Variance with Final Budget Positive Negative
	Original	Final	Actual	
OneNet Network Fund				
Total Revenues and Other Sources	\$5,400	\$10,800	\$10,800	\$0
Total Expenditures and Other Uses	5,400	10,800	10,800	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
Poverty Based Aid Fund				
Total Revenues and Other Sources	\$0	\$0	\$0	\$0
Total Expenditures and Other Uses	6,991	6,991	0	6,991
Net Change in Fund Balance	(6,991)	(6,991)	0	6,991
Fund Balance, July 1	6,991	6,991	6,991	0
Fund Balance, June 30	\$0	\$0	\$6,991	\$6,991
Miscellaneous State Grants Fund				
Total Revenues and Other Sources	\$33,208	\$33,208	\$26,685	(\$6,523)
Total Expenditures and Other Uses	33,208	33,208	30,124	3,084
Net Change in Fund Balance	0	0	(3,439)	(3,439)
Fund Balance, July 1	(4,101)	(4,101)	(4,101)	0
Prior Year Encumbrances Appropriated	4,101	4,101	4,101	0
Fund Balance, June 30	\$0	\$0	(\$3,439)	(\$3,439)

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, 2012

	Budgeted Amounts			Variance with Final Budget Positive Negative
	Original	Final	Actual	
Education Jobs				
Total Revenues and Other Sources	\$489,907	\$489,907	\$489,907	\$0
Total Expenditures and Other Uses	489,907	489,907	489,907	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
Title VI-B Fund				
Total Revenues and Other Sources	\$1,002,265	\$934,264	\$800,644	(\$133,620)
Total Expenditures and Other Uses	1,002,265	934,264	812,945	121,319
Net Change in Fund Balance	0	0	(12,301)	(12,301)
Fund Balance, July 1	(11,992)	(11,992)	(11,992)	0
Prior Year Encumbrances Appropriated	11,992	11,992	11,992	0
Fund Balance, June 30	\$0	\$0	(\$12,301)	(\$12,301)
State Fiscal Stabilization Fund				
Total Revenues and Other Sources	\$0	\$0	\$0	\$0
Total Expenditures and Other Uses	16,195	16,195	16,195	0
Net Change in Fund Balance	(16,195)	(16,195)	(16,195)	0
Fund Balance, July 1	16,195	16,195	16,195	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, 2012

	Budgeted Amounts			Variance with Final Budget Positive Negative
	Original	Final	Actual	
Title II-D Fund				
Total Revenues and Other Sources	\$562	\$211	\$0	(\$211)
Total Expenditures and Other Uses	1,124	773	512	261
Net Change in Fund Balance	(562)	(562)	(512)	50
Fund Balance, July 1	562	562	562	0
Fund Balance, June 30	\$0	\$0	\$50	\$50
School Improvement Grant Fund				
Total Revenues and Other Sources	\$55,000	\$30,133	\$38,381	\$8,248
Total Expenditures and Other Uses	55,000	30,133	30,084	49
Net Change in Fund Balance	0	0	8,297	8,297
Fund Balance, July 1	0	0	0	0
Fund Balance, June 30	\$0	\$0	\$8,297	\$8,297
Title I Fund				
Total Revenues and Other Sources	\$1,867,903	\$1,662,182	\$1,299,227	(\$362,955)
Total Expenditures and Other Uses	1,867,903	1,662,182	1,342,799	319,383
Net Change in Fund Balance	0	0	(43,572)	(43,572)
Fund Balance, July 1	(43,131)	(43,131)	(43,131)	0
Prior Year Encumbrances Appropriated	43,131	43,131	43,131	0
Fund Balance, June 30	\$0	\$0	(\$43,572)	(\$43,572)

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, 2012

	Budgeted Amounts			Variance with Final Budget Positive Negative
	Original	Final	Actual	
Drug-Free School Fund				
Total Revenues and Other Sources	\$75,000	\$75,000	\$75,000	\$0
Total Expenditures and Other Uses	75,000	75,000	75,000	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
Improving Teacher Quality Fund				
Total Revenues and Other Sources	\$283,406	\$289,895	\$249,251	(\$40,644)
Total Expenditures and Other Uses	283,406	289,895	250,801	39,094
Net Change in Fund Balance	0	0	(1,550)	(1,550)
Fund Balance, July 1	(955)	(955)	(955)	0
Prior Year Encumbrances Appropriated	955	955	955	0
Fund Balance, June 30	\$0	\$0	(\$1,550)	(\$1,550)
Miscellaneous Federal Grants Fund				
Total Revenues and Other Sources	\$116,219	\$116,219	\$104,167	(\$12,052)
Total Expenditures and Other Uses	116,219	116,219	105,387	10,832
Net Change in Fund Balance	0	0	(1,220)	(1,220)
Fund Balance, July 1	(3,196)	(3,196)	(3,196)	0
Prior Year Encumbrances Appropriated	3,196	3,196	3,196	0
Fund Balance, June 30	\$0	\$0	(\$1,220)	(\$1,220)

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, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive Negative
Alumni Library Fund				
Total Revenues and Other Sources	\$0	\$0	\$2,406	\$2,406
Total Expenditures and Other Uses	57,181	57,181	13	57,168
Net Change in Fund Balance	(57,181)	(57,181)	2,393	59,574
Fund Balance, July 1	507,181	507,181	507,181	0
Fund Balance, June 30	\$450,000	\$450,000	\$509,574	\$59,574

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Statistical Section

Chillicothe City School District
Statistical Tables

This part of Chillicothe City School District’s comprehensive annual financial report presents detailed information as a basis for understanding what the information in the financial statements, 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. Fiscal year 2006 was the School District’s first year implementation of the GASB 44 statistical tables.

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

	2003	2004	2005*	2006*	2007**
Invested in Capital Assets, 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)	(1,379,093)	(2,006,329)	(2,883,816)	(321,063)	195,016
Total Net Assets	\$8,123,734	\$6,256,986	\$5,869,475	\$7,724,752	\$9,727,004
	2008	2009	2010***/**	2011****	2012
Invested in Capital Assets, Net of Related Debt	\$4,662,460	\$4,117,627	\$4,033,907	\$4,060,746	\$4,010,596
Restricted for:					
Capital Projects	1,731,774	1,930,135	1,634,671	1,792,605	1,595,685
Debt Service	870,494	855,946	920,592	1,016,245	792,570
Other Purposes	70,210	382,907	453,124	824,748	181,526
Permanent:					
Non-Expendable	450,000	450,000	450,000	450,000	450,000
Expendable	73,162	84,426	65,306	57,183	59,576
Unrestricted (Deficit)	2,382,837	1,614,374	1,102,821	366,672	(3,021,688)
Total Net Assets	\$10,240,937	\$9,435,415	\$8,660,421	\$8,568,199	\$4,068,265

Source: School District Financial Records

- *Restated in fiscal year 2007
- **Restated in fiscal year 2008
- ***Restated in fiscal year 2011
- ****Restated in fiscal year 2012

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

	2003	2004	2005*	2006*
Expenses				
Regular Instruction	\$12,163,589	\$12,621,430	\$12,795,621	\$13,449,213
Special Instruction	3,256,889	3,046,814	3,233,613	2,807,734
Vocational Instruction	9,408	4,067	4,424	4,094
Adult/Continuing 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
Program Revenues				
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
Total Charges for Services and Sales	2,195,250	1,890,724	2,019,694	1,958,346

Source: School District Financial Records

*Restated in fiscal year 2007

- (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	2012
\$13,859,140	\$16,852,376	\$16,775,233	\$17,658,298	\$17,812,357	\$17,671,031
3,005,694	3,005,510	3,311,588	3,917,627	3,347,177	2,940,717
5,539	5,892	7,094	10,473	7,226	1,625
776	0	0	0	0	0
742,123	614,995	724,819	729,800	474,818	334,270
1,611,950	1,668,494	1,867,359	1,960,404	2,062,975	1,860,383
1,546,115	1,528,952	1,455,774	1,792,793	1,553,883	1,283,085
57,065	79,622	49,970	87,083	60,106	75,602
1,821,274	1,993,530	2,007,302	2,235,962	2,555,177	2,786,107
628,942	851,805	778,102	715,162	848,132	888,888
139,816	131,676	128,108	108,979	99,875	94,099
2,335,077	2,958,034	3,084,136	3,218,848	2,565,162	2,506,319
689,553	1,033,711	902,757	983,674	1,021,264	1,014,863
149,960	319,951	283,936	229,106	220,892	228,315
1,347,824	1,539,225	1,594,325	1,650,945	1,693,976	1,670,669
471,279	553,444	562,207	561,017	529,324	679,467
1,661,285	1,657,433	1,640,534	1,590,820	1,581,818	1,596,481
30,073,412	34,794,650	35,173,244	37,450,991	36,434,162	35,631,921
667,405	373,583	732,901	735,045	873,294	847,415
148,341	87,873	158,075	178,351	170,766	71,127
0	0	0	0	392	83
33,380	16,340	22,640	33,120	26,320	17,143
78,898	48,457	89,132	90,062	107,832	70,294
70,285	38,550	67,675	77,640	77,100	142,570
3,331	2,979	2,358	3,700	3,259	3,877
92,883	61,026	98,377	101,999	136,850	165,450
39,898	25,408	37,399	32,256	42,389	40,640
6,661	4,233	5,895	4,933	5,354	4,767
110,682	68,873	134,633	125,809	116,498	110,138
36,637	44,523	40,083	35,764	47,247	41,544
4,979	11,864	9,721	7,685	7,973	8,497
518,581	401,757	523,752	493,028	474,856	433,846
165,377	124,695	140,994	160,417	180,084	111,026
2,220	3,385	2,358	0	0	0
1,979,558	1,313,546	2,065,993	2,079,809	2,270,214	2,068,417

(continued)

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

	2003	2004	2005*	2006*
Operating Grants and Contributions				
Regular Instruction	\$1,706,400	\$1,561,452	\$1,742,468 (1)	\$433,595
Special Instruction	1,482,159	1,452,216	1,423,095	1,152,485
Other 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
Total Operating Grants and Contributions	<u>5,585,951</u>	<u>5,451,727</u>	<u>5,501,272</u>	<u>3,605,912</u>
Capital Grants and Contributions				
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
Total Capital Grants and Contributions	<u>500,000</u>	<u>0</u>	<u>0</u>	<u>104,698</u>
Total Program Revenues	<u>8,281,201</u>	<u>7,342,451</u>	<u>7,520,966</u>	<u>5,668,956</u>
Net Expense	(20,095,520)	(21,165,716)	(21,671,769)	(24,838,552)
General Revenues				
Property Taxes Levied for:				
General Purposes	11,974,340	12,197,565	10,767,539	12,449,460
Capital Projects	0	155,945	558,032	1,126,582
Debt Service	0	0	1,057,967	1,841,994
Payment in Lieu of Taxes	0	0	61,605	82,703
Gifts and Donations not				
Restricted to Specific Programs	0	26,833	24,476	63,273
Grants and Entitlements not				
Restricted to Specific Programs	6,733,797	6,545,788	7,793,690	9,574,690
Investment Earnings	116,855	171,276	925,457	1,323,394
Gain on Sale of Capital Assets	0	0	0	12,053
Insurance Recoveries	0	0	0	0
Miscellaneous	188,866	201,561	95,492	219,680
Total General Revenues	<u>19,013,858</u>	<u>19,298,968</u>	<u>21,284,258</u>	<u>26,693,829</u>
Change in Net Assets	<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	2012
\$950,472	\$1,870,996	\$1,704,076	\$431,978	\$1,447,839	\$383,021
997,846	1,522,946	1,692,974	1,644,838	1,306,436	1,433,910
277,489	420,833	469,675	188,298	2,282	0
277,489	494,763	626,233	575,970	483,960	444,904
280,678	557,319	547,954	670,119	320,224	116,318
35,085	90,991	84,301	304,600	159,833	51,879
25,516	45,495	42,150	27,691	22,083	31,796
22,327	34,122	78,279	287,985	394	0
54,441	53,816	61,227	64,534	4,177	1,565
6,379	11,374	6,021	5,538	4,526	0
695,317	1,177,195	1,282,573	1,290,395	1,331,287	1,140,989
57,412	119,426	126,451	110,764	93,446	3,356
413,260	444,166	0	0	0	0
4,093,711	6,843,442	6,721,914	5,602,710	5,176,487	3,607,738
53,667	89,979	0	0	0	0
319	226	0	0	0	0
11,148	6,104	0	0	0	0
2,389	1,583	0	0	0	0
4,937	3,843	0	0	0	0
56,536	80,258	0	0	0	0
24,048	32,555	0	0	0	0
6,211	11,530	0	0	0	0
0	0	0	0	0	0
159,255	226,078	0	0	0	0
6,232,524	8,383,066	8,787,907	7,682,519	7,446,701	5,676,155
(23,840,888)	(26,411,584)	(26,385,337)	(29,768,472)	(28,987,461)	(29,955,766)
11,778,185	11,785,635	10,281,684	10,444,056	10,418,467	7,882,956
823,993	934,167	838,717	829,502	856,270	628,544
1,824,986	1,839,060	1,688,807	1,792,467	1,837,450	1,443,412
101,703	63,797	54,518	95,687	0	0
3,750	32,500	4,250	4,350	5,087	4,830
11,226,182	11,669,583	12,374,214	15,719,934	15,579,509	15,348,196
868,942	445,516	216,183	57,474	44,018	19,183
4,686	0	0	0	0	75
0	0	0	0	4,138	0
115,827	155,259	121,442	94,575	150,300	128,636
26,748,254	26,925,517	25,579,815	29,038,045	28,895,239	25,455,832
\$2,907,366	\$513,933	(\$805,522)	(\$730,427)	(\$92,222)	(\$4,499,934)

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

	2003	2004	2005	2006
General Fund				
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	1,451,821	1,503,169	1,088,575	1,551,627
Unreserved, Designated	0	0	0	0
Unreserved	(1,846,805)	(1,686,553)	(1,543,184)	(1,491,014)
<i>Total General Fund</i>	(394,984)	(183,384)	(454,609)	60,613
All Other Governmental Funds				
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	676,431	715,624	2,565,449	14,728,316
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	121,534	148,398	6,267	160,803
Debt Service Funds	1	0	(324,813)	214,387
Capital Projects Funds	642,202	34,412,038	31,088,998	3,848,468
Permanent Fund	13,705	19,937	29,853	45,902
<i>Total All Other Governmental Funds</i>	1,453,873	35,295,997	33,365,754	18,997,876
<i>Total Governmental Funds</i>	<u>\$1,058,889</u>	<u>\$35,112,613</u>	<u>\$32,911,145</u>	<u>\$19,058,489</u>

Source: School District Financial Records

*Restated in fiscal year 2012

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)

2007	2008	2009	2010	2011*	2012
N/A	N/A	N/A	N/A	\$492	\$492
N/A	N/A	N/A	N/A	281,731	164,396
N/A	N/A	N/A	N/A	125,459	109,912
N/A	N/A	N/A	N/A	2,460,823	(210,065)
924,174	1,032,076	1,079,492	1,788,987	N/A	N/A
0	218,423	221,204	221,423	N/A	N/A
266,318	2,001,002	1,496,328	1,190,012	N/A	N/A
<u>1,190,492</u>	<u>3,251,501</u>	<u>2,797,024</u>	<u>3,200,422</u>	<u>2,868,505</u>	<u>64,735</u>
N/A	N/A	N/A	N/A	450,000	450,000
N/A	N/A	N/A	N/A	2,976,601	2,684,783
N/A	N/A	N/A	N/A	81,415	70,934
N/A	N/A	N/A	N/A	(18,332)	(7,318)
2,651,434	866,083	1,154,930	1,115,766	N/A	N/A
177,150	(110,876)	230,258	67,494	N/A	N/A
574,351	663,730	630,745	553,028	N/A	N/A
2,317,795	1,641,260	1,474,967	1,359,287	N/A	N/A
51,849	73,162	84,426	65,306	N/A	N/A
<u>5,772,579</u>	<u>3,133,359</u>	<u>3,575,326</u>	<u>3,160,881</u>	<u>3,489,684</u>	<u>3,198,399</u>
<u>\$6,963,071</u>	<u>\$6,384,860</u>	<u>\$6,372,350</u>	<u>\$6,361,303</u>	<u>\$6,358,189</u>	<u>\$3,263,134</u>

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

	2003	2004	2005*	2006*
Revenues:				
Property and Other Local Taxes	\$11,822,240	\$12,163,791	\$12,195,648	\$15,385,072
Intergovernmental	12,016,887	12,634,706	13,285,366	13,210,606
Interest	116,855	171,276	925,457	1,323,394
Decrease in Fair Value of Investments	0	0	0	0
Tuition and Fees	1,355,234	1,146,858	1,186,038	1,105,160
Extracurricular Activities	106,853	117,161	140,032	148,858
Gifts and Donations	45,809	76,488	85,350	91,413
Customer Sales and Services	720,499	608,401	604,397	567,987
Rent	7,839	53,141	89,227	136,341
Payments in Lieu of Taxes	0	0	61,605	82,703
Miscellaneous	169,237	166,368	95,492	219,680
Total Revenues	26,361,453	27,138,190	28,668,612	32,271,214
Expenditures:				
Current:				
Instruction:				
Regular	11,787,158	12,108,259	12,379,826	13,217,600
Special	3,266,115	3,029,400	3,209,971	2,794,946
Vocational	6,038	4,073	3,794	3,691
Other	106,646	156,157	168,528	464,322
Support Services:				
Pupils	1,581,864	1,669,538	1,638,912	1,662,491
Instructional Staff	1,907,409	1,683,990	1,742,270	1,713,774
Board of Education	25,561	58,091	50,539	83,481
Administration	2,383,631	2,018,895	1,892,468	1,838,339
Fiscal	662,294	744,725	740,973	784,972
Business	125,002	107,230	55,133	98,495
Operation and Maintenance of Plant	2,477,462	2,394,198	2,323,731	2,468,571
Pupil Transportation	1,069,752	808,505	847,452	746,551
Central	124,093	111,583	108,264	111,639
Operation of Non-Instructional Services	1,528,211	1,466,085	1,330,986	1,307,943
Extracurricular Activities	571,440	584,211	480,731	550,001
Capital Outlay	9,002	576,464	2,280,864	16,314,126
Debt Service:				
Principal	135,000	140,000	34,262,779	258,126
Interest and Fiscal Charges	95,000	88,250	1,871,408	1,796,791
Issuance Costs	0	0	561,254	0
Total Expenditures	27,861,678	27,749,654	65,949,883	46,215,859
<i>Excess of Revenues Over</i> <i>(Under) Expenditures</i>	<u>(1,500,225)</u>	<u>(611,464)</u>	<u>(37,281,271)</u>	<u>(13,944,645)</u>
Other Financing Sources (Uses)				
Tax Anticipation Notes Issued	0	0	0	0
Sale of Capital Assets	164	525,500	39,549	91,990
Insurance Recoveries	0	0	0	0
General Obligation/Refunding Bonds Issued	0	34,000,000	34,000,000	0
Premium on Bonds Issued	0	0	1,040,254	0
Inception of Capital Lease	0	0	0	0
Payments to Refunded Bond Escrow Agent	0	0	0	0
Transfers In	0	550,493	693,730	1,031,871
Transfers Out	0	(550,493)	(693,730)	(1,031,871)
Total Other Financing Sources (Uses)	164	34,525,500	35,079,803	91,990
Net Change in Fund Balances	<u>(\$1,500,061)</u>	<u>\$33,914,036</u>	<u>(\$2,201,468)</u>	<u>(\$13,852,655)</u>
Debt Service as a Percentage of Noncapital Expenditures (1)	0.83%	0.84%	57.99%	6.95%

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

(continued)

2007	2008	2009	2010	2011	2012
\$14,453,512	\$14,567,886	\$12,782,914	\$12,974,086	\$13,028,493	\$10,254,363
15,438,875	17,901,577	19,043,020	20,966,128	20,582,206	19,676,734
959,700	445,516	216,183	57,474	44,018	19,183
(90,758)	0	0	0	0	0
1,176,712	1,268,441	1,349,506	1,454,059	1,602,496	1,417,724
157,503	148,001	149,632	146,642	152,338	171,792
17,798	64,944	22,806	42,057	16,642	14,061
537,333	518,438	527,256	469,112	508,074	470,272
108,527	48,910	39,599	9,997	7,306	8,629
101,703	63,797	54,518	95,687	0	0
115,827	155,259	121,442	94,575	150,300	128,636
<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>	<u>32,161,394</u>
13,598,942	14,721,014	15,456,386	16,066,701	16,730,898	16,423,625
3,039,979	3,040,467	3,311,025	3,820,360	3,314,200	2,945,894
5,370	5,675	7,094	10,473	7,226	1,625
735,798	612,634	722,241	674,176	491,994	349,797
1,667,164	1,669,855	1,876,023	1,968,283	2,037,634	1,872,244
1,547,212	1,441,853	1,476,377	1,714,139	1,530,243	1,297,668
55,873	79,622	49,970	87,083	60,106	75,602
1,886,825	1,984,445	1,993,198	2,132,140	2,522,438	2,764,992
810,791	844,195	771,907	707,310	820,111	922,708
125,657	127,767	113,438	100,766	95,354	89,004
2,563,425	2,939,638	3,163,218	3,153,452	2,519,679	2,500,872
861,823	939,390	979,836	833,273	921,507	902,216
139,945	311,019	275,003	220,173	211,959	219,382
1,340,524	1,358,329	1,422,945	1,463,341	1,543,657	1,529,753
507,713	549,340	557,700	556,123	528,399	665,419
14,197,086	2,737,500	250,003	395,484	354,290	814,469
615,000	985,000	1,045,000	1,121,000	1,156,000	2,172,564
1,465,088	1,413,237	1,372,022	1,296,587	1,253,430	1,223,773
418,907	0	0	0	0	0
<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>36,771,607</u>
<u>(12,606,390)</u>	<u>(578,211)</u>	<u>(536,510)</u>	<u>(11,047)</u>	<u>(7,252)</u>	<u>(4,610,213)</u>
0	0	0	0	0	1,000,000
10,927	0	0	0	0	75
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	515,083
(29,298,119)	0	0	0	0	0
827,979	109,035	2,634	3,326	0	0
<u>(746,841)</u>	<u>(109,035)</u>	<u>(2,634)</u>	<u>(3,326)</u>	<u>0</u>	<u>0</u>
<u>510,972</u>	<u>0</u>	<u>524,000</u>	<u>0</u>	<u>4,138</u>	<u>1,515,158</u>
<u>(\$12,095,418)</u>	<u>(\$578,211)</u>	<u>(\$12,510)</u>	<u>(\$11,047)</u>	<u>(\$3,114)</u>	<u>(\$3,095,055)</u>
6.88%	7.08%	7.08%	6.74%	6.74%	9.45%

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
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
2012	258,736,860	115,959,120	1,070,559,943	22,627,270	25,712,807

(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 and 2012.

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

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

(continued)

Tangible Personal Property		Total				Weighted Average Tax Rate
General Business		Assessed Value	Estimated Actual Value	Ratio		
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	Weighted Average Tax Rate	
\$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	
0	0	397,323,250	1,096,272,750	36.24%	34.47	

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

	2003	2004	2005	2006
Unvoted Millage				
Operating	3.50	3.50	3.50	3.50
Permanent Improvement	-	-	-	-
Debt	-	-	-	-
Voted Millage - by levy				
1976 Operating - continuing				
Residential/Agricultural Real	11.70	11.70	11.89	11.90
Commercial/Industrial and Public Utility Real	13.91	13.93	13.51	13.44
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	4.61	4.61
Commercial/Industrial and Public Utility Real	6.07	6.08	5.90	5.87
General Business and Public Utility Personal	7.20	7.20	7.20	7.20
2005 Current Expense - continuing				
Residential/Agricultural Real	-	-	-	6.00
Commercial/Industrial and Public Utility Real	-	-	-	5.97
General Business and Public Utility Personal	-	-	-	6.00
1985 Bond Levy (debt service)				
	-	-	-	-
2004 Bond Levy (debt service)				
	-	-	4.47	4.47
2004 Permanent Improvement (23 Years)				
Residential/Agricultural Real	-	-	2.30	2.30
Commercial/Industrial and Public Utility Real	-	-	2.43	2.41
General Business and Public Utility Personal	-	-	2.50	2.50
Total voted millage by type of property				
Residential/Agricultural Real	16.50	16.50	23.27	29.28
Commercial/Industrial and Public Utility Real	19.98	20.01	26.31	32.16
General Business and Public Utility Personal	34.20	34.20	41.17	47.17
Total Direct Tax Rate	37.70	37.70	44.67	50.67
Overlapping Rates by Taxing District				
Scioto Township				
Residential/Agricultural Real	4.22	4.81	4.60	4.61
Commercial/Industrial and Public Utility Real	4.73	5.09	4.80	4.79
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	7.59	8.44	9.11	9.09
Commercial/Industrial and Public Utility Real	0.08	0.09	0.10	0.10
General Business and Public Utility Personal	9.40	9.80	10.40	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)

2007	2008	2009	2010	2011	2012
3.50	3.50	3.50	3.50	3.50	3.50
-	-	-	-	-	-
-	-	-	-	-	-
11.89	10.99	11.00	11.01	11.33	11.32
13.50	12.48	13.03	13.04	13.08	14.05
27.00	27.00	27.00	27.00	27.00	27.00
4.60	4.26	4.26	4.26	4.39	4.39
5.59	5.44	5.68	5.69	5.71	6.13
7.20	7.20	7.20	7.20	7.20	7.20
6.00	5.55	5.55	5.55	5.71	5.71
6.00	5.54	5.79	5.79	5.81	6.00
6.00	6.00	6.00	6.00	6.00	6.00
-	-	-	-	-	-
4.47	4.47	4.47	4.47	4.80	4.80
2.30	2.13	2.13	2.13	2.19	2.19
2.42	2.24	2.34	2.34	2.35	2.50
2.50	2.50	2.50	2.50	2.50	2.50
29.26	27.40	27.41	27.42	28.42	28.41
31.98	30.17	31.31	31.33	31.75	33.48
47.17	47.17	47.17	47.17	47.50	47.50
50.67	50.67	50.67	50.67	51.00	51.00
4.60	4.54	4.54	4.54	4.56	4.56
4.79	4.50	4.53	4.56	4.58	4.60
5.50	5.50	5.50	5.50	5.50	5.50
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2.99	2.80	2.74	2.74	2.72	2.64
3.03	2.87	2.94	2.96	3.03	3.14
4.20	4.20	4.20	4.20	4.20	4.20
9.06	8.56	9.66	9.65	11.79	12.26
9.59	9.15	10.44	10.47	12.66	13.08
10.40	10.60	11.70	11.70	13.50	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

	2003	2004	2005	2006
Unvoted Millage				
Operating	3.50	3.50	3.50	3.50
Permanent Improvement	-	-	-	-
Debt	-	-	-	-
Voted Millage - by levy				
1976 Operating - continuing				
Residential/Agricultural Real	11.70	11.70	11.89	11.90
Commercial/Industrial and Public Utility Real	13.91	13.93	13.51	13.44
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	4.61	4.61
Commercial/Industrial and Public Utility Real	6.07	6.08	5.90	5.87
General Business and Public Utility Personal	7.20	7.20	7.20	7.20
2005 Current Expense - continuing				
Residential/Agricultural Real	-	-	-	6.00
Commercial/Industrial and Public Utility Real	-	-	-	5.97
General Business and Public Utility Personal	-	-	-	6.00
1985 Bond Levy (debt service)				
	-	-	-	-
2004 Bond Levy (debt service)				
	-	-	4.47	4.47
2004 Permanent Improvement (23 Years)				
Residential/Agricultural Real	-	-	2.30	2.30
Commercial/Industrial and Public Utility Real	-	-	2.43	2.41
General Business and Public Utility Personal	-	-	2.50	2.50
Total voted millage by type of property				
Residential/Agricultural Real	16.50	16.50	23.27	29.28
Commercial/Industrial and Public Utility Real	19.98	20.01	26.31	32.16
General Business and Public Utility Personal	34.20	34.20	41.17	47.17
Total Direct Tax Rate	37.70	37.70	44.67	50.67
Overlapping Rates by Taxing District				
Scioto Township				
Residential/Agricultural Real	0.44	0.44	0.42	0.42
Commercial/Industrial and Public Utility Real	0.52	0.52	0.51	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	7.59	8.44	9.11	9.09
Commercial/Industrial and Public Utility Real	8.37	9.01	9.63	9.57
General Business and Public Utility Personal	9.40	9.80	10.40	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)

2007	2008	2009	2010	2011	2012
3.50	3.50	3.50	3.50	3.50	3.50
-	-	-	-	-	-
-	-	-	-	-	-
11.89	10.99	11.00	11.01	11.33	11.32
13.50	12.48	13.03	13.04	13.08	14.05
27.00	27.00	27.00	27.00	27.00	27.00
4.60	4.26	4.26	4.26	4.39	4.39
5.89	5.44	5.69	5.69	5.71	6.13
7.20	7.20	7.20	7.20	7.20	7.20
6.00	5.55	5.55	5.55	5.71	5.71
6.00	5.54	5.79	5.79	5.81	6.00
6.00	6.00	6.00	6.00	6.00	6.00
-	-	-	-	-	-
4.47	4.47	4.47	4.47	4.80	4.80
2.30	2.13	2.13	2.13	2.19	2.19
2.42	2.24	2.34	2.34	2.35	2.50
2.50	2.50	2.50	2.50	2.50	2.50
29.26	27.40	27.41	27.42	28.42	28.41
32.28	30.17	31.32	31.33	31.75	33.48
47.17	47.17	47.17	47.17	47.50	47.50
50.67	50.67	50.67	50.67	51.00	51.00
0.42	0.57	0.57	0.57	0.58	0.58
0.51	0.57	0.58	0.58	0.59	0.60
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
2.99	2.80	2.74	2.74	2.72	2.64
3.03	2.87	2.94	2.96	3.03	3.14
4.20	4.20	4.20	4.20	4.20	4.20
9.06	8.56	9.66	9.65	11.79	12.26
9.59	9.15	10.44	10.47	12.66	13.08
10.40	10.60	11.70	11.70	13.50	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)
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%
2012	13,698,440	13,152,971	96.02%	351,809	13,504,780	98.59%

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 personal property tax, which resulted in lower tax collections.

Chillicothe City School District
Principal Taxpayers
 2012 and 2003 (1)

Name of Taxpayer	2012	
	Assessed Value	Percent of Real Property Assessed Value
Columbus Southern Power	\$20,642,450	5.20%
PH Glatfelter	10,244,320	2.58%
Chillicothe Mall, Inc.	4,220,620	1.06%
DDR Chillicothe LLC	4,053,210	1.02%
Central Center LLC	3,116,840	0.78%
Sam's Real Estate	2,629,020	0.66%
Zane Plaza LLC	2,490,010	0.63%
K-Mart Corporations	2,311,240	0.58%
Chillicothe Telephone	2,115,960	0.53%
Columbia Gas	1,937,610	0.49%
Totals	<u>\$53,761,280</u>	<u>13.53%</u>
Total Assessed Valuation	<u><u>\$397,323,250</u></u>	

Name of Taxpayer	2003	
	Assessed Value	Percent of Real Property Assessed Value
Mead Corporation	\$112,789,480	23.57%
Columbus Southern Power	10,328,360	2.16%
Chillicothe Telephone	6,973,820	1.46%
Horizon Personal Communication	6,899,010	1.44%
DDR Ohio Opportunity LLC	3,475,760	0.73%
Chillicothe Mall, Inc.	3,312,040	0.69%
Central Center LTD	2,668,370	0.56%
Real Estate Finance Trust	2,259,030	0.47%
BLC Corporation	1,954,030	0.41%
RG Chillicothe Associates LTD	1,602,880	0.33%
Totals	<u>\$152,262,780</u>	<u>31.82%</u>
Total Assessed Valuation	<u><u>\$478,526,370</u></u>	

(1) The amounts presented represent the assessed values upon which 2012 and 2003 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*			
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
2012	32,188,978	215,000	468,519	32,872,497	7.02%	1,500.96

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

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

*Amount restated in fiscal year 2005.

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

Fiscal Year	(1) General Bonded Debt	(1) Resources Available to Pay Principal	Net General Bonded Debt	(2) Ratio of Net Bonded Debt to Assessed Value	(2) Net Bonded Debt per Capita
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
2012	32,188,978	583,659	31,605,319	7.95%	1,443

(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
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
2012	21,901	c	1,096,272,750	32,403,978	583,659	31,820,319	2.90%	1,452.92

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
\$1,765,000	\$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
32,403,978	468,519	32,872,497	3.00%	1,500.96

Chillicothe City School District
*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities*
June 30, 2012

	Debt Attributable to Governmental Activities	Percentage Applicable to School District (1)	Amount of Direct and Overlapping Debt
Overlapping Debt:			
Payable from Property Taxes			
Ross County	\$6,917,718	34.35%	\$2,376,236
City of Chillicothe	<u>1,250,000</u>	90.62%	<u>1,132,750</u>
Total Overlapping Debt	8,167,718		3,508,986
Direct Debt	<u>32,872,497</u>	100.00%	<u>32,872,497</u>
Total Direct and Overlapping Debt	<u><u>\$41,040,215</u></u>		<u><u>\$36,381,483</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

	2003	2004	2005	2006
Tax Valuation	<u>\$478,446,490</u>	<u>\$489,446,490</u>	<u>\$478,018,620</u>	<u>\$467,860,160</u>
Debt Limit - 9% of Taxable Valuation (1)	<u>\$43,060,184</u>	<u>\$44,050,184</u>	<u>\$43,021,676</u>	<u>\$42,107,414</u>
Amount of Debt Applicable to Debt Limit				
General Obligation Bonds	0	0	34,000,000	33,995,000
Less Amount Available in Debt Service	<u>0</u>	<u>0</u>	<u>(18,029)</u>	<u>(214,388)</u>
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>33,981,971</u>	<u>33,780,612</u>
Legal Debt Margin (3)	<u>\$43,060,184</u>	<u>\$44,050,184</u>	<u>\$9,039,705</u>	<u>\$8,326,802</u>
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	21.01%	19.78%
Energy Conservation Debt Limit - .90% of assessed value (1)	\$4,306,018	\$4,405,018	\$4,302,168	\$4,210,741
Amount of Debt Subject to Limit	<u>1,765,000</u>	<u>1,625,000</u>	<u>1,475,000</u>	<u>1,320,000</u>
Unvoted Legal Debt Margin (2)	<u>\$2,541,018</u>	<u>\$2,780,018</u>	<u>\$2,827,168</u>	<u>\$2,890,741</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	59.01%	63.11%	65.71%	68.65%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	\$478,446	\$489,446	\$478,019	\$467,860
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Legal Debt Margin	<u>\$478,446</u>	<u>\$489,446</u>	<u>\$478,019</u>	<u>\$467,860</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, net 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)

2007	2008	2009	2010	2011	2012
<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>\$397,323,250</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>	<u>\$35,759,093</u>
<u>33,545,000</u> <u>(574,351)</u>	<u>32,066,270</u> <u>(663,730)</u>	<u>31,234,255</u> <u>(630,745)</u>	<u>30,975,000</u> <u>(553,028)</u>	<u>30,055,000</u> <u>(519,570)</u>	<u>29,175,000</u> <u>(583,659)</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>28,591,341</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>	<u>\$7,167,752</u>
16.96%	22.01%	19.29%	17.83%	19.07%	20.04%
<u>\$3,970,325</u>	<u>\$4,026,253</u>	<u>\$3,791,868</u>	<u>\$3,702,482</u>	<u>\$3,649,633</u>	<u>\$3,575,909</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>616,000</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>	<u>\$2,959,909</u>
70.91%	75.54%	64.95%	70.34%	76.38%	82.77%
<u>\$441,147</u>	<u>\$447,361</u>	<u>\$421,319</u>	<u>\$411,387</u>	<u>\$405,515</u>	<u>\$397,323</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$441,147</u>	<u>\$447,361</u>	<u>\$421,319</u>	<u>\$411,387</u>	<u>\$405,515</u>	<u>\$397,323</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Chillicothe City School District
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Personal Income (2) (in thousands)	Per Capita Personal Income	Unemployment Rate (3)
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%
2012	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 Five Years Ago

Employer	Nature of Business	2012			2007*		
		Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Glatfelter Paper Company	Specialty and Carbonless Paper	1,369	1	4.55%	1,610	1	4.72%
Wal-Mart	Retail	846	2	2.81%	211	5	0.62%
Chillicothe City Schools	Education	732	3	2.43%	350	2	1.03%
Ross County	County Government	698	4	2.32%	597	3	1.75%
Ohio University - Chillicothe	Regional College Campus	575	5	1.91%	170	6	0.50%
City of Chillicothe	City Government	385	6	1.28%	287	4	0.84%
Horizon Family of Companies	Communications	210	7	0.70%	205	7	0.60%
Lowe's	Retail	202	8	0.67%	105	8	0.31%
Time Warner/Adelphia	Cable TV/Internet	106	9	0.35%	150	9	0.44%
AEP	Regional Utility Center	15	10	0.05%	127	10	0.37%
Total		<u>5,138</u>		<u>17.07%</u>	<u>3,812</u>		<u>11.18%</u>
Total Employment within the School District (1)		<u>30,100</u>			<u>34,100</u>		

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

(1) - Labor Market Information Website

*Information not available for 2003

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

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012
Regular Instruction									
Elementary Classroom Teachers	83.57	83.54	86.90	87.34	86.70	86.70	90.41	75.69	74.32
Middle School Classroom Teachers	30.16	30.06	30.23	28.72	36.88	38.18	40.08	36.07	32.00
High School Classroom Teachers	43.38	42.54	42.00	40.30	40.20	39.72	39.72	40.13	34.94
Special Instruction									
Elementary Classroom Teachers	23.50	24.62	21.77	21.50	17.51	17.82	11.50	20.50	17.26
Middle School Classroom Teachers	5.00	5.00	5.00	5.00	7.51	7.51	4.50	10.19	10.09
Gifted Education Teachers	2.00	2.00	2.00	2.00	1.70	1.70	1.70	1.70	0.00
High School Classroom Teachers	6.00	6.00	6.00	7.00	7.00	6.00	6.50	5.97	4.36
Pupil Support Services									
Guidance Counselors	6.00	6.00	6.00	4.00	4.00	4.00	4.00	4.00	3.00
Librarians	3.00	2.00	2.00	2.00	1.00	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	3.00
Speech and Language Pathologists	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.70
Nurse	2.00	1.90	1.81	1.81	2.00	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	21.42
Technology	2.50	3.00	3.00	2.00	0.00	0.00	1.00	1.00	1.00
Secretaries	14.85	16.75	16.75	15.75	11.71	11.71	14.00	8.00	8.00
Administrators									
District	3.00	3.00	4.00	4.50	4.50	4.50	6.50	5.44	4.00
Elementary	4.00	4.00	5.00	5.00	4.00	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	2.00
High School	2.14	2.14	3.14	3.14	2.39	2.39	2.00	2.50	2.50
Secretaries	14.00	13.79	13.79	13.79	14.79	14.79	9.00	14.00	14.00
Fiscal Services									
Fiscal Services	6.00	6.00	6.00	6.00	6.00	6.00	4.00	6.00	6.00
Operation of Plant									
Custodians	20.00	18.00	18.00	18.00	19.67	19.67	20.07	20.07	19.00
Maintenance	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	6.40
Pupil Transportation									
Bus Drivers	20.00	19.00	19.00	19.00	18.00	17.50	19.00	20.00	20.00
Extracurricular Activities									
Secretaries	0.86	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	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>	<u>317.20</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 Ten 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
2012	35,631,921	2,918	12,211	-2.23%	189	15.4

Source: School District Records.

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

	2003	2004	2005	2006
Allen Elementary School				
Constructed in 1961				
Total Building Square Footage	30,251			
Enrollment Grades K-6	270	308	306	338
Student Capacity	375	375	375	375
Regular Instruction Classrooms	12	14	14	15
Regular Instruction Teachers	12	14	14	15
Special Instruction Classrooms	3	1	1	0
Special Instruction Teachers	5	3	4	3
Central Elementary				
Constructed in 1960				
Total Building Square Footage				
Enrollment Grades K-6	242	Closed	Closed	Closed
Student Capacity	400			
Regular Instruction Classrooms	13			
Regular Instruction Teachers	13			
Special Instruction Classrooms	3			
Special Instruction Teachers	5			
Hopewell Elementary				
Constructed in 1954				
Total Building Square Footage				
Enrollment Grades K-6	244	Closed	Closed	Closed
Student Capacity	425			
Regular Instruction Classrooms	11			
Regular Instruction Teachers	11			
Special Instruction Classrooms	6			
Special Instruction Teachers	8			
McArthur Elementary				
Constructed in 1961				
Total Building Square Footage				
Enrollment Grades K-6	275	Closed	Closed	Closed
Student Capacity	375			
Regular Instruction Classrooms	13			
Regular Instruction Teachers	13			
Special Instruction Classrooms	2			
Special Instruction Teachers	6			

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

(continued)

2007	2008	2009	2010	2011	2012
347	341	341	317	321	296
375	375	375	375	375	375
15	17	17	17	17	17
15	17	17	17	17	18
0	0	0	0	0	0
3	3	3	3	3	2
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

	2003	2004	2005	2006
Mt. Logan Elementary School				
Constructed in 1977				
Total Building Square Footage	60,389			
Enrollment Grades K-6	333	544	500	494
Student Capacity	600	600	600	600
Regular Instruction Classrooms	17	21	26	25
Regular Instruction Teachers	17	21	26	25
Special Instruction Classrooms	5	3	9	9
Special Instruction Teachers	5	5	9	10
Tiffin Elementary School				
Constructed in 1952				
Total Building Square Footage	36,135			
Enrollment Grades K-5	242	380	384	332
Student Capacity	425	425	425	425
Regular Instruction Classrooms	14	11	17	18
Regular Instruction Teachers	14	11	17	17
Special Instruction Classrooms	3	6	0	0
Special Instruction Teachers	8	9	7	5
Worthington Elementary School				
Constructed in 1951				
Total Building Square Footage	39,774			
Enrollment Grades K-5	316	377	357	363
Student Capacity	350	350	350	350
Regular Instruction Classrooms	14	14	14	14
Regular Instruction Teachers	15	14	16	15
Special Instruction Classrooms	0	0	0	0
Special Instruction Teachers	2	3	3	4
J.A. Smith Middle School				
Constructed in 1931				
Total Building Square Footage	103,456			
Enrollment Grades 6-8	430	631	576	550
Student Capacity	775	775	775	775
Regular Instruction Classrooms	25	22	24	25
Regular Instruction Teachers	25	22	24	25
Special Instruction Classrooms	5	4	6	10
Special Instruction Teachers	5	4	6	10
Chillicothe Middle School				
Constructed in 1963, Renovated in 2007				
Total Building Square Footage				
Enrollment Grades 6-8				
Student Capacity				
Regular Instruction Classrooms				
Regular Instruction Teachers				
Special Instruction Classrooms				
Special Instruction Teachers				
Chillicothe High School				
Constructed in 1963				
Total Building Square Footage	165,317			
Enrollment Grades 9-12	1,133	1,099	970	940
Student Capacity	970	970	970	970
Regular Instruction Classrooms	48	48	48	48
Regular Instruction Teachers	41	42	41	41
Special Instruction Classrooms	6	6	6	6
Special Instruction Teachers	6	6	6	6

(continued)

2007	2008	2009	2010	2011	2012
525	428	418	393	397	361
600	600	600	600	600	600
25	23	23	23	23	23
25	23	23	23	23	18
9	9	9	9	9	9
10	7	7	7	7	10
325	303	298	290	288	284
425	425	425	425	425	425
18	18	18	18	18	18
17	14	13	13	14	14
0	0	0	0	0	0
5	5	5	5	5	4
337	335	363	356	327	347
350	350	350	350	350	350
14	14	14	14	14	14
15	16	17	17	17	19
0	0	0	0	0	0
4	4	4	4	4	4
584	Closed	Closed	Closed	Closed	Closed
775					
25					
25					
10					
10					
	126,499				
	689	659	662	650	678
	800	800	800	800	800
	25	25	25	25	25
	25	25	25	25	36
	11	11	11	11	11
	11	11	11	11	7
912	979	882	883	855	875
970	970	970	970	970	970
48	48	48	48	48	48
41	42	43	43	43	43
6	7	7	7	7	7
6	7	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
FEBRUARY 12, 2013