

Chillicothe City School District

Single Audit

July 1, 2006 through June 30, 2007

Fiscal Year Audited Under GAGAS: 2007

BALESTRA, HARR & SCHERER, CPAs, INC.

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Mary Taylor, CPA
Auditor of State

Board of Education
Chillicothe City School District
235 Cherry St.
Chillicothe, OH 45601

We have reviewed the *Independent Auditor's Report* of the Chillicothe City School District, Ross County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2006 to June 30, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 2, 2008

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CHILlicothe CITY SCHOOL DISTRICT
ROSS COUNTY

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*CHILLICOTHE CITY SCHOOL DISTRICT
Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2007*

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
Passed Through Ohio Department of Education						
Child Nutrition Cluster						
School Breakfast Program	05-PU-2006	10.553	\$ 28,615	\$ -	\$ 28,615	\$ -
School Breakfast Program	05-PU-2007	10.553	88,602	-	88,602	-
Total School Breakfast Program			117,217	-	117,217	-
National School Lunch Program	LL-P1-2006	10.555	3,257	-	3,257	-
National School Lunch Program	LL-P1-2007	10.555	13,085	-	13,085	-
National School Lunch Program	LL-P4-2006	10.555	113,068	-	113,068	-
National School Lunch Program	LL-P4-2007	10.555	382,338	-	382,338	-
Total National School Lunch Program			511,748	-	511,748	-
Total Child Nutrition Cluster			628,965	-	628,965	-
Food Donation	N/A	10.550	-	67,953	-	67,953
TOTAL U.S. DEPARTMENT OF AGRICULTURE			628,965	67,953	628,965	67,953
U.S. DEPARTMENT OF EDUCATION						
Passed Through Ohio Department of Education						
Title I Grants to Local Educational Agencies	C1-S1-2006	84.010	110,804	-	110,704	-
Title I Grants to Local Educational Agencies	C1-S1-2006	84.010	725,195	-	672,481	-
Total Title I Grants to Local Educational Agencies			835,999	-	783,185	-
Special Education - Grants to States	6B-SD-2006	84.027	11,355	-	4,278	-
Special Education - Grants to States	6B-SF-2006	84.027	88,510	-	115,100	-
Special Education - Grants to States	6B-SF-2007	84.027	789,051	-	725,367	-
Total Special Education - Grants to States			888,916	-	844,745	-
Safe and Drug Free Schools and Communities - State Grants	DR-S1-2006	84.186	4,666	-	5,267	-
Safe and Drug Free Schools and Communities - State Grants	DR-S1-2007	84.186	17,330	-	16,646	-
Total Safe and Drug Free Schools and Communities - State Grants			21,996	-	21,913	-
Education for Homeless Children and Youth	HC-S1-2006	84.196	5,097	-	6,593	-
Education for Homeless Children and Youth	HC-S1-2007	84.196	36,368	-	35,591	-
Total Education for Homeless Children and Youth			41,465	-	42,184	-
State Grants for Innovative Programs	C2-S1-2006	84.298	48	-	394	-
State Grants for Innovative Programs	C2-S1-2007	84.298	5,048	-	5,048	-
Total State Grants for Innovative Programs			5,096	-	5,442	-
Education Technology State Grants	TJ-S1-2006	84.318	(1,395)	-	-	-
Education Technology State Grants	TJ-S1-2007	84.318	10,197	-	8,660	-
Total Education Technology State Grants			8,802	-	8,660	-
Improving Teacher Quality State Grants	TR-S1-2006	84.367	27,031	-	19,494	-
Improving Teacher Quality State Grants	TR-S1-2007	84.367	239,957	-	230,559	-
Total Improving Teacher Quality State Grants			266,988	-	250,053	-
TOTAL U.S. DEPARTMENT OF EDUCATION			2,069,262	-	1,956,182	-
U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICES						
Passed Through the Ohio Department of Education						
Learn and Serve America - School and Community Based Programs	SV-S1-2006	94.004	1,496	-	990	-
Learn and Serve America - School and Community Based Programs	SV-S1-2007	94.004	9,535	-	8,778	-
Total Learn and Serve America Grants			11,031	-	9,768	-
Total Federal Awards Expenditures			\$ 2,709,258	\$ 67,953	\$ 2,594,915	\$ 67,953

See notes to the Schedule of Federal Awards Expenditures

N/A - pass through entity number not available.

CHILLICOTHE CITY SCHOOL DISTRICT
Notes to the Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2007

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B – FOOD DONATION

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

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

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

To the Board of Education:

We have audited the accompanying financial statements of the government activities, each major fund, and the aggregate remaining fund information of the Chillicothe City School District (the School District), Ross County, as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 14, 2007. 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

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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

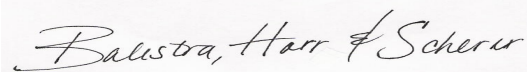
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's basic 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*.

We noted certain matters that we reported to management of the School District in a separate letter dated December 14, 2007.

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



Balestra, Harr & Scherer, CPAs, Inc.
December 14, 2007

BALESTRA, HARR & SCHERER, CPAs, INC.

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Ohio Society of Certified Public Accountants

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

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

Compliance

We have audited the compliance of the Chillicothe City School District (the School District), Ross County, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. 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 requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

Internal Control Over Compliance (Continued)

A control deficiency in the School District's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the School District's internal control.

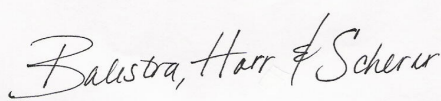
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the School District's internal control.

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

Schedule of Federal Awards Expenditures

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2007, and have issued our report thereon dated December 14, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Balestra, Harr & Scherer, CPAs, Inc.
December 14, 2007

CHILICOTHE CITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
For the Fiscal Year Ended June 30, 2007

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Title I Grants to Local Educational Agencies, CFDA # 81.010 and Special Education – Grants to States CFDA # 84.027
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

CHILLICOTHE CITY SCHOOL DISTRICT

*Schedule of Prior Audit Findings
OMB Circular A-133 Section .315(b)
For the Fiscal Year Ended June 30, 2007*

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Submission of Data Collection Form to Federal Clearinghouse was not timely	Fully Corrected	N/A

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2007

CHILlicothe CITY SCHOOL DISTRICT

235 Cherry Street Chillicothe, Ohio 45601

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

For the fiscal year ended
June 30, 2007

Board of Education

J. Jeffrey Benson.....President
Randy Drewyor.....Vice-President
Jeff Hartmus.....Member
Sheryl McCorkleMember
Stephen MullinsMember

Superintendent of Schools

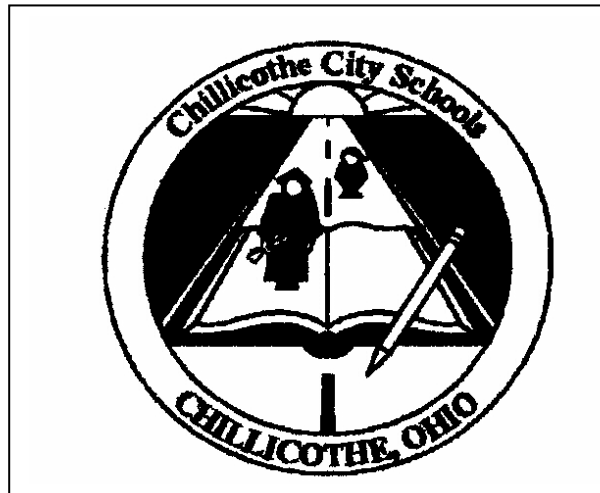
Roger W. Crago

Issued by the Treasurer's Office

John D. Rose, CPA
Treasurer



CHILlicothe CITY SCHOOL DISTRICT



INTRODUCTORY SECTION

Chillicothe City School District, Ohio
Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2007

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Chillicothe City Schools

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December 14, 2007

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 District), we are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) issued by the District. This CAFR, for the fiscal year ended June 30, 2007, 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 District's financial activity are included herein.

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

THE DISTRICT AND ITS FACILITIES

Chillicothe is the county seat of Ross County with a population of approximately 22,041 residents. The city was the capital city of the Northwest Territory in 1787, and then became Ohio's first capital in 1803. The name Chillicothe comes from the Shawnee Indians and means "hometown". Located 45 miles south of Columbus, Chillicothe is home for a branch campus of Ohio University and the Tecumseh outdoor drama production.

The Chillicothe City School District is one of seven school districts in Ross County. With 3,030 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 District operates seven school facilities, which include one high school for grades 9-12, one middle school for grades 6-8, three elementary schools for grades K-5, one elementary school for grades K-6, plus a central administration building which also houses a county-wide preschool program for approximately 100 pupils as well as a young fives half-day kindergarten class. The School District also operates one maintenance building and one bus garage.

Slightly more than 47.5% of the District's student body qualifies for free or reduced-priced lunches. Mt. Logan Elementary and Tiffin Elementary Schools provide free lunches to more than 73% of their students. The District serves lunch to 80% of the student population daily. All seven school facilities offer breakfast programs. However, only 21% of the student population participates in the program. Approximately 29% of the students in Chillicothe are participants of the Ohio Works First (OWF) program.

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

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

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

ORGANIZATION OF THE DISTRICT

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

The current Board members, their terms, and years on the Board as of June 30, 2007 are:

<u>Board Member</u>	<u>Term</u>	<u>Years on Board</u>
Mrs. Sheryl McCorkle	1/1/04 - 12/31/07	3½ Years
Mr. Jeff Hartmus	1/1/04 - 12/31/07	3½ Years
Mr. J. Jeffrey Benson	1/1/06-12/31/09	1 ½ Years
Mr. Randy Drewyor	1/1/06-12/31/09	1 ½ Years
Mr. Steve Mullins	1/1/06-12/31/09	1 ½ Years

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

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

ECONOMIC CONDITION AND OUTLOOK

The city's largest employer is the Glatfelter Company. Glatfelter purchased the former New Page/MeadWestvaco plant in 2006 which employs approximately 1,650 area residents. Prior to the sale, in 2005 the New Page entity reassessed its personal property valuations which resulted in a \$10.5 million reduction in stated tangible values effective for the 2005 tax year. This reduction caused a drop in the District's local tangible tax revenue collections in fiscal year 2006. Although the valuation reduction is significant, Glatfelter remains the District's largest taxpayer and provides a foundation of stability for the District. In addition, a strong mix of commercial and residential property also provides further stability to the District's tax base. In 1996, Lowe's, Wal-Mart and Kmart all built stores within District boundaries which added to the District's revenue collections beginning in fiscal year 1998.

The 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 District must periodically seek additional funding from its taxing constituents. Statewide, voters have proved reluctant to increase their property taxes. The 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 District receives over 40 grants generating over \$4 million in funding annually. These grants have provided funds to implement entry-year teacher programs, family literacy efforts, service learning, and prevention programs for drugs, alcohol and violence, as well as professional development grants, which have increased the competency of staff and provided research based models for instructional change. Federal Remedial grants also support increased individualized instruction to meet the needs of our students.

EMPLOYEE RELATIONS

The District has 353 employees of which 209 are certificated, 131 are non-certificated, and 13 are administrators. There are two labor organizations representing District employees. Certificated employees, including teachers and educational specialists, are represented for collective bargaining purposes by the Chillicothe Educational Association (CEA), an affiliate of the Ohio Education Association (OEA). Non-certificated employees, including bus drivers, cooks, and clerical staff, are represented for collective bargaining purposes by the Ohio Association of Public School Employees (OAPSE) Local # 14, an affiliate of the American Federation of State, County, and Municipal Employees (AFSCME).

During the summer of 2004, the Board and CEA reached agreement on a new three-year contract effective August 1, 2004. The agreement included a base salary freeze for the period August 2004 through July 2005. The Board and CEA re-opened negotiations in the spring of 2005 for salaries only and reached agreement on a 3% increase (July 2005 through June 2006) and a 3% increase in the final year of the contract (July 2006 through June 2007). The contract also included a \$350 signing bonus for each member. On September 14, 2007, the Board approved a 3% increase for teachers each year for the next three years.

Also during the summer of 2004, the Board and OAPSE agreed to a three-year contract beginning July 2004. The agreement included a base salary and wage freeze for the period July 2004 through August 2005. The Board and OAPSE re-opened negotiations in the spring of 2005 for salaries only and reached agreement on a 3% increase (July 2005 through June 2006) and a 3% increase in the final year of the contract (July 2006 through June 2007). The contract also included a \$350 signing bonus for each member.

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 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 District as successful and operating with the highest levels of commitment, integrity, and trust. The District is a member of the North Central Association, which sets high standards of excellence for its members. Also, Worthington Elementary, Allen Elementary, Smith Middle School and Chillicothe High School received 2007 Effective designations; and Tiffin Elementary and Mt. Logan Elementary received Continuous Improvement ratings. Overall, the District received an Effective designation for the fourth year.

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

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

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

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

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

Chillicothe High School is a unique four-year comprehensive high school accredited by the North Central Association of Secondary Schools and Colleges and the Ohio Department of Education. Chillicothe is the only NCA accredited high school in Ross County. Chillicothe High School requires 21 units of credit to graduate. The school offers an impressive list of curricular and co-curricular programs. Over 200 courses are available, including 13 advanced placement courses. Students are eligible to take courses at the local Ohio University branch campus and receive both high school credit and college credit for said courses. Articulation agreements with Ohio University-Chillicothe and Lancaster branch campuses, as well as the Columbus State Community College, allow students in the Tech Prep Program for Allied Health to enter these institutions with a stronger academic background and earn an enhanced associate degree or continue in baccalaureate programs. Students who want to enter the work force directly from high school may attend Pickaway-Ross Career and Technology Center or stay at Chillicothe High School and attend vocational classes taught by Pickaway-Ross Career and Technology Center instructors on site.

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

The District's special education programs are broad and comprehensive. Approximately 11.5% of the student population has Individualized Education Plans. Special programs for the multi-handicapped, developmentally handicapped, learning disabled, and speech and hearing impaired are provided for students who meet the requirements. A Gifted Program is available to eligible students from grade 2 through high school.

MAJOR INITIATIVES AND EVENTS-FISCAL YEAR 2007

Operating Income

While the District has been hard hit by recent valuation reductions, declining resident student enrollment, and state budget cuts, the District's revenues exceeded expenditures by almost \$1.8 million in the General Fund. This was due in large part to a full year collection of the recently passed 6 mill continuous operating levy which generates approximately \$2.8 million in revenue annually.

Strategic Plan

Members of the Board of Education, administration, staff, teachers and community members met with Ohio School Boards Association consultant Kathy LaSota to create a strategic plan that serves as a guiding map for the District's short-term and long-term success, and is compatible with the District's continuous improvement plan.

Through this process the District adopted a set of core values, goals and key strategies to align with the District's mission to provide all of our children with an excellent academic opportunity through a diversified, compassionate, student-focused curriculum.

Financial Planning

Although the District has engaged in long-range financial forecasting for quite some time, legislation has since mandated this for all schools in the State. The requirement specified the format of the forecast, which has helped develop a consistency in reporting between districts. Each district must submit its five-year forecast twice a year to the Ohio Department of Education for monitoring purposes. Because the District's forecast indicated the potential for a negative balance by June 30, 2004, the District was placed in a fiscal caution status by the Ohio Department of Education in December 2003. Despite the passage of the new 6 mill operating levy, the District remains in fiscal caution due to the continued decline in enrollment. The Department of Education, Division of School Finance conducts monthly reviews of the District's financial condition. The five-year forecast provided the roadmap for the District's leadership to enact reduction measures to balance the budget and meet the state's requirement to end the year without borrowing. Since the reductions made were in advance of major financial difficulties, the District was able to preserve the fabric and content of its curricular and co-curricular programs. In addition, the forecast serves as the basis for determining whether a district has the financial capacity to enter into significant contracts having multi-year implications. Chillicothe has been pro-active in this area by taking the approach of reviewing and updating (if warranted) its five-year forecast monthly. This process ensures that the District's leadership is well-informed of its financial status before making any critical decisions.

Curriculum Development

Curriculum development is an ongoing activity in the 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 District closely follows the Ohio Department of Education's model curriculums. Additionally, the curriculum development process model contains a Five-Year Professional Development plan, the integration of technology and multiculturalism, and student assessment practices. During the 2006-07 school year, the Curriculum Director and staff reviewed and revised the District's reading curriculum and textbooks for the five-year cycle (2007-2012). The Macmillan/McGraw-Hill textbooks were adopted for pre-kindergarten through grade 6. The McDougal Littell series will be used by 7th through 9th graders. Each high school course has a text that supports their curriculum learning indicators.

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 District then could offer Advanced Placement courses. This year the District is offering 13 Advanced Placement Courses.

The College Board has approved a guest teacher from China to be in Chillicothe City Schools from 2007-2010 to implement a Chinese Program in the Middle School and High School.

Alternative Schooling Options

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

MAJOR INITIATIVES FOR THE FUTURE

Construction of New High School / Middle School Facility

The District recently completed the construction phase of its new high school / middle school facility. 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. Construction was completed in August 2007. Students in seventh and eighth grade moved into the facility at the opening of the 2007-08 school year. Smith Middle School was closed following the completion of the 2007 school year.

The Board of Education will now turn its attention to Phase 2 of the project by reconvening the Facilities Planning Committee early in calendar year 2008. Phase 2 of the Master Plan involves the facilities for the District's K-6 students.

Technology Initiatives

The District continues to place a significant emphasis on ways to reduce the total cost of ownership of computers and associated systems within the District by implementing technology standards and replacing obsolete equipment. Plans for the future include a digital phone system, as well as a video server for classroom teacher use. Implementation of a digital phone system would eliminate the need for a large number of the standard telephone lines currently in use in the District, thus significantly reducing the cost associated with the lines. In addition, the District continued to demonstrate a commitment to its technology plan approved last year by maintaining a special technology line item in the budget to provide additional funding for technology initiatives.

Chillicothe CSD Website

The District continues to improve and refine its website (<http://www.chillicothe.k12.oh.us/>). The site is currently available and its content is growing. Currently, employees can access the site to obtain budgetary information, as well as various standardized employee forms. 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 District and a tax millage calculator 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 District and ensure reliable information is available to both the staff and public. The goal is increased communication and efficiencies District-wide.

FINANCIAL INFORMATION

Internal Control Structure

The management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the 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 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 District.

Budgetary Controls

The District maintains its accounts, appropriations, and other financial records in accordance with the procedures established and prescribed by the Auditor of State. The objective of these budgetary controls is to ensure compliance with the legal provisions embodied in the annual appropriation resolution approved by the Board of Education. Activities of all funds, except agency funds, are included in the annual appropriation resolution. Budget deadlines may be established to allow for budget amendments prior to year-end. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level of expenditures. The 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 District continues to meet its responsibility for sound financial management.

Financial Condition

The 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 District that are governmental and those that are considered business-type activities. The District reports no business-type activities.

Fund financial statements. These statements present information for individual major funds rather than by fund type. Non-major governmental funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and 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 District. This discussion is located in the financial section of this report following the audit opinion and provides an assessment of the District finances for fiscal year 2007 and the outlook for the future.

Risk Management

The District continues to protect its assets through a comprehensive insurance program. A schedule of insurance in force at June 30, 2007 is included in the Notes to the Basic Financial Statements Section of this report.

Cash Management

The District believes that appropriate cash management activities are integral to the District's overall financial well-being. Forecasting of receipts and expenditures, cash budgeting and on-going variance analysis allow prudent optimization of investment maturities and interest income. Total interest earned during the fiscal year 2007 was \$959,700. By Board Resolution earnings from the Construction fund are posted to the General Fund and then transferred to the Permanent Improvement Fund. Earnings from Construction fund monies totaled \$745,937.

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

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

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

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

The District follows the procedures permitted by Ohio law regarding the safekeeping of deposits and investments. Deposits are generally secured by a pool of eligible investments, not in the District’s name, held by depository institutions or at their Federal Reserve Bank account for the district. The Governmental Accounting Standards Board, using strict standards of deposit segregation, refers to these deposits as “uncollateralized.” The State of Ohio does not require that this criterion be met.

OTHER INFORMATION

Awards

Certificate of Achievement

The Government Finance Officers’ Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Chillicothe City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

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

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

ASBO Certificate of Excellence

The 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, 2006. 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 District. It is the District’s belief that the current report continues to conform to the standards set by the GFOA and ASBO and it will be submitted for review to determine its eligibility for a certificate.

Independent Audit


The Independent Accounting firm of Balestra, Harr, & Scherer, CPAs, Inc. conducted the District's 2007 fiscal year audit. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditor's report on the basic financial statements is included in the financial section of this report.

Acknowledgements

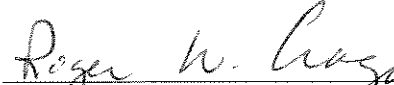
The preparation and publication of this Comprehensive Annual Financial Report on a timely basis could not have been possible without the cooperation of the entire Treasurer's Department. A special note of appreciation is extended to Balestra, Harr & Scherer Consulting, LLC for their aid in preparing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

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

Respectfully Submitted,



John D. Rose, CPA, Treasurer



Roger W. Crago, Superintendent

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Chillicothe City School
District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

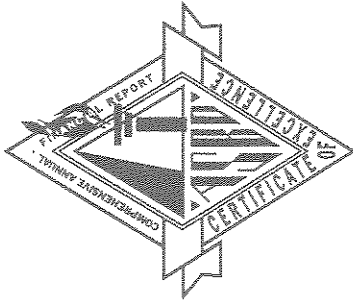
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL



This Certificate of Excellence in Financial Reporting

is presented to

Chillicothe City School District

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2006

upon recommendation of the Association's Panel of Review

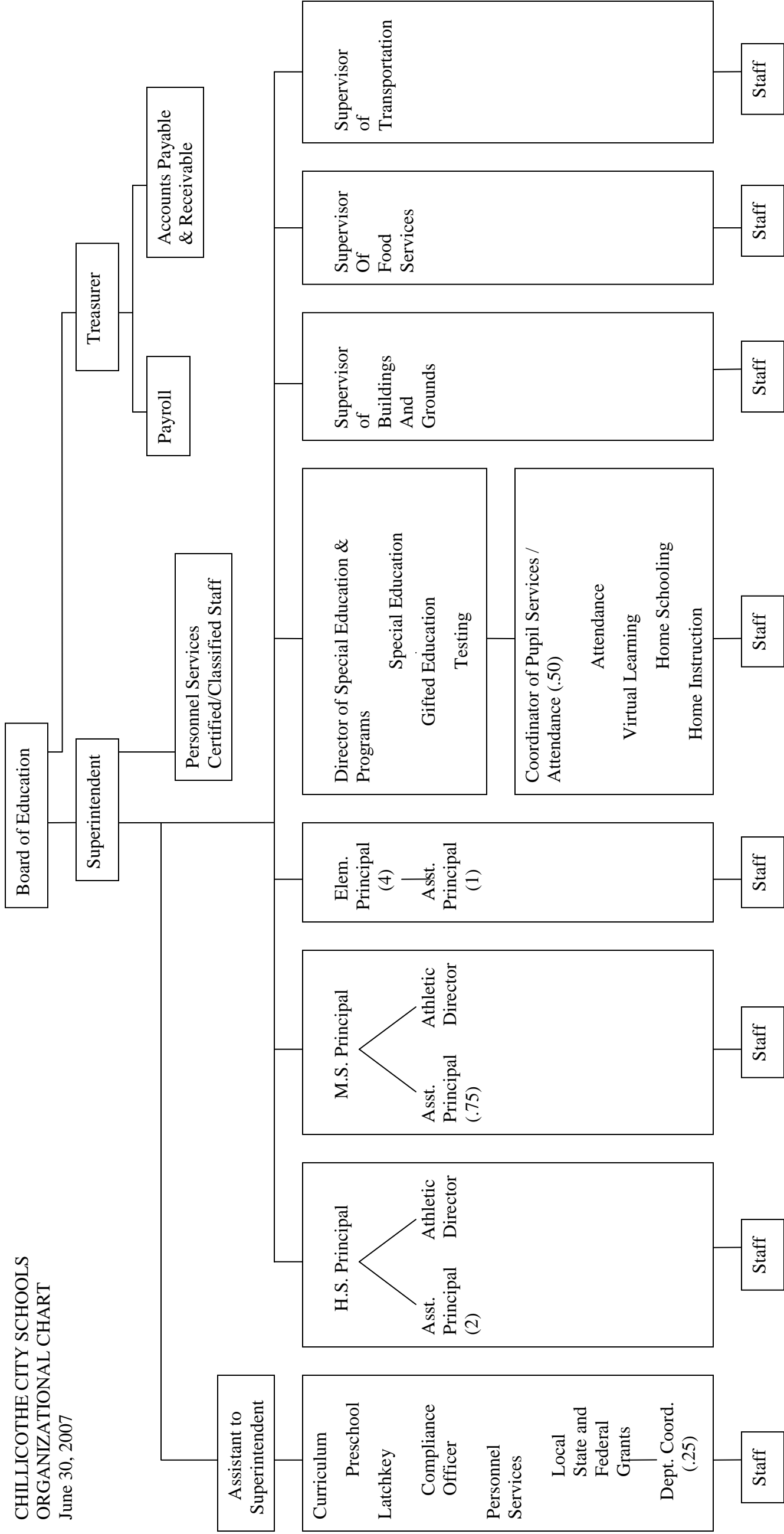
which has judged that the Report substantially conforms

to principles and standards of ASBO's Certificate of Excellence Program

President

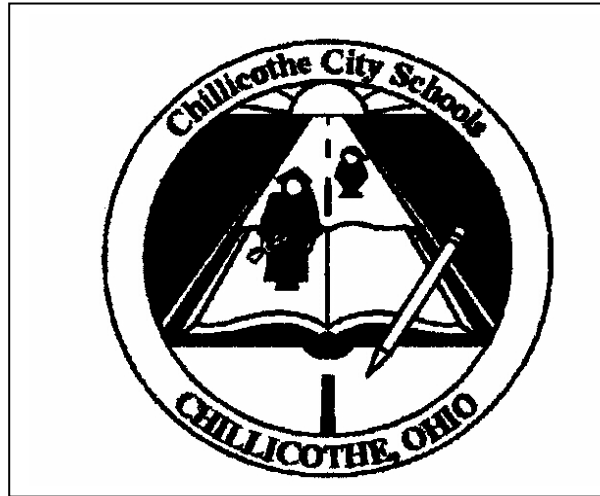
Executive Director

CHILLICOTHE CITY SCHOOLS
 ORGANIZATIONAL CHART
 June 30, 2007





CHILlicothe CITY SCHOOL DISTRICT



FINANCIAL SECTION

BALESTRA, HARR & SCHERER, CPAs, INC.
528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Chillicothe City School District (the School District), Ross County, as of and for the year ended June 30, 2007, 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.

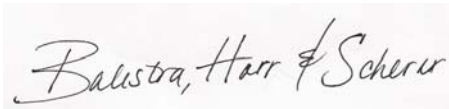
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the general fund thereof, 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 14, 2007 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Balestra, Harr & Scherer, CPAs, Inc.
December 14, 2007

Chillicothe City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Chillicothe City School District's (the District) discussion and analysis of the annual financial report provides a review of the financial performance for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the 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 District's financial performance.

FINANCIAL HIGHLIGHTS

- The District's assets exceeded its liabilities at June 30, 2007 by \$10,632,118.
- The District's net assets of governmental activities increased \$2,907,366.
- General revenues accounted for \$26,748,254 in revenue or 81 percent of all revenues. Program specific revenues in the form of charges for services and sales, operating and capital grants and contributions accounted for \$6,232,524 or 19 percent of total revenues of \$32,980,778.
- The District had \$30,073,412 in expenses related to governmental activities; only \$6,232,524 of these expenses was offset by program specific charges for services and sales, operating and capital grants, and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$26,748,254 were 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 District's financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the 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 District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District the General Fund, Debt Service Fund, the Permanent Improvement Fund, and the Construction Fund are the four major funds.

REPORTING THE DISTRICT AS A WHOLE

Statement of Net Assets and Statement of Activities

The analysis of the 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 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 District's net assets and changes to those assets. This change informs the reader whether the 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 District's financial well-being. Some of these factors include the 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, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the District's funds begins on page 8. Fund financial statements provide detailed information about the District's major funds – not the 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 District is meeting legal responsibilities for use of grants. The Chillicothe City School District's major funds are the General, Debt Service, Permanent Improvement and Construction Funds.

Governmental Funds. Most of the 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 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 14-17 of this report.

Proprietary Funds. The District maintains a proprietary fund. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for run out claims. Since the internal service fund exclusively benefits governmental functions, it has been included with governmental activities in the government-wide financial statements. The proprietary fund financial statements can be found on pages 19-20 of this report.

Reporting the District's Fiduciary Responsibilities. The District acts in trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities on page 21 of this report. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the 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 22-47 of this report.

Chillicothe City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)

THE DISTRICT AS A WHOLE

As stated previously, the Statement of Net Assets provides the perspective of the District as a whole. Table 1 provides a summary of the District's net assets for 2007 compared to 2006.

Table 1
Net Assets

	Governmental Activities	
	2007	2006*
Assets:		
Current and Other Assets	\$26,481,483	\$39,896,051
Capital Assets, Net	40,335,968	25,968,662
Total Assets	66,820,451	65,864,713
Liabilities:		
Current and Other Liabilities	18,138,272	19,685,024
Long-Term Liabilities	38,050,061	38,454,937
Total Liabilities	56,188,333	58,139,961
Net Assets:		
Invested in Capital Assets, Net of Related Debt	5,081,488	5,468,830
Restricted	5,355,614	2,576,985
Unrestricted	195,016	(321,063)
Total Net Assets	\$10,632,118	\$7,724,752

* Amount restated, See Note 3.

The increase of \$14,370,306 in Capital Assets is primarily due to the continuing construction in progress of the high school/middle school complex that took place during fiscal year 2007.

The decrease of \$13,414,568 in Current Assets is primarily due to the investment of resources in the construction of the high school/middle school complex during fiscal year 2007.

The decrease of \$1,546,752 in Current Liabilities is due to the decrease in Unearned Revenue. This decrease was due to the reduction in Tangible Personal Property Tax as a result of House Bill 66. Current Liabilities also decreased as a result of decreases in contracts payable and retainage payable.

Chillicothe City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)

Table 2 shows the changes in net assets for the fiscal years ended June 30, 2007 and June 30, 2006.

Table 2
Change in Net Assets

	Governmental Activities	
	2007	2006*
Revenues		
Program Revenues:		
Charges for Services and Sales	\$1,979,558	\$1,958,346
Operating Grants and Contributions	4,093,711	3,605,912
Capital Grants and Contributions	159,255	104,698
Total Program Revenues	<u>6,232,524</u>	<u>5,668,956</u>
General Revenues:		
Property Taxes	14,427,164	15,418,036
Grants and Entitlements not Restricted to Specific Programs	11,226,182	9,574,690
Gifts and Donations not Restricted to Specific Programs	3,750	63,273
Investment Earnings	868,942	1,323,394
Payments in Lieu of Taxes	101,703	82,703
Gain on Sale of Capital Assets	4,686	12,053
Miscellaneous	115,827	219,680
Total General Revenues	<u>26,748,254</u>	<u>26,693,829</u>
Total Revenues	<u>32,980,778</u>	<u>32,362,785</u>
Program Expenses		
Instruction		
Regular	13,859,140	13,449,213
Special	3,005,694	2,807,734
Vocational	5,539	4,094
Adult/Continuing	776	1,707
Other	742,123	464,322
Support Services		
Pupils	1,611,950	1,696,153
Instructional Staff	1,546,115	1,713,299
Board Of Education	57,065	85,395
Administration	1,821,274	1,908,865
Fiscal & Business	768,758	898,928
Operation and Maintenance of Plant	2,335,077	2,608,949
Pupil Transportation	689,553	812,874
Central	149,960	123,808
Operation of Non-Instructional Services	1,347,824	1,534,833
Extracurricular Activities	471,279	554,034
Interest & Fiscal Charges	1,661,285	1,843,300
Total Expenses	<u>30,073,412</u>	<u>30,507,508</u>
Change in Net Assets	2,907,366	1,855,277
Net Assets at Beginning of Year – Restated, See Note 3	<u>7,724,752</u>	<u>5,869,475</u>
Net Assets at End of Year	<u>\$10,632,118</u>	<u>\$7,724,752</u>

* Amount restated, See Note 3

The decrease of \$990,872 in property taxes is due the reduction of Tangible Personal Property Values under House Bill 66.

Chillicothe City School District, Ohio
Management's Discussion and Analysis
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Operating Grants and Contributions increased by \$487,799. This was due in part to an increase in grant monies received from the state.

Grants and Entitlements not Restricted to Specific Programs increased by \$1,651,492. The School District saw an increase in Tangible Property Tax Hold Harmless Reimbursements of \$1,446,885 due to the elimination of Tangible Personal Property Tax under House Bill 66.

Investment earnings decreased by \$454,452 in 2007. This is due to a reduction of construction funds available for investment as the project continued in 2007.

The increase in Regular Instruction Expenses of \$409,927 is due primarily to the following factors: (1) an increase of \$231,712 in state foundation deductions for students open enrolling in other districts and community schools; and (2) the District awarded a 3% cost of living increase on salaries and wages during the 2007 year as part of the collective bargaining agreements with both of the District's organized unions.

The decrease in the Operation and Maintenance of Plant of \$273,872 can be attributed to the reduction of natural gas expenditures.

The increase in Other Instruction Expenses of \$277,801 was due to the increase in Academic Intervention teachers which was the result of increased funding in the District's Poverty Based Assistance allocation from the state.

Governmental Activities

Property taxes comprised 44 percent of revenue for governmental activities of the Chillicothe City School District for fiscal year 2007 and represent the largest sources of revenue. Since 1997, property tax revenue has increased 31%. 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. However, since H.B. 920 allows for such growth once a district hits a "20 mill floor", the District experienced property tax revenue growth in calendar year 2004 from a valuation update. Re-appraisals and valuation updates occur once every three years within the District. Subsequent to the update, the District passed the 6 mill continuing operating levy which further increased revenue. However with the levy passage the District is no longer at the 20 mill floor and once again will be limited by the components of H.B. 920. Property Tax growth will be negatively impacted by H.B. 66 which eliminates the Tangible Personal Property Tax. While, the District will be fully reimbursed by the state through FY2010, the reimbursement will be phased out beginning in FY2011. Tangible Personal Property tax revenue totaled \$3.66 million in 2007.

Grants and entitlements comprised 34 percent of revenue for governmental activities during 2007. Since 1997, grant and entitlement revenue has increased 65%. This increase includes the state reimbursement for the loss of Tangible Personal Property Tax of \$1.72 million in 2007. This increase is negated by the loss of Tangible Personal Property Tax due to H.B. 66. Revenue growth has been limited since 1997 primarily due to declining enrollment, which is a factor in determining grant and entitlement allocations

As indicated by governmental program expenses, total instruction is emphasized. Total instruction comprised 59 percent of governmental program expenses with support services comprising 30 percent of governmental expenses. The Board of Education relies on taxes to support increased student achievement within the school district.

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

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2007 as compared to 2006. 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

	2007		2006	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$17,613,272	\$14,484,672	\$16,727,070	\$14,046,164
Support Services	8,979,752	7,727,995	9,848,271	8,314,831
Operation of Non-instructional Services	1,347,824	133,926	1,534,833	177,299
Extracurricular Activities	471,279	248,490	554,034	456,958
Interest and Fiscal Charges	1,661,285	1,245,805	1,843,300	1,843,300
Total Expenses	\$30,073,412	\$23,840,888	\$30,507,508	\$24,838,552

THE DISTRICT'S FUNDS

Information about the District's major governmental funds begins on page 14. All of the 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 \$63,532,664 and expenditures and other financing uses of \$75,628,082. The net change in fund balance for the year was most significant in the Construction Fund.

The fund balance of the General Fund increased by \$1,129,879. This increase was due primarily to the additional revenue from the first full year of collection on the 6 mill continuing operating levy passed in May 2005.

The fund balance of the Construction Fund decreased by \$13,682,279. This decrease was primarily due to expenditures made for the construction in progress of the High School/Middle school facility.

The fund balance of the Debt Service Fund increased by \$373,290. This increase was primarily due to the premium on refunded bonds issued during the District's advanced refunding of 2004 construction bonds. These resources will be used for bond interest and principal payments on the bonds.

The fund balance of the Permanent Improvement Service Fund increased by \$34,843. This increase was primarily due to the transfer of interest proceeds from the general fund to the Permanent Improvement Fund per Board Resolution.

General Fund Budgeting Highlights

The 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 2007, there were revisions to the General Fund budget. The original budgeted revenues and other financing sources were below the final budgeted revenues and other financing sources by \$1,625,212 with \$1.189 million being from Advances In for the payback of short term loans from other funds. The District's original appropriations were below final appropriations in the amount of \$1,650,523. The increases to appropriations were for the District contingency line item. As a result of additional budgeted revenue the District's contingency line item increased by \$1.634 million.

Chillicothe City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table 4 shows the fiscal year 2007 balances compared to 2006.

Table 4
Capital Assets
(Net of Accumulated Depreciation)

	Governmental Activities	
	2007	2006*
Land and Improvements	\$720,753	\$681,537
Construction in Progress	32,877,013	18,423,686
Buildings and Improvements	3,810,794	4,068,043
Furniture and Equipment	2,493,592	2,533,237
Vehicles	436,816	262,154
Totals	\$40,338,968	\$25,968,657

* Amount restated, see note 3.

The increase in capital assets from the prior year primarily resulted from additions. Construction work continued on the new High School/Middle School facility which accounted for the bulk of the \$14,370,306 increase in capital assets.

Detailed information regarding capital asset activity is included in the notes to the basic financial statements (Note 9).

Debt

At June 30, 2007, the District had \$36,277,564 in notes and bonds outstanding with \$985,000 due within one year. Table 5 summarizes the bonds and notes outstanding:

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2007	2006*
1999 General Obligation Notes	\$1,155,000	\$1,320,000
2005 Construction Bond	6,562,035	35,067,599
2007 General Obligation Refunding Bonds	28,560,529	0
Totals	\$36,277,564	\$36,387,599

* Amount restated, see note 3.

The Refunding Obligation Bonds were issued in fiscal year 2007 in the amount of \$29,717,026 with interest rates from 4-4.125%, to refund \$27,920,000 of the 2005 Construction General Obligation Bonds. The bond issue included serial and term bonds and capital appreciation bonds in the amount of \$6,905,000, \$20,695,000 and \$320,000, respectively.

At June 30, 2007 the District's overall legal debt margin was \$6,158,247 with an unvoted debt margin of \$441,147.

Detailed information regarding long tem debt is included in the notes to the basic financial statements (Note 14).

Chillicothe City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)

Current Financial Related Activities

The citizens of the District passed a 6 mill operating levy in May of 2005. 2007 marked the first full year of collections on this levy. As a result of this levy passage, the District forecasts a positive cash balance through June 30, 2010. The impact of the passage of the levy was tempered by \$10.5 million personal property devaluation by New Page which resulted in tax revenue losses of \$398,000. This is in addition to \$36 million property devaluation in 2005. The enrollment of the District decreased once again but by only 39 students.

The District will not be impacted by further tangible personal property devaluations due the passage of H.B. 66 which eliminated the Tangible Personal Property Tax. However, the current legislation only holds the District harmless through calendar year 2010, and then the reimbursements for lost revenue are phased out. The permanent loss of this revenue would account for over \$4.2 million. The District received \$1.7 million in Tangible Personal Property Reimbursement in 2007 while Tangible Personal Property Taxes decreased by \$1.2 million.

The District remains in a fiscal caution status by the Ohio Department of Education. The primary reason for this status is the continued trend in declining enrollment. The District believes this status will change once negotiations with the District's two unions are complete. The Department of Education, Division of School Finance continues to conduct monthly reviews of the District's financial condition.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Chillicothe City School District
Statement of Net Assets
as of June 30, 2007

	Governmental Activities
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	\$ 6,131,107
Investments	4,079,560
Accrued Interest Receivable	90,228
Accounts Receivable	21,139
Intergovernmental Receivable	368,208
Taxes Receivable	14,481,681
Restricted Assets:	
Equity in Pooled Cash and Cash Equivalents	8,841
Cash and Cash Equivalents in Segregated Accounts	495,703
Unamortized Bond Issuance Costs	805,016
Non-Depreciable Capital Assets	33,541,435
Depreciable Capital Assets, net	6,797,533
<i>Total Assets</i>	66,820,451
 LIABILITIES:	
Accounts Payable	20,028
Accrued Wages and Benefits	2,265,439
Contracts Payable	1,410,803
Intergovernmental Payable	698,768
Accrued Interest Payable	115,363
Matured Compensated Absences Payable	27,991
Unearned Revenue	13,068,420
Retainage Payable	495,703
Early Retirement Incentive Payable	35,757
Long-Term Liabilities:	
Due Within One Year	1,169,475
Due in More Than One Year	36,880,586
<i>Total Liabilities</i>	56,188,333
 NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	5,081,488
Restricted for Debt Service	750,181
Restricted for Capital Projects	4,005,186
Restricted for Other Purposes	98,398
Restricted for Permanent Fund:	
Non-Expendable	450,000
Expendable	51,849
Unrestricted	195,016
<i>Total Net Assets</i>	\$ 10,632,118

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, 2007

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
Instruction:					
Regular	\$13,859,140	\$ 667,405	\$ 950,472	\$ 53,667	\$ (12,187,596)
Special	3,005,694	148,341	997,846	-	(1,859,507)
Vocational	5,539	-	-	-	(5,539)
Adult/Continuing	776	-	-	-	(776)
Other	742,123	33,380	277,489	-	(431,254)
Support Services:					
Pupils	1,611,950	78,898	277,489	319	(1,255,244)
Instructional Staff	1,546,115	70,285	280,678	11,148	(1,184,004)
Board of Education	57,065	3,331	-	-	(53,734)
Administration	1,821,274	92,883	35,085	2,389	(1,690,917)
Fiscal	628,942	39,898	25,516	4,937	(558,591)
Business	139,816	6,661	-	-	(133,155)
Operation and Maintenance of P	2,335,077	110,682	22,327	56,536	(2,145,532)
Pupil Transportation	689,553	36,637	54,441	24,048	(574,427)
Central	149,960	4,979	6,379	6,211	(132,391)
Operation of Non-Instructional Serv	1,347,824	518,581	695,317	-	(133,926)
Extracurricular Activities	471,279	165,377	57,412	-	(248,490)
Interest and Fiscal Charges	1,661,285	2,220	413,260	-	(1,245,805)
Total Governmental Activities	\$30,073,412	\$ 1,979,558	\$ 4,093,711	\$ 159,255	(23,840,888)

General Revenues:

Property Taxes Levied for:	
General Purposes	11,778,185
Debt Service	1,824,986
Capital Projects	823,993
Grants and Entitlements	
not Restricted to Specific Programs	11,226,182
Gifts and Donations not Restricted to	
Specific Programs	3,750
Investment Earnings	868,942
Payments in Lieu of Taxes	101,703
Gain on Sale of Capital Assets	4,686
Miscellaneous	115,827
Total General Revenues	26,748,254
Change in Net Assets	2,907,366
<i>Net Assets Beginning of Year - As Restated, See Note 3</i>	<u>7,724,752</u>
<i>Net Assets End of Year</i>	<u>\$ 10,632,118</u>

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



Chillicothe City School District
Balance Sheet
Governmental Funds
as of June 30, 2007

	General Fund	Debt Service Fund	Permanent Improvement Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Equity in Pooled Cash and Cash Equivalents	\$ 1,329,037	\$ 574,351	\$ 1,185,812	\$ 2,492,146	\$ 549,761	\$ 6,131,107
Investments	1,165,763	-	1,040,133	997,105	876,559	4,079,560
Accrued Interest Receivable	86,130	-	-	-	4,098	90,228
Accounts Receivable	19,173	-	-	-	1,966	21,139
Interfund Receivable	100,562	-	-	-	-	100,562
Intergovernmental Receivable	-	-	-	-	368,208	368,208
Taxes Receivable	11,770,627	1,772,195	938,859	-	-	14,481,681
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	8,841	-	-	-	-	8,841
Cash and Cash Equivalents in Segregated Accounts	-	-	-	495,703	-	495,703
Total Assets	14,480,133	2,346,546	3,164,804	3,984,954	1,800,592	25,777,029
LIABILITIES:						
Accounts Payable	4,238	-	4,295	-	11,495	20,028
Contracts Payable	-	-	-	1,410,803	-	1,410,803
Accrued Wages and Benefits	1,654,934	-	12,132	-	598,373	2,265,439
Interfund Payable	-	-	-	-	100,562	100,562
Intergovernmental Payable	518,268	-	15,285	-	165,215	698,768
Retainage Payable	-	-	-	495,703	-	495,703
Matured Compensated Absences Payable	27,991	-	-	-	-	27,991
Deferred Revenue	11,048,453	1,652,784	876,321	-	181,349	13,758,907
Early Retirement Incentive Payable	35,757	-	-	-	-	35,757
Total Liabilities	13,289,641	1,652,784	908,033	1,906,506	1,056,994	18,813,958
FUND BALANCES:						
Reserved:						
Reserved for Encumbrances	193,159	-	495,646	703,569	64,599	1,456,973
Reserved for Property Taxes	722,174	119,411	62,538	-	-	904,123
Reserved for Bus Purchases	8,841	-	-	-	-	8,841
Reserved for Library Purposes	-	-	-	-	450,000	450,000
Unreserved, Undesignated, Reported in:						
General Fund	266,318	-	-	-	-	266,318
Special Revenue Funds	-	-	-	-	177,150	177,150
Debt Service Funds	-	574,351	-	-	-	574,351
Capital Projects Funds	-	-	1,698,587	1,374,879	-	3,073,466
Permanent Funds	-	-	-	-	51,849	51,849
Total Fund Balances	1,190,492	693,762	2,256,771	2,078,448	743,598	6,963,071
Total Liabilities and Fund Balances	\$14,480,133	\$ 2,346,546	\$ 3,164,804	\$ 3,984,954	\$ 1,800,592	\$ 25,777,029

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, 2007

Total Governmental Fund Balances		\$ 6,963,071
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.		40,338,968
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Taxes	508,838	
Intergovernmental	181,649	
Total		690,487
Unamortized issuance costs represent deferred charges which do not provide current financial resources and therefore are not reported in the funds.		805,016
Long-Term Liabilities, including bonds and related liabilities, capital lease obligations, 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	(115,363)	
Compensated Absences	(1,772,497)	
Refunding Bonds	(27,600,000)	
General Obligation Bonds	(4,830,000)	
Capital Appreciation Bonds	(1,468,576)	
Unamortized Deferred Amount on Refunding	1,060,948	
Premium on Bonds	(2,284,936)	
General Obligation Notes	(1,155,000)	
Total		(38,165,424)
Net Assets of Governmental Activities		\$ 10,632,118

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, 2007

	General Fund	Debt Service Fund	Permanent Improvement Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Property and Other Local Taxes	\$ 11,803,864	\$ 1,825,297	\$ 824,351	\$ -	\$ -	\$ 14,453,512
Intergovernmental	9,647,577	413,260	159,255	-	5,218,783	15,438,875
Interest	927,574	-	-	-	32,126	959,700
Decrease in Fair Value of Investments	-	-	-	(90,758)	-	(90,758)
Tuition and Fees	907,887	-	-	-	268,825	1,176,712
Rent	108,527	-	-	-	-	108,527
Extracurricular Activities	16,432	-	-	-	141,071	157,503
Gifts and Donations	3,750	-	-	-	14,048	17,798
Customer Sales and Services	77,356	-	-	-	459,977	537,333
Payments in Lieu of Taxes	83,439	11,921	6,343	-	-	101,703
Miscellaneous	26,759	-	-	-	89,068	115,827
Total Revenues	23,603,165	2,250,478	989,949	(90,758)	6,223,898	32,976,732
EXPENDITURES:						
Current:						
Instruction:						
Regular	11,399,644	-	367,138	-	1,832,160	13,598,942
Special	1,961,655	-	-	-	1,078,324	3,039,979
Vocational	5,370	-	-	-	-	5,370
Other	200,617	-	-	-	535,181	735,798
Support Services:						
Pupils	1,123,927	-	1,703	-	541,534	1,667,164
Instructional Staff	903,993	-	78,350	-	564,869	1,547,212
Board of Education	55,873	-	-	-	-	55,873
Administration	1,800,025	-	15,905	-	70,895	1,886,825
Fiscal	730,270	-	33,183	-	47,338	810,791
Business	125,657	-	-	-	-	125,657
Operation and Maintenance of Plant	2,129,131	-	393,211	-	41,083	2,563,425
Pupil Transportation	698,384	-	163,139	-	300	861,823
Central	86,868	-	42,849	-	10,228	139,945
Operation of Non-Instructional Services	-	-	-	-	1,340,524	1,340,524
Extracurricular Activities	394,038	-	-	-	113,675	507,713
Capital Outlay	-	-	605,565	13,591,521	-	14,197,086
Debt Service:						
Principal	165,000	450,000	-	-	-	615,000
Interest	37,900	1,427,188	-	-	-	1,465,088
Insurance Costs	-	418,907	-	-	-	418,907
Total Expenditures	21,818,352	2,296,095	1,701,043	13,591,521	6,176,111	45,583,122
<i>Excess of Revenues (Under) Expenditures</i>	<i>1,784,813</i>	<i>(45,617)</i>	<i>(711,094)</i>	<i>(13,682,279)</i>	<i>47,787</i>	<i>(12,606,390)</i>
OTHER FINANCING SOURCES AND USES:						
Transfers - In	81,138	-	745,937	-	904	827,979
Proceeds from Sale of Capital Assets	10,769	-	-	-	158	10,927
Proceeds from Sale of Refunding Bonds	-	27,920,000	-	-	-	27,920,000
Premium on Refunding Bonds Issued	-	1,797,026	-	-	-	1,797,026
Payments to Refunded Bond Escrow Agent	-	(29,298,119)	-	-	-	(29,298,119)
Transfers - Out	(746,841)	-	-	-	-	(746,841)
Total Other Financing Sources and Uses	(654,934)	418,907	745,937	-	1,062	510,972
Net Change in Fund Balances	1,129,879	373,290	34,843	(13,682,279)	48,849	(12,095,418)
Fund Balance at Beginning of Year	60,613	320,472	2,221,928	15,760,727	694,749	19,058,489
Fund Balance at End of Year	\$ 1,190,492	\$ 693,762	\$ 2,256,771	\$ 2,078,448	\$ 743,598	\$ 6,963,071

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 Change
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2007

Net Change in Fund Balances - Total Governmental Funds \$ (12,095,418)

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

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

Capital Asset Additions	15,352,033	
Current Year Depreciation	(975,486)	
Total	14,376,547	14,376,547

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

Proceeds from Sale of Capital Assets	(10,927)	
Gain on Disposal of Capital Assets	4,686	
Total	(6,241)	(6,241)

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

Taxes	(26,348)	
Intergovernmental	26,232	
Total	(116)	(116)

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

29,913,119

Proceeds and premiums from the sale of notes in the statement of revenues, expenditures, and changes in fund balances that are reported as other financing sources are not reported as revenues in the statement of activities.

(29,717,026)

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

(81,050)

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	321,974	
Annual Accretion of Capital Appreciation Bonds	(151,031)	
Total	373,237	373,237

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

(176,825)

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

Decrease in Compensated Absences	294,841	
Decrease in Interest Payable	26,298	
Total	321,139	321,139

Net Change in Net Assets of Governmental Activities **\$ 2,907,366**

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

Chillicothe City School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
REVENUES:				
Property and Other Local Taxes	\$ 12,425,851	\$ 12,343,059	\$ 12,343,059	\$ -
Intergovernmental	8,630,348	8,891,166	9,647,577	756,411
Interest	743,712	1,011,596	1,087,278	75,682
Tuition and Fees	838,704	829,987	907,887	77,900
Rent	45,000	93,357	100,892	7,535
Extracurricular Activities	25,000	16,392	16,432	40
Gifts and Donations	22,527	3,750	3,750	-
Customer Sales and Services	64,000	71,890	77,356	5,466
Payments in Lieu of Taxes	70,000	83,439	83,439	-
Miscellaneous	19,950	24,762	27,157	2,395
Total Revenues	<u>22,885,092</u>	<u>23,369,398</u>	<u>24,294,827</u>	<u>925,429</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	11,333,709	11,344,834	11,453,251	(108,417)
Special	2,179,004	2,179,224	1,965,902	213,322
Vocational	3,528	3,528	5,380	(1,852)
Other	236,328	248,960	200,614	48,346
Support Services:				
Pupils	1,034,736	1,037,216	1,116,579	(79,363)
Instructional Staff	1,478,121	1,480,321	883,707	596,614
Board of Education	100,615	100,615	96,620	3,995
Administration	1,750,743	1,749,818	1,826,310	(76,492)
Fiscal	785,363	784,463	737,572	46,891
Business	160,822	166,072	144,505	21,567
Operation and Maintenance of Plant	2,313,193	2,297,993	2,166,388	131,605
Pupil Transportation	759,166	758,666	699,284	59,382
Central	72,300	72,300	86,868	(14,568)
Extracurricular Activities	459,633	459,633	425,006	34,627
Debt Service:				
Principal	165,000	165,000	165,000	-
Interest	66,000	66,000	66,000	-
Total Expenditures	<u>22,898,261</u>	<u>22,914,643</u>	<u>22,038,986</u>	<u>875,657</u>
Excess of Revenues Over (Under) Expenditures	<u>(13,169)</u>	<u>454,755</u>	<u>2,255,841</u>	<u>1,801,086</u>
OTHER FINANCING SOURCES AND USES:				
Transfers In	-	-	81,138	81,138
Refund of Prior Year Expenditures	55,000	6,066	6,066	-
Advances In	139,730	1,329,570	1,329,570	-
Transfers Out	(310,000)	(310,000)	(746,841)	(436,841)
Refund of Prior Year Receipts	-	-	(4,314)	(4,314)
Advances Out	(20,000)	(20,000)	(1,352,871)	(1,332,871)
Other Financing Uses	(524,238)	(2,158,379)	-	2,158,379
Total Other Financing Sources and Uses	<u>(659,508)</u>	<u>(1,152,743)</u>	<u>(687,252)</u>	<u>465,491</u>
Net Change in Fund Balances	<u>(672,677)</u>	<u>(697,988)</u>	<u>1,568,589</u>	<u>2,266,577</u>
Fund Balance at Beginning of Year	398,026	398,026	398,026	-
Prior Year Encumbrances Appropriated	299,962	299,962	299,962	-
Fund Balance at End of Year	<u>\$ 25,311</u>	<u>\$ -</u>	<u>\$ 2,266,577</u>	<u>\$ 2,266,577</u>

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

Chillicothe City School District
Statement of Revenues, Expenses and
Changes In Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2007

	<i>Governmental Activities</i>
	Internal Service Fund
Operating Revenues:	
Other	\$ 88
<i>Total Operating Revenue</i>	88
Income Before Transfers	88
Transfers Out	(81,138)
Net Change in Net Assets	(81,050)
Net Assets at Beginning of Year	81,050
Net Assets at End of Year	\$ -

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

Chillicothe City School District
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2007

	<i>Governmental Activities</i>
	Internal Service Fund
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
<i>Cash Flows from Operating Activities:</i>	
Cash Received from Other Operating Sources	\$ 88
<i>Net Cash Provided by Operating Activities</i>	88
<i>Cash Flows from Noncapital Financing Activities:</i>	
Transfers - Out	(81,138)
Net Increase (Decrease) in Cash and Cash Equivalents	(81,050)
Cash and Cash Equivalents at Beginning of Year	81,050
Cash and Cash Equivalents at End of Year	\$ -
<i>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</i>	
Operating Income	\$ 88
<i>Net Cash Provided by Operating Activities</i>	\$ 88

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, 2007

	<u>Agency</u>
ASSETS:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 92,092
<i>Total Assets</i>	<u>92,092</u>
LIABILITIES:	
Current Liabilities:	
Due to Students	79,183
Undistributed Monies	<u>12,909</u>
<i>Total Liabilities</i>	<u>\$ 92,092</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, 2007

NOTE 1-DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1849 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 22 square miles. It is located in Ross County, and includes all of the Village of Massieville, the City of Chillicothe and a portion of Scioto Township. It is staffed by 131 non-certified employees, 209 certificated full-time teaching personnel and 13 administrative employees who provide services to 3,030 students and other community members. The School District currently operates six instructional buildings, one administrative building, one maintenance building and one bus garage.

Reporting Entity:

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

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

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

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

The following activities are included within the reporting entity:

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

CHILLICOTHE CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

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

The School District is associated with three organizations, which are defined as jointly governed organizations. These organizations are the South Central Ohio Computer Association, Pickaway-Ross Career and Technology Center, and Great Seal Education Network of Tomorrow. These organizations are presented in Note 16 to the basic financial statements.

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation-Fund Accounting

Fund Accounting

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

Governmental Funds

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

General Fund

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

Debt Service Fund

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

Permanent Improvement Fund

To account for the acquisition, construction or improvement of capital facilities other than those financed by proprietary and trust funds.

Construction Fund

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

CHILlicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no Enterprise Funds.

Internal Service Fund

The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the Chillicothe City School District on a cost reimbursement basis. The School District's only internal service fund accounts for the self-insurance program for employee run out claims which ended on December 31, 2004. During fiscal year 2007, the remaining balance was transferred to the General Fund. Therefore, no statement of net assets is presented.

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.

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. Internal Service Fund operating activity is eliminated to avoid overstatement of revenues and expenses.

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, 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.

CHILLICOTHE CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

Measurement Focus

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

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

Like the government-wide statements, the proprietary fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net assets. Since this fund was closed out during fiscal year 2007, no statement of net assets is presented. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

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 proprietary and fiduciary funds. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange and 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.

CHILLICOTHE CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 7). 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 expenditures requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred/Unearned Revenue

Deferred/Unearned Revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 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 and capital lease obligations, which is recorded when due and (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities as payments come due each period upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

C. Budgets

Budgetary Process

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

CHILlicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2007.

The appropriation resolution is subject to amendment by the Board throughout the year with the restrictions that appropriations may not exceed estimated revenues. The amount 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 reserve on the available spending authority due to a commitment for a future expenditure and does not represent a liability. On the fund financial statements encumbrances outstanding at fiscal year-end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds. A reserve for encumbrances is not reported on the government-wide financial statements. Encumbrances are reported as part of expenditures on a non-GAAP budgetary basis.

The School District did not budget the Self Insurance Internal Service Fund or the Teacher Development Fund for fiscal year 2007.

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled, except for the bond proceeds in the Construction Fund. 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 Cash Equivalents" on the financial statements.

During fiscal year 2007, investments were limited to STAROhio 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 2007. 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, 2007.

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 2007 amounted to \$927,574. The Other Governmental Funds earned interest revenue of \$32,126. Investments held for the Construction Fund incurred a decrease in fair value of investments in the amount of \$90,758.

CHILLICOTHE CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

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 fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$500. 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.

G. Compensated Absences

Vacation and personal leave benefits are accrued as a liability as the benefits are earned if the employee's 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.

CHILLICOTHE CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Accrued Liabilities and Long-Term Obligations

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

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

I. Interfund Transactions

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

J. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses. A corresponding fund balance reserve has also been established for this amount. During fiscal year 2007, the School District held monies for the renovation of school buildings. Retainage amounts at June 30, 2007 have been restricted and are presented as "Cash and Cash Equivalents in Segregated Accounts" on the balance sheet. See Note 17 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.

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 \$3,944,811 restricted net assets, none of which are restricted by enabling legislation.

L. Fund Balance Reserves

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

*CHILlicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

M. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund.

N. Estimates

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

O. Unamortized Bond Issuance Costs/Bond Premium and Discount

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

NOTE 3-RESTATEMENT OF NET ASSETS

A restatement to net assets was made in order to correct the beginning balance of capital leases and capital assets. The restatement was to eliminate the capital lease and the assets associated with the lease as previously stated as the lease was determined to be an operating lease. These restatements had the follow effect on net assets:

	Net Assets
Net Assets – June 30, 2006	\$7,935,652
Capital Assets	(974,876)
Capital Lease	763,976
Restated, Net Assets – June 30, 2006	\$7,724,752

*CHILLICOTHE CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

NOTE 4-ACCOUNTABILITY

At June 30, 2007, the Uniform School Supplies, Schoolnet Training, Title I, Ohio Reads, Title VI-B, and Drug Free School Nonmajor Special Revenue funds had deficit fund balances of \$63,866, \$21, \$50,192, \$579, \$48,048, and \$5,041, 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 5-BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$1,129,879
Revenue and Other	
Financing Sources Accruals	2,016,529
Expenditure and Other	
Financing Uses Accruals	(1,381,866)
Encumbrances	<u>(195,953)</u>
Budget Basis	<u>\$1,568,589</u>

CHILLICOTHE CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 6-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 security issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio, its political subdivisions, or other units or agencies of this State or its political subdivisions;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in 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;

*CHILLICOTHE CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

NOTE 6-DEPOSITS AND INVESTMENTS (Continued)

7. The State Treasury Asset Reserve of Ohio (STAR Ohio);
8. Commercial paper and bankers acceptances if training requirements have been met;
9. High grade commercial paper in an amount not to exceed five percent of the District's total average portfolio; and
10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the District's total average portfolio.

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

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

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% 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, 2007, the School District's bank balance of \$7,321,188 was either covered by FDIC or collateralized by the financial institution's public entity deposit pools in the manner described above.

Investments

As of June 30, 2007, the District had the following investments and maturities.

Investment Type	Fair Value	6 months or less	7 to 12 months
StarOhio	\$ 111,541	\$ 111,541	\$ -
FNMA Notes	2,705,184	2,705,184	-
FHLB Notes	659,131	-	659,131
FHLMC Notes	715,245	715,245	-
	<u>\$ 4,191,101</u>	<u>\$ 3,531,970</u>	<u>\$ 659,131</u>

Interest Rate Risk. As a means to limiting its exposure to fair value losses rising from rising interest rates and according to state law, investment portfolio maturities are limited to five years or less.

*CHILLICOTHE CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

NOTE 6-DEPOSITS AND INVESTMENTS (Continued)

Credit Risk. The District’s investments in FNMA, FHLB, and FHLMC were each rated AAA and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. Standard & Poor’s has assigned StarOhio an AAAM money market rating.

Custodial Credit Risk Custodial credit risk is the risk that in the event of the failure of the counterparty, the 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 District’s securities are either insured and registered in the name of the District or at least registered in the name of the District. The District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk. The 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, 2007:

Investment Type	Fair Value	% of Total
StarOhio	\$ 111,541	2.65%
FNMA Notes	2,705,184	64.55%
FHLB Notes	659,131	15.73%
FHLMC Notes	715,245	17.07%
	<u>\$ 4,191,101</u>	<u>100.00%</u>

NOTE 7-PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during the calendar 2007 for real and public utility property taxes represents collections of calendar 2006 taxes. Property tax payments received during calendar 2007 for tangible personal property (other than public utility property) are for calendar 2006 taxes.

2007 real property taxes are levied after April 1, 2006, on the assessed value as of January 1, 2006, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2007 public utility property taxes became a lien December 31, 2005, are levied after April 1, 2006 and are collected in 2007 with real property taxes.

2007 tangible personal property taxes are levied after April 1, 2006, on the value as of December 31, 2005. Collections are made in 2007. Tangible personal property assessments are twenty-five percent of true value.

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

*CHILLICOTHE CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

NOTE 7-PROPERTY TAXES (Continued)

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

Ohio House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2010, the District will be fully reimbursed at the level of calendar year 2004 assessed values for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The assessed values upon which fiscal year 2007 taxes were collected are:

	<u>2006 Second-Half Collections</u>		<u>2007 First-Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and other Real Estate	\$357,195,280	76.35%	\$358,600,730	81.29 %
Public Utility	22,037,170	4.71%	20,891,800	4.75%
Tangible Personal Property	<u>88,627,710</u>	<u>18.94%</u>	<u>61,654,660</u>	<u>13.96%</u>
Total Assessed Value	<u>\$ 467,860,160</u>	<u>100.00%</u>	<u>\$441,147,190</u>	<u>100.00%</u>
 Tax Rate per \$1,000 of Assessed valuation	 \$50.67		 \$50.67	

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, 2007, are available to finance fiscal year 2007 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, 2007. 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, 2007, was \$722,174 in the General Fund, \$119,411 in the Debt Service Fund and \$62,538 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.

CHILLICOTHE CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 8-RECEIVABLES

Receivables at June 30, 2007, consisted of property taxes, accounts (rent, tuition and student fees) interfund, accrued interest and intergovernmental grants. All receivables are considered collectible in full due the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

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

<i>Nonmajor Special Revenue Funds:</i>	
Miscellaneous State Grant	\$80,276
Title VI	776
Title VI-B	40,427
Lunchroom Fund	23,217
Ohio Reads	7,836
Improving Teacher Quality	76,303
Public School Preschool	56,027
Title I	77,708
Miscellaneous Federal Grant	<u>5,638</u>
 <i>Total Nonmajor Funds:</i>	 <u><u>\$368,208</u></u>

NOTE 9-CAPITAL ASSETS

Capital assets activity of the fiscal year ended June 30, 2007, was as follows:

	Ending* Balance 6/30/06	Additions	Deletions	Ending Balance 6/30/07
Governmental Activities				
Capital Assets, Not Being Depreciated				
Construction in Progress	\$18,423,686	\$14,453,327	\$0	\$32,877,013
Land	612,605	51,817	0	664,422
Total Capital Assets, Not Being Depreciated	<u>19,036,291</u>	<u>14,505,144</u>	<u>0</u>	<u>33,541,435</u>
Capital Assets Being Depreciated				
Land Improvements	738,579	0	0	738,579
Building and Improvements	14,895,150	221,609	0	15,116,759
Furniture and Equipment	5,425,945	363,732	(64,978)	5,724,699
Vehicles	1,001,546	261,548	(34,123)	1,228,971
Total Capital Assets, Being Depreciated	<u>22,061,215</u>	<u>846,889</u>	<u>(99,101)</u>	<u>22,809,008</u>
Less Accumulated Depreciation:				
Land Improvements	(669,647)	(12,601)	0	(682,248)
Buildings and Improvements	(10,827,107)	(478,858)	0	(11,305,965)
Furniture and Equipment	(2,892,703)	(397,141)	58,737	(3,231,107)
Vehicles	(739,392)	(86,886)	34,123	(792,155)
Total Accumulated Depreciation	<u>(15,128,849)</u>	<u>(975,486)</u>	<u>92,860</u>	<u>(16,011,475)</u>
Total Capital Assets Being Depreciated, Net	<u>6,932,366</u>	<u>(128,597)</u>	<u>(6,241)</u>	<u>6,797,533</u>
Governmental Activities Capital Assets, Net	<u>\$25,968,662</u>	<u>\$14,376,547</u>	<u>\$(6,241)</u>	<u>\$40,338,968</u>

* Restated – See Note 3

CHILLICOTHE CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 9-CAPITAL ASSETS (Continued)

Depreciation expense was charged to the governmental functions as follows:

Instruction:	
Regular	\$718,774
Special	15,949
Vocational	169
Adult/Continuing	776
Other	6,325
Support Services:	
Pupils	4,810
Instructional Staff	20,675
Administration	8,173
Board of Education	1,192
Business	8,684
Fiscal	14,097
Operation & Maintenance of Plant	24,622
Pupil Transportation	94,416
Central	10,864
Operation of Non-Instructional Services	36,113
Extracurricular Activities	9,847
Total Depreciation Expense	\$975,486

NOTE 10-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 2007, the School District contracted with Neil Coleman Insurance for liability, property, fleet, inland marine, and boiler and machinery insurance. Coverages provided are as follows:

<i>General Liability:</i>	
General Aggregate Limit	\$3,000,000
Each Occurrence Combined Single Limit	1,000,000
Medical Expense Limit (Any One Person)	10,000
<i>Employee Benefit Liability (1,000 Deductible):</i>	
Annual Policy Aggregate Limit	3,000,000
Each Wrongful Account Limit	1,000,000
<i>Auto Liability:</i>	
Per Accident Liability	1,000,000
<i>Stop Gap:</i>	
Each Accident	1,000,000
Disease Each Employee	1,000,000
Disease Policy Limit	1,000,000
<i>Property Insurance:</i>	
Building/Contents (\$1,000 Deductible)	
Including EDP, Inland Marine – Musical Instr.	55,401,086

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

*CHILlicothe CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

NOTE 10-RISK MANAGEMENT (Continued)

<i>Fleet Insurance:</i>	
Combined Single Limit-Each Accident	1,000,000
Medical Payments-Per Person (Including Extended Medical)	5,000
Uninsured and Underinsured Motorist	
Bodily Injury-Combined Single Limit-Each Accident	1,000,000
Physical Damage	Actual Cash Value or \$50,000
Comprehensive (Bus \$1,000, Other \$250 Deductible)	
Collision (Bus \$1,000, Other \$500 Deductible)	

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

The 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.

Dental insurance prior to January 1, 2005 was offered to employees through a self-insurance internal service fund. The balance in the internal service fund, which was transferred to the General Fund during the fiscal year, is for run off claims.

The Chillicothe City School District provides medical insurance through a private carrier, Anthem Blue Cross/Blue Shield. The School District also provides dental insurance through a private carrier, Core Source. No claims liability existed at June 30, 2007.

NOTE 11-DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

CHILLICOTHE CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 11-DEFINED BENEFIT PENSION PLANS (Continued)

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. 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 School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006 and 2005 were \$366,983, \$388,309, and \$476,836, respectively; 53 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$172,218 represents the unpaid contribution for fiscal year 2007 and is recorded as a liability within the respective funds.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. 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. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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 these active members who die before retirement may qualify for survivor benefits. 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.

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

CHILlicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 11-DEFINED BENEFIT PENSION PLANS (Continued)

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2007, 2006, and 2005 were \$1,600,129, \$1,653,602, and \$1,570,794; 83 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$272,319 represents the unpaid contribution for fiscal year 2007 and is recorded as a liability within the respective funds.

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, 2007, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 12-POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$121,761 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006, (the latest information available) the balance in the Fund was \$3.5 billion. For the fiscal year ended June 30, 2006, (the latest information available) net health care costs paid by STRS Ohio were \$282,743,000 and STRS had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2007 fiscal year, the School District contributed \$174,986 to fund health care benefits, including the surcharge.

CHILLICOTHE CITY SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 12-POSTEMPLOYMENT BENEFITS (Continued)

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next fiscal year. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available), were \$158,751,207. At June 30, 2006 (the latest information available), SERS had net assets available for payment of health care benefits of \$295.6 million. SERS has approximately 59,492 participants eligible to receive health care benefits.

NOTE 13-EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 275 days for administrators, 265 days for certified personnel, and 255 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 57.96 days for certificated employees. Payment to classified employees is 40 percent of accrued, but unused sick leave credit to a maximum of 68.8 days.

B. Life and Accident Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Ohio National Life Insurance Company.

C. Deferred Compensation

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

D. Retirement Incentive

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

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

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

CHILLICOTHE CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 13-EMPLOYEE BENEFITS (Continued)

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

E. Attendance Bonus for Classified Employees

Absences from work are counted from July 1 through June 30th each year. Classified employees may be eligible for an "Attendance Bonus" for not using days for sick, personal, or leave without pay. This is payable the following July of the fiscal year. For fiscal year 2007, no employees were eligible to take advantage of this benefit.

NOTE 14-LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2007 were as follows:

	<u>Outstanding 06/30/06*</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding 06/30/07</u>	<u>Amounts Due within One Year</u>
Governmental Activities:					
General Obligation Notes:					
1999 Energy Conservation Improvement Notes 5%	\$ 1,320,000	\$ -	\$ 165,000	\$ 1,155,000	\$ 170,000
General Obligation Bonds:					
2005 Construction General Obligation Bonds- Serial and Term 2-5.25%	33,200,000	-	28,370,000	4,830,000	460,000
Premium	214,107	-	185,172	28,935	-
2005 Construction Captial Appreciation Bonds 12.274-12.306%	997,545	126,778	-	1,124,323	-
Premium	655,947	-	77,170	578,777	-
2007 Refunding Obligation Bonds-					
Serial and Term 3.5-4.5%	-	27,600,000	-	27,600,000	355,000
Premium	-	1,797,026	119,802	1,677,224	-
Accounting Loss	-	(1,237,773)	(176,825)	(1,060,948)	-
2007 Construction Captial Appreciation Bonds 17.7712-17.8754%	-	344,253	-	344,253	-
Total General Obligation Bonds	<u>35,067,599</u>	<u>28,630,284</u>	<u>28,575,319</u>	<u>35,122,564</u>	<u>815,000</u>
Compensated Absences	<u>2,067,338</u>	<u>1,772,497</u>	<u>2,067,338</u>	<u>1,772,497</u>	<u>184,475</u>
Total Governmental Activities Long Term Obligations	<u>\$ 38,454,937</u>	<u>\$ 30,402,781</u>	<u>\$ 30,807,657</u>	<u>\$ 38,050,061</u>	<u>\$ 1,169,475</u>

* Restated, See Note 3.

CHILLICOTHE CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 14-LONG-TERM OBLIGATIONS (Continued)

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

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

The capital appreciation bonds will mature in the years 2012 through 2014. The maturity of the bonds is \$2,450,000. For 2007, \$126,778 was accreted for a total bond value of \$1,124,323.

2007 Refunding Obligation Bonds - On December 13, 2006, the District issued \$29,717,026 in general obligation refunding bonds with interest rates from 4-4.125%, to refund \$27,920,000 of the 2005 Construction General Obligation Bonds. The bond issue included serial and term bonds and capital appreciation bonds in the amount of \$6,905,000, \$20,695,000 and \$320,000, respectively. Although the refunding will result in the recognition of an accounting loss of \$1,237,773 for the year ended June 30, 2007, the District in effect lowered its aggregated debt service payments. The additions to the capital appreciation bonds include \$24,253 in accretion.

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

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

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

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

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

The School District's overall legal debt margin was \$6,158,247 and the unvoted debt margin was \$441,147 at June 30, 2007.

CHILlicoTHE CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 14-LONG-TERM OBLIGATIONS (Continued)

Principal and interest requirements to retire general obligation debt at June 30, 2007 are as follows:

Fiscal Year	Governmental Activities						
	2005 General Obligation Bonds		General Obligation Notes		2007 General Obligation Bonds		
	Ending	Principal	Interest	Principal	Interest	Principal	Interest
2008		\$460,000	\$1,595,807	\$170,000	\$57,750	\$355,000	\$1,133,780
2009		575,000	1,581,087	180,000	49,250	290,000	1,120,880
2010		590,000	1,562,875	190,000	40,250	300,000	1,109,080
2011		610,000	1,542,613	195,000	30,750	310,000	1,096,880
2012		750,000	1,518,250	205,000	21,000	130,000	1,088,080
2013-2017		1,845,000	2,924,749	215,000	10,750	900,000	5,344,600
2018-2022		-	-	-	-	7,860,000	4,495,933
2023-2027		-	-	-	-	4,070,000	2,407,647
2028-2032		-	-	-	-	10,870,000	1,842,113
2033		-	-	-	-	2,515,000	56,588
Totals		<u>\$4,830,000</u>	<u>\$10,725,381</u>	<u>\$1,155,000</u>	<u>\$209,750</u>	<u>\$27,600,000</u>	<u>\$19,695,581</u>

Fiscal Year	General Obligation Bonds				
	2005 Capital Appreciation		2007 Capital Appreciation		
	Ending	Principal	Interest	Principal	Interest
2008		\$ -	\$ -	\$ -	\$ -
2009		-	-	-	-
2010		-	-	-	-
2011		-	-	-	-
2012		-	-	-	-
2013-2017		795,000	1,655,000	-	-
2018-2022		-	-	-	-
2023-2025		-	-	320,000	5,395,000
Totals		<u>\$ 795,000</u>	<u>\$ 1,655,000</u>	<u>\$ 320,000</u>	<u>\$ 5,395,000</u>

*CHILlicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

NOTE 15-INTERFUND ACTIVITY

As of June 30, 2007, receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund Type/Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payables</u>
General Fund	\$100,562	\$0
<i>Nonmajor Governmental Funds:</i>		
Uniform School Supplies	0	65,224
Miscellaneous State Grants	0	32,845
Title I	<u>0</u>	<u>2,493</u>
<i>Total Nonmajor Funds</i>	<u>0</u>	<u>100,562</u>
 Total All Funds	 <u>\$100,562</u>	 <u>\$100,562</u>

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

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The District transferred \$81,138 from the Internal Service Fund to the General Fund for the remaining monies to pay out any runoff claims. The General Fund transferred \$745,937 of interest earnings to the Permanent Improvement Fund for capital outlay requirements.

	<u>Transfer In</u>	<u>Transfer Out</u>
<i>Major Funds:</i>		
General	\$81,138	\$746,841
Permanent Improvement	745,937	0
 <i>Nonmajor Funds:</i>		
Drug Free Schools	904	0
Internal Service Fund	<u>0</u>	<u>81,138</u>
Total All Funds	<u>\$827,979</u>	<u>\$827,979</u>

NOTE 16-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 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 \$151,308 for services provided during the year. Financial information can be obtained from their fiscal agent, the Pike County Joint Vocational School District, Tonya Cooper, who serves as Treasurer, at P. O. Box 577, 175 Beaver Creek Rd., Piketon, Ohio 45661.

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

CHILLICOTHE CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 16-JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

NOTE 17-SET-ASIDE CALCULATIONS/FUND RESERVES

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

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

	Textbooks	Capital Acquisition	Bus Purchase
Set Aside/Reserve Balance as of June 30, 2006	\$0	\$0	\$14,847
Current Year Set Aside/Reserve Requirement	440,098	440,098	8,841
Prior Year Carryover	(911,590)	0	0
Qualifying Disbursements	(753,774)	(14,794,878)	0
Current Year Offsets	0	0	(14,847)
Set-Aside/Reserve Balance at June 30, 2007	<u>(\$1,225,266)</u>	<u>(\$14,354,780)</u>	<u>\$8,841</u>
Set-Aside/Reserve Balance Carried Forward to FY08	<u>(\$1,225,266)</u>	<u>\$0</u>	<u>\$8,841</u>

NOTE 18-CONTINGENCIES

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2007.

CHILLICOTHE CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 19- CONTRACT COMMITMENTS

At June 30, 2007, the District had the following contract commitments for the purposes of renovations to District buildings.

Vendor	Contract Amount	Amount Paid	Remaining Amount
Quandel Group, Inc.	\$1,750,075	\$1,578,218	\$171,857
Fanning/Howey Associates, Inc.	1,912,640	1,652,108	260,532
TP Mechanical Contractors	5,932,897	5,602,924	329,973
RW Setterlin Building Co.	15,457,697	13,473,289	1,984,408
Pro-Onsite Technologies	516,358	431,868	84,490
C&T Design & Equipment	340,800	196,755	144,045
Capital Equipment	796,204	720,753	75,451
Accurate Electric	3,131,401	2,958,143	173,258
AJ Stockmeister, Inc.	1,684,379	1,400,198	284,181
Continental Office	164,623	86,193	78,430
Microman, Inc.	446,078	398,543	47,535

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

**Chillicothe City School District
Fund Descriptions**

Special Revenue Funds

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

Nonmajor Special Revenue Funds

Food Service

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

Uniform School Supplies

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

Rotary

A fund to account for multi-district handicap programs.

Public School Support

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

Other Local Grants

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

District Managed Activities

To account for student activity programs which have student participation in the activity, but do not have student management for the programs.

Auxiliary Services

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

Teacher Development

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

Chillicothe City School District
Fund Descriptions

Nonmajor Special Revenue Funds (Continued)

Education Management Information

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

Public School Preschool

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

OneNet Network

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

School Net Training

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

Ohio Reads

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

Poverty Based Aid

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

Miscellaneous State Grants

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

Title VI-B

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

Title I

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

Title VI

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

**Chillicothe City School District
Fund Descriptions**

Nonmajor Special Revenue Funds (Continued)

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

To help schools improve student achievement by adding additional teachers in grades 1-3.

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.

Nonmajor Permanent Fund

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

Alumni Library

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

Chillicothe City School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007

	Nonmajor Special Revenue Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
<i>Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$ 494,670	\$ 55,091	\$ 549,761
Investments	433,899	442,660	876,559
Accounts Receivable	1,966	-	1,966
Accrued Interest Receivable	-	4,098	4,098
Intergovernmental Receivable	<u>368,208</u>	<u>-</u>	<u>368,208</u>
 <i>Total Assets</i>	 <u><u>1,298,743</u></u>	 <u><u>501,849</u></u>	 <u><u>1,800,592</u></u>
 <i>Liabilities and Fund Balances:</i>			
<i>Liabilities</i>			
Accounts Payable	11,495	-	11,495
Accrued Wages and Benefits	598,373	-	598,373
Interfund Payable	100,562	-	100,562
Intergovernmental Payable	165,215	-	165,215
Deferred Revenue	<u>181,349</u>	<u>-</u>	<u>181,349</u>
 <i>Total Liabilities</i>	 <u><u>1,056,994</u></u>	 <u><u>-</u></u>	 <u><u>1,056,994</u></u>
 <i>Fund Balances:</i>			
Reserved for Encumbrances	64,599	-	64,599
Reserved for Library Purposes	-	450,000	450,000
Undesignated - Reported in:			
Special Revenue	177,150	-	177,150
Permanent	<u>-</u>	<u>51,849</u>	<u>51,849</u>
 <i>Total Fund Balances</i>	 <u><u>241,749</u></u>	 <u><u>501,849</u></u>	 <u><u>743,598</u></u>
 <i>Total Liabilities and Fund Balances</i>	 <u><u>\$ 1,298,743</u></u>	 <u><u>\$ 501,849</u></u>	 <u><u>\$ 1,800,592</u></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, 2007

	Nonmajor Special Revenue Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:			
Intergovernmental	\$ 5,218,783	\$ -	\$ 5,218,783
Interest	7,445	24,681	32,126
Tuition and Fees	268,825	-	268,825
Extracurricular Activities	141,071	-	141,071
Gifts and Donations	14,048	-	14,048
Customer Sales and Services	459,977	-	459,977
Miscellaneous	89,068	-	89,068
<i>Total Revenues</i>	<u>6,199,217</u>	<u>24,681</u>	<u>6,223,898</u>
Expenditures:			
Current:			
Instruction:			
Regular	1,832,160	-	1,832,160
Special	1,078,324	-	1,078,324
Other	535,181	-	535,181
Support Services:			
Pupils	541,534	-	541,534
Instructional Staff	546,135	18,734	564,869
Administration	70,895	-	70,895
Fiscal	47,338	-	47,338
Operation and Maintenance of Plant	41,083	-	41,083
Pupil Transportation	300	-	300
Central	10,228	-	10,228
Operation of Non-Instructional Services	1,340,524	-	1,340,524
Extracurricular Activities	113,675	-	113,675
<i>Total Expenditures</i>	<u>6,157,377</u>	<u>18,734</u>	<u>6,176,111</u>
Excess of Revenues Over/(Under) Expenditures	41,840	5,947	47,787
Other Financing Sources:			
Transfers - In	904	-	904
Proceeds from Sale of Capital Assets	158	-	158
<i>Total Other Financing Sources</i>	<u>1,062</u>	<u>-</u>	<u>1,062</u>
<i>Net Change in Fund Balances</i>	42,902	5,947	48,849
<i>Fund Balances at Beginning of Year</i>	<u>198,847</u>	<u>495,902</u>	<u>694,749</u>
<i>Fund Balances at End of Year</i>	<u>\$ 241,749</u>	<u>\$ 501,849</u>	<u>\$ 743,598</u>

Chillicothe City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2007

	Food Service	Uniform School Supplies	Rotary	Public School Support
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$75,947	\$2,852	\$518	\$102,218
Investments	66,623	2,501	454	89,661
Accounts Receivable	1,966	0	0	0
Intergovernmental Receivable	23,217	0	0	0
<i>Total Assets</i>	<u>\$167,753</u>	<u>\$5,353</u>	<u>\$972</u>	<u>\$191,879</u>
Liabilities and Fund Balances:				
Liabilities				
Accounts Payable	\$0	\$3,995	\$0	\$638
Accrued Wages and Benefits	104,049	0	0	1,579
Interfund Payable	0	65,224	0	0
Intergovernmental Payable	50,276	0	0	5,285
Deferred Revenue	0	0	0	0
<i>Total Liabilities</i>	<u>154,325</u>	<u>69,219</u>	<u>0</u>	<u>7,502</u>
Fund Balances:				
Reserved for Encumbrances	8,603	501	0	2,880
Unreserved, undesignated - Special Revenue	4,825	(64,367)	972	181,497
<i>Total Fund Balances</i>	<u>13,428</u>	<u>(63,866)</u>	<u>972</u>	<u>184,377</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$167,753</u>	<u>\$5,353</u>	<u>\$972</u>	<u>\$191,879</u>

<u>Other Local Grants</u>	<u>District Managed Activities</u>	<u>Auxilliary Services</u>	<u>Teacher Development</u>	<u>Education Management Information</u>	<u>Public School Preschool</u>
\$8,287	\$34,792	\$11,699	\$1	\$365	\$1,423
7,268	30,517	10,261	0	320	1,248
0	0	0	0	0	0
0	0	0	0	0	56,027
<u>\$15,555</u>	<u>\$65,309</u>	<u>\$21,960</u>	<u>\$1</u>	<u>\$685</u>	<u>\$58,698</u>
\$0	\$16	\$903	\$0	\$685	\$0
0	241	4,482	0	0	28,712
0	0	0	0	0	0
0	489	1,067	0	0	7,797
0	0	0	0	0	7,076
<u>0</u>	<u>746</u>	<u>6,452</u>	<u>0</u>	<u>685</u>	<u>43,585</u>
6,590	41	17,035	0	0	1,475
8,965	64,522	(1,527)	1	0	13,638
<u>15,555</u>	<u>64,563</u>	<u>15,508</u>	<u>1</u>	<u>0</u>	<u>15,113</u>
<u>\$15,555</u>	<u>\$65,309</u>	<u>\$21,960</u>	<u>\$1</u>	<u>\$685</u>	<u>\$58,698</u>

(Continued)

Chillicothe City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2007

	Schoolnet Training	Ohio Reads	Poverty Based Aid
<i>Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$0	\$344	\$179,841
Investments	0	301	157,747
Accounts Receivable	0	0	0
Intergovernmental Receivable	0	7,836	0
<i>Total Assets</i>	\$0	\$8,481	\$337,588
 <i>Liabilities and Fund Balances:</i>			
<i>Liabilities</i>			
Accounts Payable	\$0	\$1,118	\$0
Accrued Wages and Benefits	0	0	246,264
Interfund Payable	0	0	0
Intergovernmental Payable	21	106	51,586
Deferred Revenue	0	7,836	0
<i>Total Liabilities</i>	21	9,060	297,850
 <i>Fund Balances:</i>			
Reserved for Encumbrances	0	5,654	0
Unreserved, undesignated - Special Revenue	(21)	(6,233)	39,738
<i>Total Fund Balances</i>	(21)	(579)	39,738
<i>Total Liabilities and Fund Balances</i>	\$0	\$8,481	\$337,588

Miscellaneous State Grants	Title VI-B	Title I	Title VI	Drug Free School
\$6,220	\$33,925	\$29,645	\$1	\$367
5,455	29,757	26,004	0	322
0	0	0	0	0
80,276	40,427	77,708	776	0
<u>\$91,951</u>	<u>\$104,109</u>	<u>\$133,357</u>	<u>\$777</u>	<u>\$689</u>
\$260	\$0	\$3,828	\$0	\$0
9,598	87,682	86,242	0	5,425
32,845	0	2,493	0	0
1,763	24,048	17,935	0	305
46,726	40,427	73,051	776	0
<u>91,192</u>	<u>152,157</u>	<u>183,549</u>	<u>776</u>	<u>5,730</u>
1,883	6,137	7,358	0	4
(1,124)	(54,185)	(57,550)	1	(5,045)
<u>759</u>	<u>(48,048)</u>	<u>(50,192)</u>	<u>1</u>	<u>(5,041)</u>
<u>\$91,951</u>	<u>\$104,109</u>	<u>\$133,357</u>	<u>\$777</u>	<u>\$689</u>

(Continued)

Chillicothe City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2007

	Improving Teacher Quality	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
<i>Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$5,006	\$1,219	\$494,670
Investments	4,391	1,069	433,899
Accounts Receivable	0	0	1,966
Intergovernmental Receivable	76,303	5,638	368,208
<i>Total Assets</i>	\$85,700	\$7,926	\$1,298,743
 <i>Liabilities and Fund Balances:</i>			
<i>Liabilities</i>			
Accounts Payable	\$52	\$0	\$11,495
Accrued Wages and Benefits	23,224	875	598,373
Interfund Payable	0	0	100,562
Intergovernmental Payable	4,256	281	165,215
Deferred Revenue	1,319	4,138	181,349
<i>Total Liabilities</i>	28,851	5,294	1,056,994
 <i>Fund Balances:</i>			
Reserved for Encumbrances	1,214	5,224	64,599
Unreserved, undesignated-Special Revenue	55,635	(2,592)	177,150
<i>Total Fund Balances</i>	56,849	2,632	241,749
<i>Total Liabilities and Fund Balances</i>	\$85,700	\$7,926	\$1,298,743



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, 2007

	Food Service	Uniform School Supplies	Rotary
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$623,386	\$0	0
Interest	7,445	0	0
Tuition and Fees	0	50,095	0
Extracurricular Activities	0	0	0
Gifts and Donations	0	0	0
Customer Sales and Services	459,977	0	0
Miscellaneous	3,982	0	0
	<u>1,094,790</u>	<u>50,095</u>	<u>0</u>
<i>Total Revenues</i>			
Expenditures:			
Current:			
Instruction:			
Regular	0	73,546	0
Special	0	0	0
Other	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	1,163,298	0	0
Extracurricular Activities	0	0	515
	<u>1,163,298</u>	<u>73,546</u>	<u>515</u>
<i>Total Expenditures</i>			
Excess of Revenues Over/(Under) Expenditures	(68,508)	(23,451)	(515)
Other Financing Sources:			
Transfers - In	0	0	0
Proceeds from Sale of Capital Assets	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Other Financing Sources</i>			
<i>Net Change in Fund Balances</i>	(68,508)	(23,451)	(515)
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>81,936</u>	<u>(40,415)</u>	<u>1,487</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u><u>\$13,428</u></u>	<u><u>(\$63,866)</u></u>	<u><u>\$972</u></u>

<u>Public School Support</u>	<u>Other Local Grants</u>	<u>District Managed Activities</u>	<u>Auxilliary Services</u>	<u>Teacher Development</u>
\$55,525	\$5,500	\$0	\$118,462	\$0
0	0	0	0	0
217,690	0	1,040	0	0
60,619	0	80,452	0	0
10,615	2,900	533	0	0
0	0	0	0	0
42,645	0	42,441	0	0
<u>387,094</u>	<u>8,400</u>	<u>124,466</u>	<u>118,462</u>	<u>0</u>
225,140	657	0	0	0
0	0	0	0	0
0	0	0	0	0
10,821	0	0	3,986	0
80,150	2,406	0	451	0
0	0	0	0	0
0	0	0	0	0
1,823	0	0	0	0
0	0	0	0	0
2,280	484	0	0	0
38,594	0	0	120,503	0
0	0	113,160	0	0
<u>358,808</u>	<u>3,547</u>	<u>113,160</u>	<u>124,940</u>	<u>0</u>
28,286	4,853	11,306	(6,478)	0
0	0	0	0	0
0	0	158	0	0
<u>0</u>	<u>0</u>	<u>158</u>	<u>0</u>	<u>0</u>
28,286	4,853	11,464	(6,478)	0
156,091	10,702	53,099	21,986	1
<u>\$184,377</u>	<u>\$15,555</u>	<u>\$64,563</u>	<u>\$15,508</u>	<u>\$1</u>

(Continued)

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, 2007

	Education Management Information	Public School Preschool	OneNet Network
Revenues:			
Intergovernmental	\$10,235	\$248,584	\$18,000
Interest	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Gifts and Donations	0	0	0
Customer Sales and Services	0	0	0
Miscellaneous	0	0	0
<i>Total Revenues</i>	<u>10,235</u>	<u>248,584</u>	<u>18,000</u>
Expenditures:			
Current:			
Instruction:			
Regular	0	135,570	0
Special	0	0	0
Other	0	0	0
Support Services:			
Pupils	0	19,435	0
Instructional Staff	0	66,139	0
Administration	0	900	0
Fiscal	2,771	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	7,464	0	0
Operation of Non-Instructional Services	0	0	18,129
Extracurricular Activities	0	0	0
<i>Total Expenditures</i>	<u>10,235</u>	<u>222,044</u>	<u>18,129</u>
Excess of Revenues Over/(Under) Expenditures	0	26,540	(129)
Other Financing Sources:			
Transfers - In	0	0	0
Proceeds from Sale of Capital Assets	0	0	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	0	26,540	(129)
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>0</u>	<u>(11,427)</u>	<u>129</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u><u>\$0</u></u>	<u><u>\$15,113</u></u>	<u><u>\$0</u></u>

<u>Schoolnet Training</u>	<u>Ohio Reads</u>	<u>Poverty Based Aid</u>	<u>Miscellaneous State Grants</u>
\$3,300	\$40,165	\$2,069,535	\$97,378
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
<u>3,300</u>	<u>40,165</u>	<u>2,069,535</u>	<u>97,378</u>
1,915	29,684	1,256,272	0
0	0	0	6,725
0	0	535,181	0
0	0	8,722	32,988
0	9,855	122,902	59,674
4,074	0	0	0
0	1,118	0	0
0	0	39,260	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
<u>5,989</u>	<u>40,657</u>	<u>1,962,337</u>	<u>99,387</u>
(2,689)	(492)	107,198	(2,009)
0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0
(2,689)	(492)	107,198	(2,009)
<u>2,668</u>	<u>(87)</u>	<u>(67,460)</u>	<u>2,768</u>
<u>(\$21)</u>	<u>(\$579)</u>	<u>\$39,738</u>	<u>\$759</u>

(Continued)

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, 2007

	<u>Title VI-B</u>	<u>Title I</u>	<u>Title VI</u>
Revenues:			
Intergovernmental	\$786,477	\$792,080	\$4,568
Interest	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Gifts and Donations	0	0	0
Customer Sales and Services	0	0	0
Miscellaneous	0	0	0
<i>Total Revenues</i>	<u>786,477</u>	<u>792,080</u>	<u>4,568</u>
Expenditures:			
Current:			
Instruction:			
Regular	0	0	4,599
Special	353,699	614,272	0
Other	0	0	0
Support Services:			
Pupils	416,410	26,837	394
Instructional Staff	6,023	134,784	0
Administration	43,081	22,840	0
Fiscal	19,560	17,697	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
<i>Total Expenditures</i>	<u>838,773</u>	<u>816,430</u>	<u>4,993</u>
Excess of Revenues Over/(Under) Expenditures	(52,296)	(24,350)	(425)
Other Financing Sources:			
Transfers In	0	0	0
Proceeds from Sale of Capital Assets	0	0	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(52,296)	(24,350)	(425)
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>4,248</u>	<u>(25,842)</u>	<u>426</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u><u>(\$48,048)</u></u>	<u><u>(\$50,192)</u></u>	<u><u>\$1</u></u>

<u>Drug Free School</u>	<u>Improving Teacher Quality</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$19,030	\$307,244	\$19,314	\$5,218,783
0	0	0	7,445
0	0	0	268,825
0	0	0	141,071
0	0	0	14,048
0	0	0	459,977
0	0	0	89,068
<u>19,030</u>	<u>307,244</u>	<u>19,314</u>	<u>6,199,217</u>
0	97,028	7,749	1,832,160
0	93,004	10,624	1,078,324
0	0	0	535,181
21,941	0	0	541,534
0	62,850	901	546,135
0	0	0	70,895
0	6,192	0	47,338
0	0	0	41,083
0	0	300	300
0	0	0	10,228
0	0	0	1,340,524
0	0	0	113,675
<u>21,941</u>	<u>259,074</u>	<u>19,574</u>	<u>6,157,377</u>
(2,911)	48,170	(260)	41,840
904	0	0	904
0	0	0	158
<u>904</u>	<u>0</u>	<u>0</u>	<u>1,062</u>
(2,007)	48,170	(260)	42,902
<u>(3,034)</u>	<u>8,679</u>	<u>2,892</u>	<u>198,847</u>
<u>(\$5,041)</u>	<u>\$56,849</u>	<u>\$2,632</u>	<u>\$241,749</u>

Chillicothe City School District
Balance Sheet
Nonmajor Permanent Fund
June 30, 2007

	Alumni Library
<i>Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$55,091
Investments	442,660
Accrued Interest Receivable	4,098
<i>Total Assets</i>	<i>\$501,849</i>
 <i>Liabilities and Fund Balance:</i>	
<i>Fund Balance:</i>	
Reserved for Library Purposes	450,000
Undesignated - Reported in Permanent Fund	51,849
<i>Total Fund Balance</i>	<i>501,849</i>
<i>Total Liabilities and Fund Balance</i>	<i>\$501,849</i>

Chillicothe City School District
Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Permanent Fund
For the Fiscal Year Ended June 30, 2007

	<u>Alumni Library</u>
<i>Revenues:</i>	
Interest	<u>\$24,681</u>
<i>Total Revenues</i>	<u>24,681</u>
<i>Expenditures:</i>	
Current:	
Support Services:	
Instructional Staff	<u>18,734</u>
<i>Total Expenditures</i>	<u>18,734</u>
<i>Net Change in Fund Balance</i>	5,947
<i>Fund Balance at Beginning of Year</i>	<u>495,902</u>
<i>Fund Balance at End of Year</i>	<u><u>\$501,849</u></u>

**Chillicothe City School District
Fund Descriptions**

Agency Funds

A fund category used to account for assets held by the 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 organization, other governmental units, and/or other funds.

Student Activities Fund

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

Chillicothe City School District

**Statement of Changes in
Assets and Liabilities
Agency Funds**

Year Ended June 30, 2007

	<u>Balance 07/01/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/07</u>
DISTRICT AGENCY FUND				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$12,905</u>	<u>\$4</u>	<u>\$0</u>	<u>\$12,909</u>
Total Assets	<u>12,905</u>	<u>4</u>	<u>0</u>	<u>12,909</u>
Liabilities				
Undistributed Monies	<u>12,905</u>	<u>4</u>	<u>0</u>	<u>12,909</u>
Total Liabilities	<u>\$12,905</u>	<u>\$4</u>	<u>\$0</u>	<u>\$12,909</u>
STUDENT MANAGED ACTIVITIES				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$73,292</u>	<u>\$117,914</u>	<u>\$112,023</u>	<u>\$79,183</u>
Total Assets	<u>\$73,292</u>	<u>\$117,914</u>	<u>\$112,023</u>	<u>\$79,183</u>
Liabilities				
Due to Students	<u>\$73,292</u>	<u>\$117,914</u>	<u>\$112,023</u>	<u>79,183</u>
Total Liabilities	<u>\$73,292</u>	<u>\$117,914</u>	<u>\$112,023</u>	<u>\$79,183</u>
TOTAL AGENCY FUNDS				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$86,197</u>	<u>\$117,918</u>	<u>\$112,023</u>	<u>\$92,092</u>
Total Assets	<u>\$86,197</u>	<u>\$117,918</u>	<u>\$112,023</u>	<u>\$92,092</u>
Liabilities				
Undistributed Monies	12,905	4	0	12,909
Due to Students	<u>73,292</u>	<u>117,914</u>	<u>112,023</u>	<u>79,183</u>
Total Liabilities	<u>\$86,197</u>	<u>\$117,918</u>	<u>\$112,023</u>	<u>\$92,092</u>

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

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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
Debt Service Fund				
Total Revenues and Other Sources	\$31,948,846	\$31,954,178	\$31,954,178	\$0
Total Expenditures and Other Uses	31,754,922	32,168,565	31,594,214	574,351
Net Change in Fund Balance	193,924	(214,387)	359,964	574,351
Fund Balance, July 1	214,387	214,387	214,387	0
Fund Balance, June 30	<u>\$408,311</u>	<u>\$0</u>	<u>\$574,351</u>	<u>\$574,351</u>
Permanent Improvement Fund				
Total Revenues and Other Sources	\$1,435,076	\$1,662,504	\$1,873,866	\$211,362
Total Expenditures and Other Uses	3,483,289	3,716,373	2,200,241	1,516,132
Net Change in Fund Balance	(2,048,213)	(2,053,869)	(326,375)	1,727,494
Fund Balance, July 1	1,591,243	1,591,243	1,591,243	0
Prior Year Encumbrances Appropriated	462,626	462,626	462,626	0
Fund Balance, June 30	<u>\$5,656</u>	<u>\$0</u>	<u>\$1,727,494</u>	<u>\$1,727,494</u>
Construction Fund				
Total Revenues and Other Sources	\$0	\$0	\$0	\$0
Total Expenditures and Other Uses	18,267,407	18,267,407	16,234,812	2,032,595
Net Change in Fund Balance	(18,267,407)	(18,267,407)	(16,234,812)	2,032,595
Fund Balance, July 1	1,768,676	1,768,676	1,768,676	0
Prior Year Encumbrances Appropriated	16,498,731	16,498,731	16,498,731	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$2,032,595</u>	<u>\$2,032,595</u>

Chillicothe City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget: Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Food Service Fund				
Total Revenues and Other Sources	\$1,227,000	\$1,108,527	\$1,127,883	\$19,356
Total Expenditures and Other Uses	<u>1,394,552</u>	<u>1,276,079</u>	<u>1,161,467</u>	<u>114,612</u>
Net Change in Fund Balance	(167,552)	(167,552)	(33,584)	133,968
Fund Balance, July 1	162,505	162,505	162,505	0
Prior Year Encumbrances Appropriated	<u>5,047</u>	<u>5,047</u>	<u>5,047</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$133,968</u></u>	<u><u>\$133,968</u></u>
Uniform School Supplies Fund				
Total Revenues and Other Sources	\$194,609	\$298,050	\$298,391	\$341
Total Expenditures and Other Uses	<u>201,686</u>	<u>305,127</u>	<u>304,573</u>	<u>554</u>
Net Change in Fund Balance	(7,077)	(7,077)	(6,182)	895
Fund Balance, July 1	2,434	2,434	2,434	0
Prior Year Encumbrances Appropriated	<u>4,643</u>	<u>4,643</u>	<u>4,643</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$895</u></u>	<u><u>\$895</u></u>
Rotary Fund				
Total Revenues and Other Sources	\$0	\$0	\$0	\$0
Total Expenditures and Other Uses	<u>1,489</u>	<u>1,489</u>	<u>517</u>	<u>972</u>
Net Change in Fund Balance	(1,489)	(1,489)	(517)	972
Fund Balance, July 1	<u>1,489</u>	<u>1,489</u>	<u>1,489</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$972</u></u>	<u><u>\$972</u></u>

Chillicothe City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget: Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public School Support Fund				
Total Revenues and Other Sources	\$263,741	\$338,269	\$387,152	\$48,883
Total Expenditures and Other Uses	430,164	504,692	365,121	139,571
Net Change in Fund Balance	(166,423)	(166,423)	22,031	188,454
Fund Balance, July 1	159,094	159,094	159,094	0
Prior Year Encumbrances Appropriated	7,329	7,329	7,329	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$188,454</u>	<u>\$188,454</u>
Other Local Grants Fund				
Total Revenues and Other Sources	\$2,400	\$8,400	\$8,400	\$0
Total Expenditures and Other Uses	13,251	19,251	10,283	8,968
Net Change in Fund Balance	(10,851)	(10,851)	(1,883)	8,968
Fund Balance, July 1	10,725	10,725	10,725	0
Prior Year Encumbrances Appropriated	126	126	126	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$8,968</u>	<u>\$8,968</u>
District Managed Activities Fund				
Total Revenues and Other Sources	\$89,609	\$91,909	\$124,624	\$32,715
Total Expenditures and Other Uses	143,445	145,745	113,181	32,564
Net Change in Fund Balance	(53,836)	(53,836)	11,443	65,279
Fund Balance, July 1	51,641	51,641	51,641	0
Prior Year Encumbrances Appropriated	2,195	2,195	2,195	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$65,279</u>	<u>\$65,279</u>

Chillicothe City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget: Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Auxiliary Services Fund				
Total Revenues and Other Sources	\$132,946	\$118,462	\$118,462	\$0
Total Expenditures and Other Uses	160,285	145,801	141,780	4,021
Net Change in Fund Balance	(27,339)	(27,339)	(23,318)	4,021
Fund Balance, July 1	22,591	22,591	22,591	0
Prior Year Encumbrances Appropriated	4,748	4,748	4,748	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$4,021</u>	<u>\$4,021</u>
Education Management Information Fund				
Total Revenues and Other Sources	\$30,364	\$29,611	\$33,626	\$4,015
Total Expenditures and Other Uses	30,364	29,611	33,626	(4,015)
Net Change in Fund Balance	0	0	0	0
Fund Balance, July 1	0	0	0	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Public School Preschool Fund				
Total Revenues and Other Sources	\$284,602	\$253,936	\$258,361	\$4,425
Total Expenditures and Other Uses	284,602	253,936	257,221	(3,285)
Net Change in Fund Balance	0	0	1,140	1,140
Fund Balance, July 1	(1,265)	(1,265)	(1,265)	0
Prior Year Encumbrances Appropriated	1,265	1,265	1,265	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$1,140</u>	<u>\$1,140</u>

Chillicothe City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget: Positive (Negative)
OneNet Network Fund				
Total Revenues and Other Sources	\$18,129	\$18,129	\$18,129	\$0
Total Expenditures and Other Uses	18,258	18,258	18,258	0
Net Change in Fund Balance	(129)	(129)	(129)	0
Fund Balance, July 1	0	0	0	0
Prior Year Encumbrances Appropriated	129	129	129	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Schoolnet Training Fund				
Total Revenues and Other Sources	\$3,300	\$3,300	\$3,300	\$0
Total Expenditures and Other Uses	6,064	6,064	6,064	0
Net Change in Fund Balance	(2,764)	(2,764)	(2,764)	0
Fund Balance, July 1	2,675	2,675	2,675	0
Prior Year Encumbrances Appropriated	89	89	89	0
Fund Balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Ohio Reads Fund				
Total Revenues and Other Sources	\$54,298	\$62,653	\$53,605	(\$9,048)
Total Expenditures and Other Uses	54,298	59,733	59,733	0
Net Change in Fund Balance	0	2,920	(6,128)	(9,048)
Fund Balance, July 1	(371)	(371)	(371)	0
Prior Year Encumbrances Appropriated	371	371	371	0
Fund Balance, June 30	<u>\$0</u>	<u>\$2,920</u>	<u>(\$6,128)</u>	<u>(\$9,048)</u>

Chillicothe City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget: Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Poverty Based Aid Fund				
Total Revenues and Other Sources	\$1,872,662	\$2,069,575	\$2,069,535	(\$40)
Total Expenditures and Other Uses	<u>1,605,067</u>	<u>2,249,201</u>	<u>1,947,851</u>	<u>301,350</u>
Net Change in Fund Balance	267,595	(179,626)	121,684	301,310
Fund Balance, July 1	<u>179,626</u>	<u>179,626</u>	<u>179,626</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$447,221</u></u>	<u><u>\$0</u></u>	<u><u>\$301,310</u></u>	<u><u>\$301,310</u></u>
Miscellaneous State Grant Fund				
Total Revenues and Other Sources	\$86,786	\$131,020	\$130,315	(\$705)
Total Expenditures and Other Uses	<u>90,628</u>	<u>134,862</u>	<u>124,622</u>	<u>10,240</u>
Net Change in Fund Balance	(3,842)	(3,842)	5,693	9,535
Fund Balance, July 1	<u>3,842</u>	<u>3,842</u>	<u>3,842</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$9,535</u></u>	<u><u>\$9,535</u></u>
Title VI-B Fund				
Total Revenues and Other Sources	\$951,476	\$1,329,672	\$1,316,540	(\$13,132)
Total Expenditures and Other Uses	<u>978,064</u>	<u>1,356,260</u>	<u>1,285,579</u>	<u>70,681</u>
Net Change in Fund Balance	(26,588)	(26,588)	30,961	57,549
Fund Balance, July 1	10,973	10,973	10,973	0
Prior Year Encumbrances Appropriated	<u>15,615</u>	<u>15,615</u>	<u>15,615</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$57,549</u></u>	<u><u>\$57,549</u></u>

Chillicothe City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget: Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Title I Fund				
Total Revenues and Other Sources	\$1,018,209	\$1,318,104	\$1,303,068	(\$15,036)
Total Expenditures and Other Uses	<u>1,021,872</u>	<u>1,321,767</u>	<u>1,262,258</u>	<u>59,509</u>
Net Change in Fund Balance	(3,663)	(3,663)	40,810	44,473
Fund Balance, July 1	(2,474)	(2,474)	(2,474)	0
Prior Year Encumbrances Appropriated	<u>6,137</u>	<u>6,137</u>	<u>6,137</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$44,473</u></u>	<u><u>\$44,473</u></u>
Title VI Fund				
Total Revenues and Other Sources	\$6,352	\$6,352	\$5,096	(\$1,256)
Total Expenditures and Other Uses	<u>6,700</u>	<u>6,700</u>	<u>5,444</u>	<u>1,256</u>
Net Change in Fund Balance	(348)	(348)	(348)	0
Fund Balance, July 1	<u>348</u>	<u>348</u>	<u>348</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
Drug Free School Fund				
Total Revenues and Other Sources	\$32,755	\$48,713	\$43,783	(\$4,930)
Total Expenditures and Other Uses	<u>32,755</u>	<u>48,713</u>	<u>43,099</u>	<u>5,614</u>
Net Change in Fund Balance	0	0	684	684
Fund Balance, July 1	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$684</u></u>	<u><u>\$684</u></u>

Chillicothe City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2007

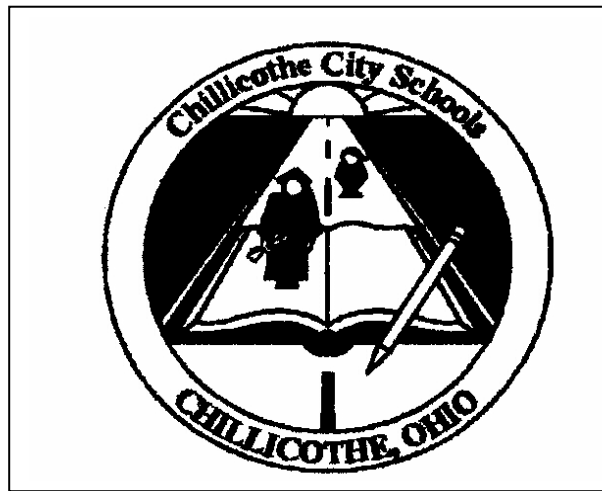
	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget: Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Improving Teacher Quality Fund				
Total Revenues and Other Sources	\$390,973	\$348,474	\$348,474	\$0
Total Expenditures and Other Uses	<u>390,973</u>	<u>348,474</u>	<u>340,457</u>	<u>8,017</u>
Net Change in Fund Balance	0	0	8,017	8,017
Fund Balance, July 1	(62)	(62)	(62)	0
Prior Year Encumbrances Appropriated	<u>62</u>	<u>62</u>	<u>62</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$8,017</u></u>	<u><u>\$8,017</u></u>
Miscellaneous Federal Grant Fund				
Total Revenues and Other Sources	\$28,136	\$40,462	\$42,257	\$1,795
Total Expenditures and Other Uses	<u>29,531</u>	<u>41,857</u>	<u>46,582</u>	<u>(4,725)</u>
Net Change in Fund Balance	(1,395)	(1,395)	(4,325)	(2,930)
Fund Balance, July 1	405	405	405	0
Prior Year Encumbrances Appropriated	<u>990</u>	<u>990</u>	<u>990</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>(\$2,930)</u></u>	<u><u>(\$2,930)</u></u>

Chillicothe City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget: Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Alumni Library Fund				
Total Revenues and Other Sources	\$9,000	\$9,000	\$26,558	\$17,558
Total Expenditures and Other Uses	<u>52,550</u>	<u>52,550</u>	<u>18,734</u>	<u>33,816</u>
Net Change in Fund Balance	(43,550)	(43,550)	7,824	51,374
Fund Balance, July 1	<u>493,550</u>	<u>493,550</u>	<u>493,550</u>	<u>0</u>
Fund Balance, June 30	<u><u>\$450,000</u></u>	<u><u>\$450,000</u></u>	<u><u>\$501,374</u></u>	<u><u>\$51,374</u></u>



CHILlicothe CITY SCHOOL DISTRICT



STATISTICAL SECTION

STATISTICAL TABLES

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

CONTENTS	PAGES
Financial Trends	S-1 to S-7
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-8 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 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 reports for the relevant year. The School District implemented GASB Statement No. 34 during fiscal year 2003. Fiscal year 2006 was the District's first year implementation of the GASB 44 statistical tables.



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

	<u>2003</u>	<u>2004</u>	<u>2005*</u>	<u>2006*</u>	<u>2007</u>
Invested in Capital Assets, Net of Related Debt	\$7,515,912	\$7,155,610	\$7,284,293	\$5,468,830	\$6,492,291
Restricted for:					
Capital Projects	643,402	637,768	989,145	1,361,950	2,594,383
Debt Service	1	0	0	377,202	750,181
Other Purposes	879,807	0	0	341,931	98,398
Permanent:					
Non-Expendable	450,000	450,000	450,000	450,000	450,000
Expendable	13,705	19,937	29,853	45,902	51,849
Unrestricted (Deficit)	<u>(1,379,093)</u>	<u>(2,006,329)</u>	<u>(2,883,816)</u>	<u>(321,063)</u>	<u>195,016</u>
Total Net Assets	<u><u>\$8,123,734</u></u>	<u><u>\$6,256,986</u></u>	<u><u>\$5,869,475</u></u>	<u><u>\$7,724,752</u></u>	<u><u>\$10,632,118</u></u>

Source: School District Financial Records.

* Amount Restated - See Note 3.

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

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

	2003	2004	2005*	2006*	2007
Expenses					
Regular Instruction	\$12,163,589	\$12,621,430	\$12,795,621	\$13,449,213	\$13,859,140
Special Instruction	3,256,889	3,046,814	3,233,613	2,807,734	3,005,694
Vocational Instruction	9,408	4,067	4,424	4,094	5,539
Adult/Continuing	3,872		2,111	1,707	776
Other	169,954	177,316	177,912	464,322	742,123
Pupil Support	1,576,558	1,709,709	1,633,299	1,696,153	1,611,950
Instructional Staff Support	1,966,112	1,742,420	1,758,166	1,713,299	1,546,115
Board of Education	31,750	59,859	51,964	85,395	57,065
Administration	2,503,066	2,061,528	1,842,171	1,908,865	1,821,274
Fiscal	542,084	780,112	728,461	797,231	628,942
Business	129,933	111,094	58,209	101,697	139,816
Operation and Maintenance of Plant	2,510,074	2,509,503	2,262,677	2,608,949	2,335,077
Central	143,477	130,946	123,939	123,808	149,960
Pupil Transportation	955,208	865,188	874,516	812,874	689,553
Non-Instructional Services	1,733,371	1,601,095	1,538,412	1,534,833	1,347,824
Extracurricular Activities	579,848	595,741	479,251	554,034	471,279
Interest and Fiscal Charges	101,528	491,345	1,627,989	1,843,300	1,661,285
Total Expenses	\$28,376,721	\$28,508,167	\$29,192,735	\$30,507,508	\$30,073,412
Program Revenues					
Charges for Services					
Regular Instruction	\$713,198	\$611,412	\$963,130	\$1,060,067	\$667,405
Special	112,294	91,053	0	0	148,341
Vocational	0	22,257	0	0	0
Other	5,973	7,082	0	0	33,380
Pupils	66,456	59,491	47,959	10,938	78,898
Instructional Staff	138,434	140,285	175,686	58,815	70,285
Board of Education	1,195	3,035	0	0	3,331
Administration	134,873	91,731	0	1,482	92,883
Fiscal	29,865	35,409	0	0	39,898
Business	7,168	5,058	0	0	6,661
Pupil Transportation	58,536	38,445	0	0	36,637
Central	7,385	3,235	0	176	4,979
Operation and Maintenance of Plant	148,235	118,638	89,227	137,487	110,682
Non-Instructional Services	660,295	571,183	604,397	592,305	518,581
Extracurricular Activities	111,343	92,410	139,295	97,076	165,377
Interest & Fiscal Charges	0	0	0	0	2,220
Total Charges for Services	\$2,195,250	\$1,890,724	\$2,019,694	\$1,958,346	\$1,979,558

Source: School District Financial Records.

* Amount Restated - See Note 3.

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

The remaining years are not presented for that reason.

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

(continued)

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

	2003	2004	2005*	2006*	2007
Operating Grants and Contributions					
Regular Instruction	\$1,706,400	\$1,561,452	\$1,742,468 (1)	\$433,595	\$950,472
Special Instruction	1,482,159	1,452,216	1,423,095	1,152,485	997,846
Other	0	0	0	0	277,489
Pupil Support	461,774	549,446	511,660	622,593	277,489
Instructional Support	560,757	574,790	627,153	484,113	280,678
Administration	198,362	170,399	82,422	72,025	35,085
Fiscal	13,519	18,323	42,025	31,929	25,516
Non-Instructional Services	788,660	685,783	702,173	760,203	695,317
Extracurricular Activities	6,096	1,017	0	0	57,412
Operation and Maintenance of Plant	1,439	6,246	1,234	257	22,327
Pupil Transportation	354,092	413,514	355,160	38,420	54,441
Interest & Fiscal Charges	0	0	0	0	413,260
Central	12,693	18,541	13,882	10,292	6,379
Total Operating Grants and Contributions	5,585,951	5,451,727	5,501,272	3,605,912	4,093,711
Capital Grants and Contributions					
Regular Instruction	0	0	0	34,759	53,667
Pupils	0	0	0	0	319
Instructional Support	0	0	0	12,040	11,148
Administration	0	0	0	1,047	2,389
Fiscal	0	0	0	3,246	4,937
Pupil Transportation	0	0	0	39,262	24,048
Operation and Maintenance of Plant	500,000	0	0	209	56,536
Central	0	0	0	9,109	6,211
Operation Food Service	0	0	0	5,026	-
Total Capital Grants and Contributions	500,000	0	0	104,698	159,255
Total Program Revenues	8,281,201	7,342,451	7,520,966	5,668,956	6,232,524
Net Expense	(\$20,095,520)	(\$21,165,716)	(\$21,671,769)	(\$24,838,552)	(\$23,840,888)
General Revenues					
Property Taxes Levied for:					
General Purposes	\$11,974,340	\$12,197,565	\$10,767,539	\$12,449,460	\$11,778,185
Capital Projects	0	155,945	558,032	1,126,582	823,993
Debt Service	0	0	1,057,967	1,841,994	1,824,986
Payment in Lieu of Taxes	0	0	61,605	82,703	101,703
Gifts and Donations not					
Restricted to Specific Programs	0	26,833	24,476	63,273	3,750
Grants and Entitlements not					
Restricted to Specific Programs	6,733,797	6,545,788	7,793,690	9,574,690	11,226,182
Investment Earnings	116,855	171,276	925,457	1,323,394	868,942
Gain on Sale of Capital Assets	0	0	0	12,053	4,686
Miscellaneous	188,866	201,561	95,492	219,680	115,827
Total General Revenues	19,013,858	19,298,968	21,284,258	26,693,829	26,748,254
Change in Net Assets	(\$1,081,662)	(\$1,866,748)	(\$387,511)	\$1,855,277	\$2,907,366

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
General Fund				
Reserved	\$1,008,508	\$1,402,929	\$1,353,848	\$1,119,342
Unreserved	44,347	31,162	(635,792)	(639,757)
<i>Total General Fund</i>	<u>1,052,855</u>	<u>1,434,091</u>	<u>718,056</u>	<u>479,585</u>
All Other Governmental Funds				
Reserved	244,752	487,717	158,187	98,431
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	400,505	367,330	417,961	520,760
Debt Service Funds	12,719	0	(436)	0
Capital Projects Funds	1,257,394	933,036	639,498	691,107
Permanent Funds	493,781	0	0	0
Total All Other Governmental Funds	<u>2,409,151</u>	<u>1,788,083</u>	<u>1,215,210</u>	<u>1,310,298</u>
<i>Total Governmental Funds</i>	<u><u>\$3,462,006</u></u>	<u><u>\$3,222,174</u></u>	<u><u>\$1,933,266</u></u>	<u><u>\$1,789,883</u></u>

Source: School District Financial Records.

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

(continued)

2002	2003	2004	2005	2006	2007
\$1,348,475	\$1,451,821	\$1,503,169	\$1,088,575	\$1,551,627	\$924,174
(1,133,099)	(1,846,805)	(1,686,553)	(1,543,184)	(1,491,014)	266,318
215,376	(394,984)	(183,384)	(454,609)	60,613	1,190,492
142,552	676,431	715,624	2,565,449	14,728,316	2,651,434
669,303	121,534	148,398	6,267	160,803	177,150
0	1	0	(324,813)	214,387	574,351
650,578	642,202	34,412,038	31,088,998	3,848,468	2,317,795
0	13,705	19,937	29,853	45,902	51,849
1,462,433	1,453,873	35,295,997	33,365,754	18,997,876	5,772,579
\$1,677,809	\$1,058,889	\$35,112,613	\$32,911,145	\$19,058,489	\$6,963,071

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

	1998	1999	2000	2001
Revenues				
Property and Other Local Taxes	\$11,776,604	\$11,891,536	\$11,896,382	\$11,706,436
Intergovernmental	9,925,940	10,146,239	9,656,419	10,600,932
Interest	544,981	608,454	480,507	467,219
Decrease in Fair Value of Investments	0	0	0	0
Tuition and Fees	968,955	840,298	953,925	1,204,762
Extracurricular Activities	90,290	125,397	131,007	109,671
Gifts and Donations	111,880	49,787	54,848	64,204
Customer Sales and Services	105,810	688,971	770,089	780,809
Rentals	7,495	8,442	7,258	0
Payments in Lieu of Taxes	0	0	0	0
Miscellaneous	264,288	203,085	123,542	210,877
<i>Total Revenues</i>	<u>23,796,243</u>	<u>24,562,209</u>	<u>24,073,977</u>	<u>25,144,910</u>
Expenditures				
Current:				
Instruction:				
Regular	9,688,691	9,967,323	10,825,581	11,043,691
Special	2,313,203	2,574,668	2,596,420	2,580,557
Vocational	713,024	5,111	3,414	5,388
Adult/Continuing	0	701,900	0	0
Other	0	70,928	97,517	86,561
Support Services:				
Pupil	1,289,946	1,377,407	1,445,523	1,493,306
Instructional Staff	1,568,721	1,579,624	1,760,911	2,031,431
Board of Education	76,794	43,399	55,409	37,325
Administration	1,925,697	1,823,273	1,639,433	1,810,844
Fiscal	668,149	685,686	702,249	677,666
Business	179,066	178,512	95,117	109,533
Operation and Maintenance of Plant	2,144,141	2,168,837	2,230,774	2,293,238
Pupil Transportation	734,305	725,696	880,186	739,880
Central	50,937	19,556	85,094	86,571
Operation of Non-Instructional Services	1,341,018	1,099,469	1,345,072	1,394,526
Extracurricular Activities	557,083	601,365	592,865	594,118
Capital Outlay	1,048,394	2,645,946	607,625	68,335
Debt Service:				
Principal Retirement	95,793	230,286	236,038	251,084
Interest and Fiscal Charges	63,281	151,156	151,385	128,434
Issuance Costs	0	106,312	6,708	0
<i>Total Expenditures</i>	<u>24,458,243</u>	<u>26,756,454</u>	<u>25,357,321</u>	<u>25,432,488</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(662,000)</u>	<u>(2,194,245)</u>	<u>(1,283,344)</u>	<u>(287,578)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	4,477	0	337	0
General Obligation/Refunding Bonds Issued	0	2,390,000	0	0
Premium on Bonds Issued	0	0	0	0
Inception of Capital Lease	555,353	57,622	0	0
Payments to Refunded Bond Escrow Agent	0	0	0	0
Transfers In	210,410	23,719	0	19,664
Transfers Out	(210,410)	(23,719)	0	(19,664)
<i>Total Other Financing Sources (Uses)</i>	<u>559,830</u>	<u>2,447,622</u>	<u>337</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(\$102,170)</u>	<u>\$253,377</u>	<u>(\$1,283,007)</u>	<u>(\$287,578)</u>
Debt Service as a Percentage of				
Noncapital Expenditures (1)	0.68%	2.02%	1.59%	1.50%

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

* Amount Restated - See Note 3.

Source: School District Financial Records.

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

(continued)

2002	2003	2004	2005*	2006*	2007
\$11,998,995	\$11,822,240	\$12,163,791	\$12,195,648	\$15,385,072	\$14,453,512
12,292,255	12,016,887	12,634,706	13,285,366	13,210,606	15,438,875
171,929	116,855	171,276	925,457	1,323,394	959,700
0	0	0	0	0	(90,758)
1,284,873	1,355,234	1,146,858	1,186,038	1,105,160	1,176,712
123,109	106,853	117,161	140,032	148,858	157,503
75,578	45,809	76,488	85,350	91,413	17,798
714,190	720,499	608,401	604,397	567,987	537,333
0	7,839	53,141	89,227	136,341	108,527
0	0	0	61,605	82,703	101,703
139,715	169,237	166,368	95,492	219,680	115,827
<u>26,800,644</u>	<u>26,361,453</u>	<u>27,138,190</u>	<u>28,668,612</u>	<u>32,271,214</u>	<u>32,976,732</u>
11,734,822	11,787,158	12,108,259	12,379,826	13,217,600	13,598,942
3,049,064	3,266,115	3,029,400	3,209,971	2,794,946	3,039,979
7,564	6,038	4,073	3,794	3,691	5,370
0	0	0	0	0	0
83,336	106,646	156,157	168,528	464,322	735,798
1,619,322	1,581,864	1,669,538	1,638,912	1,662,491	1,667,164
1,869,004	1,907,409	1,683,990	1,742,270	1,713,774	1,547,212
83,146	25,561	58,091	50,539	83,481	55,873
2,125,409	2,383,631	2,018,895	1,892,468	1,838,339	1,886,825
618,564	662,294	744,725	740,973	784,972	810,791
129,340	125,002	107,230	55,133	98,495	125,657
2,380,901	2,477,462	2,394,198	2,323,731	2,468,571	2,563,425
788,834	1,069,752	808,505	847,452	746,551	861,823
94,515	124,093	111,583	108,264	111,639	139,945
1,333,413	1,528,211	1,466,085	1,330,986	1,307,943	1,340,524
568,273	571,440	584,211	480,731	550,001	507,713
10,646	9,002	576,464	2,280,864	16,314,126	14,197,086
291,468	135,000	140,000	34,262,779	258,126	615,000
109,334	95,000	88,250	1,871,408	1,796,791	1,465,088
0	0	0	561,254	0	418,907
<u>26,896,955</u>	<u>27,861,678</u>	<u>27,749,654</u>	<u>65,949,883</u>	<u>46,215,859</u>	<u>45,583,122</u>
<u>(96,311)</u>	<u>(1,500,225)</u>	<u>(611,464)</u>	<u>(37,281,271)</u>	<u>(13,944,645)</u>	<u>(12,606,390)</u>
0	164	525,500	39,549	91,990	10,927
0	0	34,000,000	34,000,000	0	27,920,000
0	0	0	1,040,254	0	1,797,026
0	0	0	0	0	0
0	0	0	0	0	(29,298,119)
34,946	0	550,493	693,730	1,031,871	827,979
<u>(34,946)</u>	<u>0</u>	<u>(550,493)</u>	<u>(693,730)</u>	<u>(1,031,871)</u>	<u>(746,841)</u>
<u>0</u>	<u>164</u>	<u>34,525,500</u>	<u>35,079,803</u>	<u>91,990</u>	<u>510,972</u>
<u>(\$96,311)</u>	<u>(\$1,500,061)</u>	<u>\$33,914,036</u>	<u>(\$2,201,468)</u>	<u>(\$13,852,655)</u>	<u>(\$12,095,418)</u>
1.49%	0.83%	0.84%	57.63%	6.87%	7.96%

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
1998	\$162,923,220	\$90,280,700	\$723,439,771	\$28,225,730	\$32,074,693
1999	189,574,300	94,251,000	810,929,429	29,991,920	34,081,727
2000	191,276,140	94,316,940	815,980,229	28,519,710	32,408,761
2001	192,073,680	95,070,020	820,410,571	30,062,090	34,161,466
2002	218,310,870	104,215,340	921,503,457	26,393,230	29,992,307
2003	220,094,350	104,646,760	927,831,743	28,059,280	31,885,545
2004	221,756,900	106,334,440	937,403,829	24,417,050	27,746,648
2005	241,749,430	112,892,600	1,013,262,943	24,280,980	27,592,023
2006	242,723,230	114,472,050	1,020,557,943	22,037,170	25,042,239
2007	243,633,510	114,967,220	1,024,573,514	20,891,800	23,740,682

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

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

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

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

(continued)

Tangible Personal Property		Total			Weighted Average Tax Rate
General Business		Assessed	Estimated	Ratio	
Assessed Value	Estimated Actual Value	Value	Value		
\$135,195,900	\$540,783,600	\$416,625,550	\$1,296,298,064	32.14%	\$29.69
129,782,920	519,131,680	443,600,140	1,364,142,836	32.52%	27.90
133,870,322	535,481,288	447,983,112	1,383,870,278	32.37%	27.88
138,865,100	555,460,400	456,070,890	1,410,032,437	32.34%	27.97
135,568,200	564,867,500	484,487,640	1,516,363,264	31.95%	26.66
125,725,980	546,634,696	478,526,370	1,506,351,984	31.77%	26.45
136,938,100	595,383,043	489,446,490	1,560,533,520	31.36%	26.60
99,095,610	430,850,478	478,018,620	1,471,705,444	32.48%	32.11
88,627,710	472,681,120	467,860,160	1,518,281,302	30.82%	37.72
61,654,660	493,237,280	441,147,190	1,541,551,476	28.62%	36.90

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

	1998	1999	2000	2001	2002
Unvoted Millage					
Operating	3.50	3.50	3.50	3.50	3.50
Permanent Improvement	-	-	-	-	-
Debt	-	-	-	-	-
Voted Millage - by levy					
1976 Operating - continuing					
Residential/Agricultural Real	13.86	12.00	12.00	12.01	11.70
Commercial/Industrial and Public Utility Real	15.40	15.11	15.10	15.17	13.91
General Business and Public Utility Personal	27.00	27.00	27.00	27.00	27.00
Federal Donated Commodities					
1994 Current Expense - continuing					
Residential/Agricultural Real	6.05	5.24	5.24	5.24	4.80
Commercial/Industrial and Public Utility Real	6.72	6.60	6.59	6.62	6.07
General Business and Public Utility Personal	7.20	7.20	7.20	7.20	7.20
2005 Current Expense-continuing					
Residential/Agricultural Real	-	-	-	-	-
Commercial/Industrial and Public Utility Real	-	-	-	-	-
General Business and Public Utility Personal	-	-	-	-	-
1985 Bond Levy (debt service)	0.20	0.10	0.04	-	-
2004 Bond Levy (debt service)	-	-	-	-	-
2004 Permanent Improvement (23 Years)					
Residential/Agricultural Real	-	-	-	-	-
Commercial/Industrial and Public Utility Real	-	-	-	-	-
General Business and Public Utility Personal	-	-	-	-	-
Total voted millage by type of property					
Residential/Agricultural Real	20.11	17.34	17.28	17.24	16.50
Commercial/Industrial and Public Utility Real	22.32	21.81	21.73	39.03	19.97
General Business and Public Utility Personal	34.40	34.30	34.24	34.20	34.20
Overlapping Rates by Taxing District					
Scioto Township					
Residential/Agricultural Real	4.88	4.50	4.50	4.50	4.22
Commercial/Industrial and Public Utility Real	5.20	5.09	5.10	5.09	4.76
General Business and Public Utility Personal	5.50	5.50	5.50	5.50	5.50
City of Chillicothe					
Residential/Agricultural Real	-	-	-	-	-
Commercial/Industrial and Public Utility Real	-	-	-	-	-
General Business and Public Utility Personal	-	-	-	-	-
Pickaway-Ross JVSD					
Residential/Agricultural Real	2.00	2.00	2.00	2.00	2.00
Commercial/Industrial and Public Utility Real	2.01	2.00	2.00	2.00	2.00
General Business and Public Utility Personal	3.20	3.20	3.20	3.20	3.20
Ross County					
Residential/Agricultural Real	7.96	7.11	7.05	6.99	6.44
Commercial/Industrial and Public Utility Real	0.08	0.08	0.08	0.08	0.08
General Business and Public Utility Personal	9.40	9.40	9.40	9.40	9.40

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

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

Source: Ohio Department of Taxation

2003	2004	2005	2006	2007
3.50	3.50	3.50	3.50	3.50
-	-	-	-	-
-	-	-	-	-
11.70	11.70	11.89	11.90	11.89
13.91	13.93	13.51	13.44	13.50
27.00	27.00	27.00	27.00	27.00
4.80	4.80	4.61	4.61	4.60
6.07	6.08	5.90	5.87	5.59
7.20	7.20	7.20	7.20	7.20
-	-	-	6.00	6.00
-	-	-	5.97	6.00
-	-	-	6.00	6.00
-	-	-	-	-
-	-	4.47	4.47	4.47
-	-	2.30	2.30	2.30
-	-	2.43	2.41	2.42
-	-	2.50	2.50	2.50
16.51	16.50	23.27	29.28	29.26
19.98	20.00	26.30	32.16	31.98
34.20	34.20	41.17	47.17	47.17
4.22	4.81	4.60	4.61	4.60
4.73	5.09	4.80	4.79	4.79
5.50	5.50	5.50	5.50	5.50
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2.00	2.00	2.00	2.00	2.99
2.00	2.00	2.00	2.00	3.03
3.20	3.20	3.20	3.20	4.20
7.59	8.44	9.11	9.09	9.06
0.08	0.09	0.10	0.10	9.59
9.40	9.80	10.40	10.40	10.40

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

	1998	1999	2000	2001	2002
Unvoted Millage					
Operating	3.50	3.50	3.50	3.50	3.50
Permanent Improvement	-	-	-	-	-
Debt	-	-	-	-	-
Voted Millage - by levy					
1976 Operating - continuing					
Residential/Agricultural Real	13.86	12.00	12.00	12.01	11.70
Commercial/Industrial and Public Utility Real	15.40	15.11	15.10	15.17	13.91
General Business and Public Utility Personal	27.00	27.00	27.00	27.00	27.00
1994 Current Expense - continuing					
Residential/Agricultural Real	6.05	5.24	5.24	5.24	4.80
Commercial/Industrial and Public Utility Real	6.72	6.60	6.59	6.62	6.07
General Business and Public Utility Personal	7.20	7.20	7.20	7.20	7.20
2005 Current Expense-continuing					
Residential/Agricultural Real	-	-	-	-	-
Commercial/Industrial and Public Utility Real	-	-	-	-	-
General Business and Public Utility Personal	-	-	-	-	-
1985 Bond Levy (debt service)					
	0.20	0.10	0.04	-	-
2004 Bond Levy (debt service)					
	-	-	-	-	-
2004 Permanent Improvement (23 Years)					
Residential/Agricultural Real	-	-	-	-	-
Commercial/Industrial and Public Utility Real	-	-	-	-	-
General Business and Public Utility Personal	-	-	-	-	-
Total voted millage by type of property					
Residential/Agricultural Real	20.11	17.34	17.28	17.24	16.50
Commercial/Industrial and Public Utility Real	22.32	21.81	21.73	39.03	19.97
General Business and Public Utility Personal	34.40	34.30	34.24	34.20	34.20
Overlapping Rates by Taxing District					
Scioto Township					
Residential/Agricultural Real	0.55	0.48	0.48	0.48	0.44
Commercial/Industrial and Public Utility Real	0.56	0.55	0.55	0.55	0.52
General Business and Public Utility Personal	0.60	0.60	0.60	0.60	0.60
City of Chillicothe					
Residential/Agricultural Real	3.20	3.20	3.20	3.20	3.20
Commercial/Industrial and Public Utility Real	3.20	3.20	3.20	3.20	3.20
General Business and Public Utility Personal	3.20	3.20	3.20	3.20	3.20
Pickaway-Ross JVSD					
Residential/Agricultural Real	2.00	2.00	2.00	2.00	2.00
Commercial/Industrial and Public Utility Real	2.01	2.00	2.00	2.00	2.00
General Business and Public Utility Personal	3.20	3.20	3.20	3.20	3.20
Ross County					
Residential/Agricultural Real	7.96	7.11	7.05	6.99	6.44
Commercial/Industrial and Public Utility Real	8.35	8.25	8.21	8.17	7.65
General Business and Public Utility Personal	9.40	9.40	9.40	9.40	9.40

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

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

Source: Ohio Department of Taxation

(continued)

2003	2004	2005	2006	2007
3.50	3.50	3.50	3.50	3.50
-	-	-	-	-
-	-	-	-	-
11.70	11.70	11.89	11.90	11.89
13.91	13.93	13.51	13.44	13.50
27.00	27.00	27.00	27.00	27.00
4.80	4.80	4.61	4.61	4.60
6.07	6.08	5.90	5.87	5.89
7.20	7.20	7.20	7.20	7.20
-	-	-	6.00	6.00
-	-	-	5.97	6.00
-	-	-	6.00	6.00
-	-	-	-	-
-	-	4.47	4.47	4.47
-	-	2.30	2.30	2.30
-	-	2.43	2.41	2.42
-	-	2.50	2.50	2.50
16.51	16.50	23.27	29.28	29.26
19.98	20.00	26.30	32.16	32.28
34.20	34.20	41.17	47.17	47.17
0.44	0.44	0.42	0.42	0.42
0.52	0.52	0.51	0.51	0.51
0.60	0.60	0.60	0.60	0.60
3.20	3.20	3.20	3.20	3.20
3.20	3.20	3.20	3.20	3.20
3.20	3.20	3.20	3.20	3.20
2.00	2.00	2.00	2.00	2.99
2.00	2.00	2.00	2.00	3.03
3.20	3.20	3.20	3.20	4.20
7.59	8.44	9.11	9.09	9.06
8.37	9.01	9.63	9.57	9.59
9.40	9.80	10.40	10.40	10.40

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
1998	\$12,166,414	\$11,949,768	98.22	\$280,378	\$12,230,146	100.52
1999	13,067,744	12,889,906	98.64	175,828	13,065,734	99.98
2000	12,684,857	12,494,811	98.50	208,017	12,702,828	100.14
2001	12,632,642	12,456,295	98.60	272,722	12,729,017	100.76
2002	12,547,558	12,226,466	97.44	186,907	12,413,373	98.93
2003	13,077,318	12,841,127	98.19	242,376	13,083,503	100.05
2004	11,590,767	11,140,708	96.12	274,920	11,415,628	98.49
2005	14,887,701	14,558,609	97.79	385,815	14,944,424	100.38
2006	16,267,151	15,867,842	97.55	508,327	16,376,169	100.67
2007	* 14,962,303	14,816,599	99.03	515,674	15,332,273	102.47

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

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

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

Chillicothe City School District

Principal Taxpayers

Real Estate Tax

2007 and 1998 (1)

Name of Taxpayer	2007	
	Assessed Value	Percent of Real Property Assessed Value
Glatfelter Company	\$ 27,408,390	7.64%
DDR Ohio Opportunity II LLC	3,640,230	1.02%
Chillicothe Mall Inc.	3,454,820	0.96%
Central Center LTD	2,885,940	0.80%
K-Mart Corporation	2,328,100	0.65%
Zane Plaza LLC	2,140,520	0.60%
RG Chillicothe Associates	1,648,510	0.46%
National Church Res. Of Chillicothe	1,424,620	0.40%
Rossco Partners LLC	1,370,360	0.38%
QNP Holding Inc.	1,334,430	0.37%
Totals	\$ 47,635,920	13.28%
Total Assessed Valuation	\$358,600,730	

Name of Taxpayer	1998	
	Assessed Value	Percent of Real Property Assessed Value
Mead Corporation	\$ 25,652,540	10.13%
DDR Ohio Opportunity II LLC	2,842,200	1.12%
Chillicothe Mall, Inc.	2,600,960	1.03%
Real Estate Finance Trust	2,117,360	0.84%
Shawnee Group LTD Partnership	2,073,470	0.82%
Central Center LTD	1,758,800	0.69%
RG Chilli Associates LTD	1,457,910	0.58%
Rodney Winegardner	1,431,190	0.57%
ABCO Land Development Corp. & Beerman Corp.	1,286,650	0.51%
Hermanson Limited Partnership	1,054,650	0.42%
Totals	\$ 42,275,730	16.71%
Total Assessed Valuation	\$253,203,920	

(1) The amounts presented represent the assessed values upon which 2007 and 1998 collections were based.

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

Chillicothe City School District

Principal Taxpayers

Tangible Personal Property Tax

2007 and 1998 (1)

Name of Taxpayer	2007	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Glatfelter Company	\$34,978,270	56.73%
QNP Holding Inc.	2,033,603	3.30%
Lowe's Home Center	1,262,940	2.05%
Wal-Mart Sotres East Inc.	1,096,480	1.78%
Adelphia	1,029,020	1.67%
Herrnstein Chrysler	995,520	1.61%
Barber Spring Ohio	923,730	1.50%
Kroger Co.	729,200	1.18%
K-Mart Corporation	686,380	1.11%
Kitchen Collection	650,160	1.05%
Total	\$44,385,303	71.98%
Total Assessed Valuation	\$61,654,660	

Name of Taxpayer	1998	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Mead Corporation	\$97,236,150	71.92%
BLC Corporation	2,492,140	1.84%
K-Mart Corporation	1,888,560	1.40%
QNP Corporation	1,488,920	1.10%
Lowe's Corporation	1,435,490	1.06%
Wal-Mart Stores East Inc.	1,311,250	0.97%
Sears Roebuck Co.	940,590	0.70%
Untion Spring & Mfg. Corp.	939,320	0.69%
Specialty Mineral Inc.	929,390	0.69%
Kroger Co.	829,930	0.61%
Total	\$109,491,740	80.98%
Total Assessed Valuation	\$135,195,900	

(1) The amounts presented represent the assessed values upon which 2007 and 1998 collections were based.

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

Chillicothe City School District

Principal Taxpayers

Public Utilities Tax

2007 and 1998(1)

Name of Taxpayer	2007	
	Assessed Value	Percent of Public Utility Assessed Value
Columbus Southern Power Company	\$11,454,430	54.83%
Horizon Telcom, Inc.	6,892,460	32.99%
Columbia Gas of Ohio, Inc.	1,447,280	6.93%
Norfolk Southern Combined Railroad Subdivisions	557,110	2.67%
CSX Transportation Inc.	148,930	0.71%
Total	<u>\$20,500,210</u>	<u>98.13%</u>
Total Assessed Valuation	<u>\$20,891,800</u>	

Name of Taxpayer	1998	
	Assessed Value	Percent of Public Utility Assessed Value
Columbus Southern Power Company	\$14,215,940	50.37%
Chillicothe Telephone	7,981,240	28.28%
Columbia Gas of Ohio Inc.	4,528,150	16.04%
Norfolk and Western Railroad Company	844,290	2.99%
Total	<u>\$27,569,620</u>	<u>97.68%</u>
Total Assessed Valuation	<u>\$28,225,730</u>	

(1) The amounts presented represent the assessed values upon which 2007 and 1998 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*			
1998	\$463,000	\$2,390,000	\$519,578	\$3,372,578	1.21%	\$152.08
1999	312,000	2,265,000	455,094	3,032,094	1.09%	136.73
2000	161,000	2,150,000	316,269	2,627,269	0.92%	119.20
2001	-	2,030,000	166,354	2,196,354	0.79%	99.65
2002	-	1,900,000	-	1,900,000	0.68%	86.20
2003	-	1,765,000	-	1,765,000	0.42%	80.08
2004	-	1,625,000	-	1,625,000	0.39%	73.73
2005	34,000,000	1,475,000	-	35,475,000	8.52%	1,609.50
2006	35,067,599	1,320,000	-	36,387,599	7.22%	1,650.91
2007	35,122,564	1,155,000	-	36,277,564	7.20%	1,645.91

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

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

* Amount Restated - See Note 3.

Chillicothe City School District
Ratio of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year	General Bonded Debt	Resources Available to Pay Principal	Net General Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1998	\$463,000	\$0	\$463,000	0.11%	\$20
1999	312,000	0	312,000	0.07%	14
2000	161,000	0	161,000	0.04%	7
2001	0	0	0	0.00%	0
2002	0	0	0	0.00%	0
2003	0	0	0	0.00%	0
2004	0	0	0	0.00%	0
2005	34,000,000	18,029	33,981,971	7.11%	1,559
2006	35,067,599	214,388	34,853,211	7.45%	1,581
2007	35,122,564	574,351	34,548,213	7.83%	1,567

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 Obligation Debt			Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt per Capita
			General Obligation Debt Outstanding #	Resources Available to Pay Principal	Net General Bonded Debt		
1998	22,176 a	\$1,296,298,064	\$2,853,000	\$0	\$2,853,000	0.22%	\$129
1999	22,176 a	1,364,142,836	2,577,000	0	2,577,000	0.19%	116.21
2000	22,041 b	1,383,870,278	2,311,000	0	2,311,000	0.17%	104.85
2001	22,041 b	1,410,032,437	2,030,000	0	2,030,000	0.14%	92
2002	22,041 b	1,516,363,264	1,900,000	0	1,900,000	0.13%	86
2003	22,041 b	1,506,351,984	1,765,000	0	1,765,000	0.12%	80
2004	22,041 b	1,560,533,520	1,625,000	0	1,625,000	0.10%	74
2005	22,041 b	1,471,705,444	35,475,000	18,029	35,456,971	2.41%	1,608.68
2006*	22,041 b	1,518,281,302	36,387,599	214,388	36,173,211	2.38%	1,641.18
2007	22,041 b	1,541,551,476	36,277,564	574,351	35,703,213	2.32%	1,619.85

Sources: (1) U.S. Bureau of Census, Census of Population
(a) 1990 Federal Census
(b) 2000 Federal Census

(2) Ross County Auditor

- Includes General Obligation Bonds and Energy Conservation Notes

* - Amount Restated - See Note 3

(continued)

General Debt				
General Obligation Debt Outstanding	Capital Leases*	Total Debt	Ratio of General Debt to Estimated Actual Value	General Debt Per Capita
\$2,853,000	\$519,578	\$3,372,578	0.26%	\$152.08
2,577,000	455,094	3,032,094	0.22%	136.73
2,311,000	316,269	2,627,269	0.19%	119.20
2,030,000	166,354	2,196,354	0.16%	99.65
1,900,000	0	1,900,000	0.13%	86.20
1,765,000	0	1,765,000	0.12%	80.08
1,625,000	0	1,625,000	0.10%	73.73
35,475,000	0	35,475,000	2.41%	1,608.68
36,387,599	0	36,387,599	2.38%	1,641.18
36,277,564	0	36,277,564	2.32%	1,619.85

Chillicothe City School District
*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities*
June 30, 2007

	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	\$14,821,914	40.97%	\$6,072,538
City of Chillicothe	1,660,000	93.06%	1,544,796
Scioto Township	81,403	85.72%	69,778
Total Overlapping Debt	\$16,563,317		\$7,687,112
Direct Debt	36,277,564	100.00%	36,277,564
Total Direct and Overlapping Debt	\$52,840,881		\$43,964,676

Source: Office of the Auditor, Ross County, Ohio



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

	1998	1999	2000	2001
Tax Valuation	<u>\$416,625,550</u>	<u>\$443,600,140</u>	<u>\$448,565,882</u>	<u>\$456,070,890</u>
Debt Limit - 9% of Taxable Valuation (1)	<u>37,496,300</u>	<u>39,924,013</u>	<u>40,370,929</u>	<u>41,046,380</u>
Amount of Debt Applicable to Debt Limit General Obligation Bonds Less Amount Available in Debt Service	<u>463,000</u>	<u>312,000</u>	<u>161,000</u>	<u>0</u>
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Legal Debt Margin	<u>\$37,496,300</u>	<u>\$39,924,013</u>	<u>\$40,370,929</u>	<u>\$41,046,380</u>
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%	100.00%
Energy Conservation Deb Limit- .90% of assessed value (1)	3,749,630	3,992,401	4,037,093	4,104,638
Amount of Debt Subject to Limit	<u>0</u>	<u>2,265,000</u>	<u>2,150,000</u>	<u>2,030,000</u>
Unvoted Legal Debt Margin	<u>\$3,749,630</u>	<u>\$6,257,401</u>	<u>\$6,187,093</u>	<u>\$6,134,638</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	156.73%	153.26%	149.46%
Unvoted Debt Limit - .10% of Taxable Valuation (1)	416,626	443,600	448,566	456,071
Amount of Debt Subject to Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Legal Debt Margin	<u>\$416,626</u>	<u>\$443,600</u>	<u>\$448,566</u>	<u>\$456,071</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%

Source: Ross County Auditor and School District Financial Records

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

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

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

(continued)

2002	2003	2004	2005	2006	2007
<u>\$489,487,640</u>	<u>\$478,446,490</u>	<u>\$489,446,490</u>	<u>\$478,018,620</u>	<u>\$467,860,160</u>	<u>\$441,147,190</u>
<u>44,053,888</u>	<u>43,060,184</u>	<u>44,050,184</u>	<u>43,021,676</u>	<u>42,107,414</u>	<u>39,703,247</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>34,000,000</u>	<u>33,995,000</u>	<u>33,545,000</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>34,000,000</u>	<u>33,995,000</u>	<u>33,545,000</u>
<u>\$44,053,888</u>	<u>\$43,060,184</u>	<u>\$44,050,184</u>	<u>\$9,021,676</u>	<u>\$8,112,414</u>	<u>\$6,158,247</u>
100.00%	100.00%	100.00%	20.97%	19.27%	15.51%
4,405,389	4,306,018	4,405,018	4,302,168	4,210,741	3,970,325
<u>1,900,000</u>	<u>1,765,000</u>	<u>1,625,000</u>	<u>1,475,000</u>	<u>1,320,000</u>	<u>1,155,000</u>
<u>\$6,305,389</u>	<u>\$6,071,018</u>	<u>\$6,030,018</u>	<u>\$5,777,168</u>	<u>\$5,530,741</u>	<u>\$5,125,325</u>
143.13%	140.99%	136.89%	134.29%	131.35%	129.09%
489,488	478,446	489,446	478,019	467,860	441,147
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$489,488</u>	<u>\$478,446</u>	<u>\$489,446</u>	<u>\$478,019</u>	<u>\$467,860</u>	<u>\$441,147</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)
1998	22,176	\$277,843,104	\$12,529	5.80%
1999	22,176	284,734,054	12,840	4.90%
2000	22,041	284,734,054	12,918	4.40%
2001	22,041	276,151,689	12,529	5.70%
2002	22,041	276,151,689	12,529	6.40%
2003	22,041	416,325,396	18,889	6.20%
2004	22,041	416,325,396	18,889	7.10%
2005	22,041	416,325,396	18,889	9.10%
2006	22,041	503,988,908	22,866	7.30%
2007	22,041	503,988,908	22,866	6.20%

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

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

Employer	Nature of Business	2007			1998		
		Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment (1)
Glatfelter Paper Company	Specialty and Carbonless Paper	1,650	1	0.05	2,200	1	
Ross County	County Government	553	2	0.02	535	2	
Wal-Mart	Retail	380	3	0.01	N/A	3	
Chillicothe City Schools	Education	353	4	0.01	430	4	
City of Chillicothe	City Government	296	5	0.01	329	N/A	
Ohio University-Chillicothe	Regional College Campus	260	6	0.01	170	5	
Horizon Family of Companies	Communications	184	7	0.01	290	6	
Lowe's	Retail	156	8	0.00	100	N/A	
Time Warner	Cable TV/Internet	150	9	0.00	N/A	7	
AEP	Regional Utility Center	95	10	0.00	120	8	
Total		<u>4,077</u>			<u>4,174</u>		
Total Employment within the School District		<u>32,500</u>			<u>(1)</u>		

Source: Auditor of Ross County, City of Chillicothe, Ross-Chillicothe Chamber of Commerce
(1) Information Not Available

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

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

Chillicothe City School District

*Operating Statistics
Last Five Fiscal Years*

<u>Fiscal Year</u>	<u>Expenses</u>	<u>Enrollment</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/ Teacher Ratio</u>
2003	\$28,376,721	3,564	\$7,962	N/A	187	19.1
2004	28,508,167	3,387	8,417	5.71%	174	19.4
2005	29,192,735	3,196	9,134	8.52%	178	18.0
2006*	30,507,508	3,069	9,941	8.84%	177	17.4
2007	30,073,412	3,030	9,925	0.17%	177	17.1

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

N/A - Not applicable

* Amount Restated - See Note 3.

Chillicothe City School District

Building Statistics

Last Ten Fiscal Years

(continued)

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Allen Elementary School				
Constructed in 1961				
Total Building Square Footage	30,251			
Enrollment Grades K-6	253	258	265	251
Student Capacity	375	375	375	375
Regular Instruction Classrooms 15	12	12	12	12
Regular Instruction Teachers	11	12	12	12
Special Instruction Classrooms	3	3	3	3
Special Instruction Teachers	3	4	5	3
Central Elementary				
Constructed in 1960				
Total Building Square Footage	29,850			
Enrollment Grades K-6	278	289	316	318
Student Capacity	400	400	400	400
Regular Instruction Classrooms	12	12	14	14
Regular Instruction Teachers	12	11	14	14
Special Instruction Classrooms	4	4	2	3
Special Instruction Teachers	4	4	3	3
Hopewell Elementary				
Constructed in 1954				
Total Building Square Footage	39,416			
Enrollment Grades K-6	254	267	250	265
Student Capacity	425	425	425	425
Regular Instruction Classrooms	11	12	12	12
Regular Instruction Teachers	11	12	12	12
Special Instruction Classrooms	6	5	5	5
Special Instruction Teachers	6	5	8	8
McArthur Elementary				
Constructed in 1961				
Total Building Square Footage	30,178			
Enrollment Grades K-6	297	303	279	269
Student Capacity	375	375	375	375
Regular Instruction Classrooms	13	14	14	14
Regular Instruction Teachers	13	14	14	14
Special Instruction Classrooms	2	1	1	1
Special Instruction Teachers	6	5	6	6

(continued)

2002	2003	2004	2005	2006	2007
247	270	308	306	338	347
375	375	375	375	375	375
12	12	14	14	15	15
12	12	14	14	15	15
3	3	1	1	0	0
3	5	3	4	3	3
264	242	Closed	Closed	Closed	Closed
400	400				
14	13				
14	13				
2	3				
5	5				
254	244	Closed	Closed	Closed	Closed
425	425				
12	11				
12	11				
5	6				
8	8				
283	275	Closed	Closed	Closed	Closed
375	375				
12	13				
12	13				
3	2				
6	6				

Chillicothe City School District

Building Statistics

Last Ten Fiscal Years

(continued)

	1998	1999	2000	2001
Mt. Logan Elementary School				
Constructed in 1977				
Total Building Square Footage	60,389			
Enrollment Grades K-6	392	352	359	357
Student Capacity	600	600	600	600
Regular Instruction Classrooms	20	17	20	20
Regular Instruction Teachers	20	16	20	20
Special Instruction Classrooms	4	7	4	4
Special Instruction Teachers	8	7	8	8
Tiffin Elementary School				
Constructed in 1952				
Total Building Square Footage	36,135			
Enrollment Grades K-5	309	318	307	285
Student Capacity	425	425	425	425
Regular Instruction Classrooms	14	13	15	15
Regular Instruction Teachers	14	13	15	15
Special Instruction Classrooms	3	4	2	2
Special Instruction Teachers	6	6	6	6
Worthington Elementary School				
Constructed in 1951				
Total Building Square Footage	39,774			
Enrollment Grades K-5	317	297	292	300
Student Capacity	350	350	350	350
Regular Instruction Classrooms	12	12	14	14
Regular Instruction Teachers	12	12	14	14
Special Instruction Classrooms	2	2	0	0
Special Instruction Teachers	2	2	2	2
J.A. Smith Middle School				
Constructed in 1931				
Total Building Square Footage	103,456			
Enrollment Grades 6-8	485	476	449	480
Student Capacity	775	775	775	775
Regular Instruction Classrooms	33	31	29	29
Regular Instruction Teachers	33	31	29	29
Special Instruction Classrooms	2	4	6	6
Special Instruction Teachers	6	6	6	6
Chillicothe High School				
Constructed in 1963				
Total Building Square Footage	165,317			
Enrollment Grades 9-12	1,145	1,177	1,182	1,215
Student Capacity	970	970	970	970
Regular Instruction Classrooms	48	48	48	48
Regular Instruction Teachers	48	51	51	46
Special Instruction Classrooms	6	6	6	6
Special Instruction Teachers	6	6	6	6

(continued)

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

2002	2003	2004	2005	2006	2007
350	333	544	500	494	525
600	600	600	600	600	600
20	17	21	26	25	25
20	17	21	26	25	25
4	5	3	9	9	9
4	5	5	9	10	10
282	242	380	384	332	325
425	425	425	425	425	425
14	14	11	17	18	18
14	14	11	17	17	17
3	3	6	0	0	0
6	8	9	7	5	5
318	316	377	357	363	337
350	350	350	350	350	350
14	14	14	14	14	14
16	15	14	16	15	15
0	0	0	0	0	0
2	2	3	3	4	4
461	430	631	576	550	584
775	775	775	775	775	775
30	25	22	24	25	25
26	25	22	24	25	25
5	5	4	6	10	10
5	5	4	6	10	10
1,192	1,133	1,099	970	940	912
970	970	970	970	970	970
48	48	48	48	48	48
45	41	42	41	41	41
6	6	6	6	6	6
6	6	6	6	6	6



Mary Taylor, CPA
Auditor of State

CHILLICOTHE CITY SCHOOL DISTRICT
ROSS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 15, 2008